

AGENDA PLACEMENT FORM

(Submission Deadline – Tuesday, 12:00 PM before Regular Court Meetings)

Date: 3-7-2023

COMMISSIONERS COURT

Meeting Date: 3-13-2023

MAR 13 2023

Submitted By: CJO

Acknowledged

Department/Office: CJO

Signature of Director/Official: _____

Agenda Title:

Acknowledgement of Pecan Valley Centers for Behavioral & Development Healthcare
Financial and Compliance Reports for Fiscal Year Ending August 31, 2022-County Judge's
Office

Public Description (Description should be 2-4 sentences explaining to the Court and the public what action is recommended and why it is necessary):

(May attach additional sheets if necessary)

Person to Present: _____

(Presenter must be present for the item unless the item is on the Consent Agenda)

Supporting Documentation: (check one) PUBLIC CONFIDENTIAL

(PUBLIC documentation may be made available to the public prior to the Meeting)

Estimated Length of Presentation: _____ minutes

Session Requested: Consent (Action Item, Workshop, Consent, Executive)

Check All Departments Requiring Notification:

County Attorney IT Purchasing Auditor

Personnel Public Works Facilities Management

Other Department/Official (list) _____



PECAN VALLEY CENTERS

FOR BEHAVIORAL & DEVELOPMENTAL HEALTHCARE

**Executive Director
Coke Beatty**

February 21, 2023

TO:

Erath County Commissioners Court
c/o The Honorable Brandon J. Huckabee

Hood County Commissioners Court
c/o The Honorable Ron Massingill

Palo Pinto County Commissioners Court
c/o The Honorable Shane Long

Parker Commissioners Court
c/o The Honorable Pat Deen

Johnson Commissioners Court
c/o The Honorable Chris Boedeker


Somervell County Commissioners Court
c/o The Honorable Danny Chambers

FROM: Coke Beatty
Executive Director

SUBJECT: Requirement by Texas Health and Safety Code, Title 7, Subtitle A, §534.010 and §534.014

As required by Texas Health and Safety Code, Title 7, Subtitle A, §534.010 and §534.014, enclosed you will find a copy of the FY 2022 Staff Salaries by Position and the Executive Director's Total Compensation and Benefits package as approved by our Board of Trustees. Additionally, you will find enclosed a copy of Pecan Valley Centers' FY 2022 Annual Financial and Compliance Report.

This information will be forwarded to each of you as they are approved by our Board of Trustees.


Coke Beatty, Executive Director



Total Compensation Statement

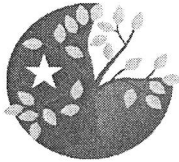
The following is a total compensation breakdown for Coke Beatty, Executive Director.

Indirect Compensation listed are benefits made available to all full-time employees. The rates for these benefits are based on an employee's base salary and contributions.

Direct Compensation	
Regular Pay	\$195,000
10% of Salary at Year End	\$19,500
Total Direct Compensation	<u>\$214,500</u>

Indirect Compensation - Employer Paid Benefits	
Medical	\$14,076
Group Life Insurance	\$25.92
Total Benefit Contribution	<u>\$14,101.92</u>

Total Compensation	
Direct	\$214,500
Indirect - Benefits	\$14,101.92
Total	<u>\$228,601.92</u>



PECAN VALLEY CENTERS

FOR BEHAVIORAL & DEVELOPMENTAL HEALTHCARE

FY22 Salaries

Accounts Payable Administrator	\$ 41,572.96
ACT Case Manager	\$ 44,928.00
ACT Team Nurse	\$ 75,000.00
ACT Team Supervisor	\$ 54,038.36
Administrative Support Clerk	\$ 28,246.40
Adult Case Manager	\$ 44,928.00
Advance Nurse Practitioner	\$ 132,017.60
AED/COO Assistant	\$ 36,608.00
AOT Case Manager	\$ 44,928.00
AOT Peer Provider	\$ 32,281.60
AOT Project Director	\$ 55,000.00
Associate Chief of Behavioral Health Services	\$ 104,500.04
Associate Executive Director / Chief of Operations	\$ 178,447.50
Billing Manager	\$ 41,641.60
Budget Analyst	\$ 44,044.00
Care Coordinator	\$ 32,032.00
Certified Family Partner	\$ 48,000.00
Chief of Behavioral Health Services	\$ 121,000.04
Chief Financial Officer	\$ 143,791.69
Chief of IDD Services	\$ 101,970.00
Client Account Representative	\$ 33,474.44
Client Benefit Specialist	\$ 32,329.44
Clinic Manager I	\$ 69,900.00
CMHC Project Director	\$ 65,000.40
CMHC Project Evaluator	\$ 60,500.09
Cognitive Based Therapist	\$ 67,100.09
Community Health Worker	\$ 50,627.20
Community Provider Services Coordinator	\$ 50,000.00
Community Support Specialist	\$ 29,120.00
Community Support Specialist IDD	\$ 25,230.40
Controller	\$ 85,000.00
Counseling Services Supervisor	\$ 70,400.09
Crisis Case Manager	\$ 44,928.00
Crisis LPHA/ LPHA Associate	\$ 60,500.09
Crisis Respite Program Manager / Assistant Clinic Manager	\$ 63,250.04
Crisis Respite Tech	\$ 22,620.00
CSC-EO Supported and Education Specialist	\$ 33,280.00
CSC-EO Team Supervisor	\$ 44,000.00
Customer Support Coordinator	\$ 36,608.00
Customer Support Specialist	\$ 24,960.00
Customer Support Specialist - Intake	\$ 31,408.00

Data Administrator	\$ 77,000.09
Dietitian	\$ 58,300.08
Direct Care Tech - LSC	\$ 24,960.00
Director of IT - Interim	\$ 92,400.00
Director of Nursing IDD	\$ 90,000.00
Chief Nursing Officer	\$ 135,000.00
Driver	\$ 24,960.00
Eligibility Specialist	\$ 31,391.36
Evaluation Assistant	\$ 45,000.00
Executive Secretary	\$ 40,360.32
Family Nurse Practitioner	\$ 124,800.00
FEP Case Manager	\$ 44,928.00
Financial Analyst	\$ 44,044.00
HCS Support Specialist	\$ 29,120.00
HCS/Residential Coordinator	\$ 46,274.84
HCS/TxHML Program Representative	\$ 31,200.00
Help Desk Specialist Supervisor	\$ 50,000.00
Help Desk Specialist	\$ 36,333.44
Housing & Development Coordinator	\$ 39,468.00
HR Assistant	\$ 30,409.60
HR Generalist	\$ 49,333.44
HR Specialist	\$ 47,517.60
Human Resources Manager	\$ 63,808.80
ICF Program Support Specialist	\$ 30,000.00
IDD Administrative Support IDDA	\$ 24,960.00
IDD Authority Supervisor	\$ 50,798.16
IDD Authority/ PASRR Program Manager	\$ 55,550.09
IDD Continuity of Care	\$ 45,011.20
IDD Crisis Intervention Specialist	\$ 46,592.00
IDD LVN III	\$ 52,624.00
IDD Psychologist	\$ 71,500.04
IDD Residential Coordinator	\$ 46,274.84
IDD RN	\$ 74,006.40
IDD Service Coordinator	\$ 45,011.20
Intake Case Manager	\$ 44,928.00
Intake Coordinator	\$ 66,008.80
Intake Coordinator - Youth Spec	\$ 60,517.60
Lead Clinical Intake Coordinator	\$ 70,400.90
Intake/ CFC Coordinator	\$ 43,347.20
Intake/ CFC Coordinator - Lead	\$ 45,011.20
Program Manager of YES Waiver Services	\$ 60,500.09
Director of Child & Adolescent Services	\$ 75,600.00
Lead Case Manager- CB	\$ 47,008.00
Lead Case Manager- MW	\$ 47,008.00
Lead Case Manager- WF	\$ 48,672.00
Lead Direct Care Tech	\$ 31,200.00
Lead HCS/TxHML Program Representative	\$ 33,280.00

Lead Service Coordinator	\$ 46,051.20
Lead Youth Case Manager	\$ 47,008.00
Licensed Practitioner Healing Arts	\$ 36,300.00
LSC Supervisor	\$ 33,280.00
Maintenance Supervisor	\$ 49,512.32
Maintenance Tech	\$ 33,176.00
MCOT Case Manager	\$ 44,928.00
MCOT Program Manager	\$ 60,500.09
Mental Health First Aid Coordinator	\$ 45,500.00
MH Client Account Representative	\$ 33,473.44
MH Continuity of Care Coordinator	\$ 46,592.00
MH Family Partner	\$ 36,400.00
MH LVN II	\$ 52,083.20
MH PASRR Case Manager	\$ 44,928.00
Network Administrator	\$ 65,000.00
PASRR Habilitation Coordinator	\$ 45,011.20
Peer Provider	\$ 32,281.60
Phlebotomist	\$ 29,744.00
Primary Care Physician Supervisor (PRN Grant)	\$ 49,400.04
Primary Care Care Coordinantor	\$ 29,000.00
Primary Care Customer Support Specialist	\$ 28,538.00
Primary Care LVN	\$ 52,624.00
Psychiatrist (.75)	\$ 176,153.00
Medical Director	\$ 69,000.00
QA Specialist	\$ 50,000.00
QIDP	\$ 41,800.44
QM Manager	\$ 55,000.04
Recovery Support Peer Specialist	\$ 24,000.00
Scheduler	\$ 27,456.00
School Based Case Manager	\$ 44,928.00
School Based Therapist	\$ 62,000.00
SOC Project Director (Part-time Grant)	\$ 36,400.00
Staff Development Trainer and Support	\$ 46,400.00
Substance Abuse Counselor	\$ 53,000.00
Suicide Prevention Coordinator	\$ 41,801.76
SYSTEM ADMINISTRATOR	\$ 52,000.00
System Support Specialist	\$ 46,217.60
TCOOMMI Adult Case Manager	\$ 44,928.00
TCOOMMI Continuity of Care Case Manager	\$ 55,004.40
Texas Veterans Commission Client Coordinator	\$ 31,262.40
Texas Veterans Commission MH Case Manager	\$ 35,318.40
Texas Veterans Commission MH Therapist	\$ 66,000.00
TJJD Case Manager	\$ 44,928.00
UM Reviewer / Data Project Coordinator	\$ 71,500.04
UM Manager	\$ 75,000.00
Veteran Service Coordinator	\$ 40,040.00
Veteran Therapist	\$ 66,000.00

Veterans Services Program Manager	\$ 55,000.00
YES Waiver / WRAP Supervisor	\$ 48,672.00
Youth Case Manager	\$ 44,928.00
Youth Counselor	\$ 61,031.40
Youth peer support specialist	\$ 30,880.00
Youth Wraparound Facilitator	\$ 44,928.00

**Pecan Valley Centers for Behavioral &
Developmental HealthCare**

Annual Financial and Compliance Report

August 31, 2022

**Scott, Singleton, Fincher & Company PC
Certified Public Accountants**

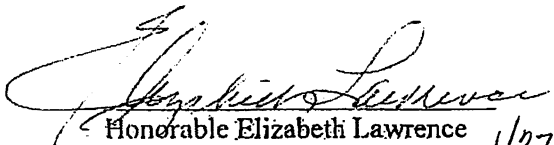
Pecan Valley Centers for Behavioral & Development HealthCare
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**Certificate of Board
Year Ended August 31, 2022**

I, Honorable Elizabeth Lawrence, Board Chair of the Board of Trustees of Pecan Valley Centers for Behavioral & Developmental Healthcare, do hereby certify that this accompanying audit report for fiscal year ended August 31, 2022, from Scott, Singleton, Fincher and Company, P.C. was reviewed and accepted at a meeting of the Board of Trustees held on the 27th day of January, 2023.


Honorable Elizabeth Lawrence 1/27/2023
Chair, Board of Trustees

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Pecan Valley Centers for Behavioral & Development HealthCare

**Listing of Officials
August 31, 2022**

Board of Trustees

Elizabeth Lawrence	Chair
Edwin Seilheimer	Vice-Chair
Carolyn Myres	Secretary
Christy Massey	Trustee
Judge Alfonso Campos	Trustee
Rita Wade	Trustee
Lynn Waddy	Trustee
Jerry Blaisdell	Trustee
Keith Scarbrough	Trustee
Dr. Reginald Hall	Trustee
Jill Power	Trustee
Sheriff Alan West	Ex-officio Member
Sheriff Roger Deeds	Ex-officio Member

Administrative Staff

Coke Beatty	Executive Director
Ruben DeHoyos	Associate Executive Director/ Chief Operating Officer
Wayne Vaughn	Chief Financial Officer
Mark Chavez	Chief of IDD Services
Diana Thompson.	Chief of Behavioral Health Services
Open	Director of IT

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

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

Member of:
Governmental Audit Quality Center

Members of:
American Institute of
Certified Public Accountants

Texas Society of
Certified Public Accountants

Independent Auditor's Report

To the Board of Trustees
Pecan Valley Centers for Behavioral &
Developmental HealthCare

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Pecan Valley Centers for Behavioral & Developmental HealthCare, as of and for the year ended August 31, 2022, and the related notes to the financial statements, which collectively comprise Pecan Valley Centers for Behavioral & Developmental HealthCare's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Pecan Valley Centers for Behavioral & Developmental HealthCare, as of August 31, 2022, and the respective changes in financial position, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Pecan Valley Centers for Behavioral & Developmental HealthCare 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 Pecan Valley Centers for Behavioral & Developmental HealthCare's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Pecan Valley Centers for Behavioral & Developmental HealthCare'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 Pecan Valley Centers for Behavioral & Developmental HealthCare'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 on pages 7-13 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Pecan Valley Centers for Behavioral & Developmental HealthCare'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, and Audit Requirements for Federal Awards*, and Texas Grant Management Standards (TxGMS), is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal and state awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2023, on our consideration of Pecan Valley Centers for Behavioral & Developmental HealthCare'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 Pecan Valley Centers for Behavioral & Developmental HealthCare'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 Pecan Valley Centers for Behavioral & Developmental HealthCare's internal control over financial reporting and compliance.

Scott, Singleton, Fincher and Company, PC

Greenville, Texas
January 26, 2023

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Management's Discussion and Analysis

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**Pecan Valley Centers for Behavioral & Developmental HealthCare
Management's Discussion and Analysis
August 31, 2022**

As management of Pecan Valley Mental Health Mental Retardation Region dba Pecan Valley Centers for Behavioral & Developmental HealthCare (the Center), we offer readers of the Center's financial statements this overview and analysis of the financial activities of the Center for the fiscal year ended August 31, 2022. The Center's financial statements also include activity of the Center's discretely presented component unit, Pecan Valley Facilities, Inc. We encourage readers to consider the information presented here in conjunction with the Center's financial statements that begin on page 15.

FINANCIAL HIGHLIGHTS

- The assets of the Center exceeded its liabilities at the close of the fiscal year by \$18,425,563 (net position). Of this amount, \$17,011,140 (unrestricted net position) may be used to meet the Center's ongoing obligations.
- The Center's total net position (government-wide) increased by \$483,132.
- As of the close of the current fiscal year, the Center's governmental fund reported fund balance of \$17,247,581 an increase of \$685,622 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$16,161,903 or 56.2 percent of total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Center's basic financial statements. The Center's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Center's finances in a manner that is similar to a private-sector business.

The Statement of Net Position presents information on all of the Center's assets and liabilities, with the difference between the two reported as net position. Net position is equivalent to the equity section of a private-sector balance sheet. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Center is improving or deteriorating.

The Statement of Activities includes all the revenue and expenses generated by the Center's operations during the year. The accrual basis of accounting is used, which similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of the timing of related cash flows.

Pecan Valley Centers for Behavioral & Developmental HealthCare
Management's Discussion and Analysis
August 31, 2022

Both of the government-wide financial statements present the basic services provided by the Center. These services include Behavioral Health, Intellectual and Developmental Disabilities, and General Administration. The Center does not have any business-type activities.

The Government-wide financial statements can be found on pages 15-16 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Center, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Center can be divided into two categories: governmental funds and fiduciary funds.

- **Governmental funds** – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash.

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

The basic governmental fund financial statements can be found on pages 17-19 of this report.

The Center 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 and can be found on pages 20-21.

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

The basic fiduciary fund financial statement can be found on pages 22-23 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 24 of the report.

Pecan Valley Centers for Behavioral & Developmental HealthCare
Management's Discussion and Analysis
August 31, 2022

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain statistical information that is required by the Texas Health and Human Services Commission's Guidelines for Annual Compliance Audits of Community MHMR Centers. The statistical information can be found on pages 39-47 of this report. In addition, the schedule of expenditures of federal and state awards is presented as supplementary information.

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 the Center, assets exceeded liabilities by \$18,425,563 at the close of the most recent fiscal year.

A portion of the Center's net position (7.67 percent) reflects its investment in capital assets, less any related debt used to acquire the assets that is still outstanding. The Center uses these assets to provide services to the consumers that we serve; consequently, these assets are not available for future spending.

Governmental Activities
Net Position

	Governmental Activities	
	2022	2021
Current and other assets	\$ 19,252,825	\$ 18,224,879
Capital assets, net	1,934,290	1,691,496
Total assets	21,187,115	19,916,375
Other liabilities	1,671,418	1,471,948
Noncurrent liabilities	1,090,134	501,996
Total liabilities	2,761,552	1,973,944
Net investment in capital assets	1,414,423	1,575,625
Unrestricted	17,011,140	16,366,806
Total net position	\$ 18,425,563	\$ 17,942,431

**Pecan Valley Centers for Behavioral & Developmental HealthCare
Management's Discussion and Analysis
August 31, 2022**

Governmental activities increased the Center's net position by \$483,132. Key elements are as follows:

**Governmental Activities
Changes in Net Position**

	Governmental Activities	
	2022	2021
Program Revenues		
Charges for services	\$ 12,327,336	\$ 13,532,547
Operating grants and contributions	16,298,557	14,956,894
General Revenues		
Investment earnings	75,411	9,317
County contributions	248,988	221,501
PPP loan forgiveness income		900,000
Other revenues	88,437	270,049
Total revenues	<u>29,038,729</u>	<u>29,890,308</u>
Expenses		
Behavioral Health	20,717,086	19,938,118
Intellectual & Developmental Disabilities	7,807,812	7,410,644
Interest expense	30,699	
Total expenses	<u>28,555,597</u>	<u>27,348,762</u>
Change in Net Position	483,132	2,541,546
Net Position - Beginning	<u>17,942,431</u>	<u>15,400,885</u>
Net Position - Ending	<u>\$ 18,425,563</u>	<u>\$ 17,942,431</u>

FINANCIAL ANALYSIS

As mentioned earlier, the Center uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

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

The general fund is the chief operating fund of the Center. At the end of the current fiscal year, the Center's unassigned fund balance in the general fund was \$16,161,903. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 56.2 percent of total general fund expenditures.

**Pecan Valley Centers for Behavioral & Developmental HealthCare
Management's Discussion and Analysis
August 31, 2022**

**Governmental Fund
Change in Fund Balance**

	Governmental Fund	
	2022	2021
Program Revenues		
Local	\$ 14,572,166	\$ 15,664,223
State programs	9,862,624	9,329,635
Federal programs	4,541,875	3,970,173
Investment earnings	75,411	9,317
Total revenues	<u>29,052,076</u>	<u>28,973,348</u>
Expenditures		
Behavioral Health	18,359,211	17,879,853
Intellectual & Developmental Disabilities	6,815,214	6,590,182
Administration	2,993,919	2,589,472
Capital outlay	431,496	547,442
Debt service	182,727	2,677
Total expenditures	<u>28,782,567</u>	<u>27,609,626</u>
Other financing sources		
Issuance of long-term obligations	<u>416,113</u>	<u>118,548</u>
Net Change in Fund Balance	685,622	1,482,270
Fund Balance - Beginning	<u>16,561,959</u>	<u>15,079,689</u>
Fund Balance - Ending	<u>\$ 17,247,581</u>	<u>\$ 16,561,959</u>

**Pecan Valley Centers for Behavioral & Developmental HealthCare
Management's Discussion and Analysis
August 31, 2022**

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the final budget and actual results for the general fund can be briefly summarized as follows:

- Increase in Mental Health Children expenditures due to the addition of a youth case manager.
- Overall increase in Adult Mental Health service expenditures

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets. The Center's investment in capital assets for its governmental activities as of August 31, 2022, amounts to \$1,934,290 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, equipment and vehicles.

Governmental Activities		
Capital Assets		
	2022	2021
Land	\$ 232,906	\$ 232,906
Buildings and improvements	3,058,431	3,048,643
Furniture and equipment	122,507	1,242,859
Vehicles	986,571	1,272,228
Leased assets (adopted GASB 87)	671,895	
Cost of capital assets	5,072,310	5,796,636
Less accumulated depreciation	(3,138,020)	(4,105,140)
Investment in capital assets	\$ 1,934,290	\$ 1,691,496

Additional information on the Center's capital assets can be found in footnote 8 to the financial statements.

Long-term debt. At the end of the current fiscal year, the Center had a liability of \$570,267 for compensated absences, an increase of \$27,942 from the prior year. The Center adopted the provisions of GASB 87, *Leases*, in 2022. The GASB 87 presentation reflects lease obligations in the amount of \$519,867 at the end of 2022.

Additional information on the Center's long-term obligations can be found in footnote 9 to the financial statements.

**Pecan Valley Centers for Behavioral & Developmental HealthCare
Management's Discussion and Analysis
August 31, 2022**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Pharmaceutical Assistance Programs (PAP) will continue to provide a significant cost savings in regard to the medications that the Center has to purchase.

FY22 saw the last payments from the Delivery System Reform Incentive Payment (DSRIP) program. It also marked the addition of the Directed Payment Program-Behavior Health Services (DPP-BHS) program as an 1115 Waiver payment source for Medicaid clients and the Public Health Provider-Charity Care Program (PHP-CCP) as an additional payment source for uninsured. The PHP-CCP program will not provide any revenue until FY23. Both the PHP-CCP and the DPP-BHS programs are complicated and require significant time and effort to maximize and track revenue. As these programs roll out, the Center is working diligently to understand and maximize these opportunities for our clients and community.

Challenges around COVID-19 continue, however the Center has acclimated to the changes initiated last year. The Center has incorporated modifications in billable service methodologies to maximize reimbursement for services provided.

Struggles with workforce recruitment and retention presented unique challenges throughout the year. The Center worked to implement strategies that included retention and tenure payments to help alleviate workforce shortages with positive results.

The Center operates as both a Certified Community Behavioral Health Clinic, and as accredited by the Commission on Accreditation of Rehabilitation Facilities (CARF).

The Center continues to apply for and receive grant opportunities. FY22 saw the implementation of a new Substance Abuse and Mental Health Services Administration (SAMHSA) grant and several new state grants, specifically System of Care and Veterans grants. FY22 also marked the conclusion of our first SAMHSA grant for CCBHC Expansion.

REQUEST FOR INFORMATION

This financial report is designed to provide our citizens and customers a general overview of the Center's finances and its accountability for the money it receives. Financial information for the Center's component unit, Pecan Valley Facilities Inc. may be obtained at the office of 2101 W. Pearl St., Granbury, Texas 76048. If you have questions about this report or need additional financial information, contact Pecan Valley Centers for Behavioral & Developmental HealthCare, P.O. Box 729, 2101 W. Pearl St., Granbury, Texas 76048.

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Basic Financial Statements

Pecan Valley Centers for Behavioral & Developmental HealthCare
Statement of Net Position
August 31, 2022

	Primary Government Governmental Activities	Component Unit Pecan Valley Facilities, Inc.
Assets		
Cash and cash equivalents	\$ 3,970,099	\$ 412,103
Investments	11,342,432	561,287
Due from other governments	2,173,991	
Accounts receivable, net	680,625	
Advances - intergovernmental transfer	916,707	
Prepaid items	168,971	
Capital assets:		
Nondepreciable land	232,906	243,834
Capital assets, net	1,701,384	2,703,179
Total Assets	21,187,115	3,920,403
Liabilities		
Accounts payable	726,685	
Accrued salaries and benefits	315,467	
Unearned revenues	629,266	100,115
Long-term liabilities:		
Compensated absences due within one year	135,581	
Compensated absences due in more than one year	434,686	
Lease obligations due within one year	185,979	
Lease obligations due in more than one year	333,888	
Total Liabilities	2,761,552	100,115
Net Position		
Net investment in capital assets	1,414,423	2,947,013
Unrestricted	17,011,140	873,275
Total Net Position	\$ 18,425,563	\$ 3,820,288

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

Pecan Valley Centers for Behavioral & Developmental HealthCare
Statement of Activities
Year Ended August 31, 2022

Function/Programs	Expenses			Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Administration Allocation	Expenses after Allocation of Administration	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component
							Governmental	Unit
							Governmental	Pecan Valley
							Activities	Facilities, Inc.
Primary Government								
Governmental Activities								
Behavioral Health	\$ 18,456,724	\$ 2,260,362	\$ 20,717,086	\$ 6,403,856	\$ 14,351,042	\$ -	\$ 37,812	
Intellectual & Developmental Disabilities	6,955,932	851,880	7,807,812	5,923,480	1,947,515	-	63,183	
Administration	3,112,242	(3,112,242)	-				-	
Interest expense	30,699		30,699				(30,699)	
Total governmental activities	28,555,597	-	28,555,597	12,327,336	16,298,557	-	70,296	
Total Primary government	\$ 28,555,597	\$ -	\$ 28,555,597	\$ 12,327,336	\$ 16,298,557	\$ -	\$ 70,296	
Component Unit								
Pecan Valley Facilities, Inc.	\$ 108,872	\$ -	\$ 108,872	\$ 221,968	\$ -	\$ -		\$ 113,096
Total component unit	\$ 108,872	\$ -	\$ 108,872	\$ 221,968	\$ -	\$ -		\$ 113,096
					General Revenues			
					Investment earnings		75,411	2,829
					County contributions		248,988	
					Other revenues		88,437	
					Total general revenues		412,836	2,829
					Change in Net Position		483,132	115,925
					Net Position - Beginning		17,942,431	3,704,363
					Net Position - Ending		\$ 18,425,563	\$ 3,820,288

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

Pecan Valley Centers for Behavioral & Developmental HealthCare
Balance Sheet - Governmental Fund
August 31, 2022

	General Fund	Total Governmental Funds
Assets		
Cash and cash equivalents	\$ 3,970,099	\$ 3,970,099
Investments	11,342,432	11,342,432
Due from other governments	2,173,991	2,173,991
Accounts receivable, net	680,625	680,625
Advances - Intergovernmental transfer	916,707	916,707
Prepaid expenses	168,971	168,971
	\$ 19,252,825	\$ 19,252,825
Liabilities		
Accounts payable	\$ 726,685	\$ 726,685
Accrued salaries and benefits	315,467	315,467
Unearned program revenues	629,266	629,266
	1,671,418	1,671,418
Deferred inflows of resources		
Unavailable revenue - Medicaid administrative claiming	333,826	333,826
	333,826	333,826
Fund Balance		
Nonspendable		
Prepaid expenses and Advances	1,085,678	1,085,678
Unassigned	16,161,903	16,161,903
	17,247,581	17,247,581
Total liabilities, deferred inflows of resources and fund balances	\$ 19,252,825	\$ 19,252,825
Amounts presented for governmental activities in the Statement of Net Position are different because:		
Total Fund Balance (As Presented in this Statement)		\$ 17,247,581
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.		1,934,290
Certain long-term receivables are not available to pay current period expenditures, and therefore are deferred inflows in the fund statement.		333,826
Long-term liabilities for lease obligations (\$519,867) and compensated absences (\$570,267) are not due and payable in the current period and therefore are not reported in the funds.		(1,090,134)
Net Position - Governmental Activities		\$ 18,425,563

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

Pecan Valley Centers for Behavioral & Developmental HealthCare
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund
Year Ended August 31, 2022

	General Fund	Total Governmental Funds
Revenues		
Local funds	\$ 14,572,166	\$ 14,572,166
State programs	9,856,852	9,856,852
Federal programs	4,547,647	4,547,647
Investment earnings	75,411	75,411
	29,052,076	29,052,076
Expenditures		
Current		
Behavioral Health	18,359,211	18,359,211
Intellectual & Developmental Disabilities	6,815,214	6,815,214
Administration	2,993,919	2,993,919
Capital outlay	431,496	431,496
Debt service	182,727	182,727
	28,782,567	28,782,567
Excess of Revenues Over Expenditures	269,509	269,509
Other Financing Sources		
Issuance of capital leases	416,113	416,113
	416,113	416,113
Net Change in Fund Balance	685,622	685,622
Fund Balance, September 1	16,561,959	16,561,959
Fund Balance, August 31	\$ 17,247,581	\$ 17,247,581

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

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Pecan Valley Centers for Behavioral & Developmental HealthCare
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balance of the Governmental Fund
to the Statement of Activities
Year Ended August 31, 2022

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

Net Change in Fund Balance - total governmental fund (see previous page)	\$	685,622
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 (\$431,496) exceeded depreciation/amortization of (\$294,037) for the year.		137,459
The issuance of capital leases provides current resources for use in governmental funds. In the statement of net position, capital leases are reported as long-term liabilities.		(416,113)
Repayment of principal on long-term liabilities is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount of principal repaid (\$152,028).		152,028
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.		(13,347)
Changes in long-term liabilities are reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the net increase in the long-term liability for compensated absences for the year.		(27,942)
The Center removed capital assets from service with a net book value of \$34,575. The removal of capital assets is not recorded in the funds, but is recorded as additional expense in the statement of activities.		(34,575)
Change in Net Position - Governmental Activities	\$	<u>483,132</u>

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

Pecan Valley Centers for Behavioral & Developmental HealthCare
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual - General Fund
Year Ended August 31, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Local Revenues				
County tax funds	\$ 282,932	\$ 282,932	\$ 248,988	\$ (33,944)
Patient fees and insurance	642,502	642,502	615,569	(26,933)
Home and Community Based Services	1,543,312	1,543,312	1,489,943	(53,369)
Texas Home Living Waiver	86,749	86,749	92,736	5,987
Intermediate Care Facilities (ICF)	1,959,796	1,959,796	2,033,811	74,015
Managed care	1,270,126	1,270,126	994,594	(275,532)
Medicaid and Medicare	1,997,937	1,997,937	1,926,396	(71,541)
Medicaid 1115 Waiver	4,971,048	4,971,048	4,676,795	(294,253)
Contributions and other income	2,324,523	5,026,210	2,493,334	(2,532,876)
		-		
Total local revenues	15,078,925	17,780,612	14,572,166	(3,208,446)
State Program Revenues				
General Revenue	7,514,188	7,514,188	7,763,072	248,884
Children's Mental Health	489,341	489,341	489,341	-
Mental Health First Aid			21,500	21,500
Permanency Planning	19,784	19,784	19,784	-
Psychiatric Emergency Service Center	481,800	481,800	481,800	-
Community Mental Health Grant Program	330,469	330,469	326,805	(3,664)
Texas Rehabilitation Commission	8,982	8,982	8,982	-
TCOOMMI	164,550	164,550	192,360	27,810
Texas Veterans Commission	500,000	500,000	457,027	(42,973)
Texas Juvenile Justice Department	149,881	149,881	96,181	(53,700)
Total state program revenues	9,658,995	9,658,995	9,856,852	197,857
Federal Program Revenues				
Mental Health Block Grant	802,515	802,515	1,618,775	816,260
Temporary Assistance for Needy Families	125,850	125,850	372,083	246,233
Social Services Block Grant - Title XX	74,213	74,213	74,213	-
MH Coordinate Specialty Care - FEP	270,000	270,000	99,604	(170,396)
SAMHSA Assisted Outpatient Treatment	375,559	375,559	190,265	(185,294)
SAMHSA CCBHC	1,069,282	1,069,282	1,051,002	(18,280)
Home Investment Partnerships Program			102,490	102,490
Money Follows the Person Rebalancing Demonstration	38,326	38,326	37,884	(442)
System of Care	53,691	53,691	53,691	-
Substance Abuse Block Grant			5,772	5,772
Medical Assistance Program	852,126	852,126	941,868	89,742
		-		
Total federal program revenues	3,661,562	3,661,562	4,547,647	886,085
		-		
Investment Earnings	10,083	10,083	75,411	65,328
Total revenues	\$ 28,409,565	\$ 31,111,252	\$ 29,052,076	\$ (2,059,176)

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

Pecan Valley Centers for Behavioral & Developmental HealthCare
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual - General Fund
Year Ended August 31, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Expenditures				
Current				
Personnel	\$ 13,812,386	\$ 15,270,152	\$ 13,640,919	\$ 1,629,233
Fringe benefits	4,462,286	4,898,132	4,049,257	848,875
Travel and training	524,980	524,980	411,054	113,926
Professional and consultant fees	3,590,076	3,590,076	3,522,982	67,094
Consumable supplies	181,605	181,605	342,268	(160,663)
Pharmaceutical	394,664	714,664	468,683	245,981
Laboratory costs	111,633	111,633	29,579	82,054
Non capital equipment, repairs, and rent	167,266	167,266	335,228	(167,962)
Occupancy	2,741,877	2,741,877	3,050,850	(308,973)
Telephone and postage	522,386	522,386	346,188	176,198
Vehicle operations and insurance	307,740	307,740	167,112	140,628
Client support costs	872,580	872,580	1,372,441	(499,861)
Insurance	68,204	68,204	49,703	18,501
Other	486,680	943,594	382,080	561,514
		-		
Total current expenditures	28,244,363	30,914,889	28,168,344	2,746,545
Capital Outlay	165,202	196,363	431,496	(235,133)
Debt service interest			30,699	(30,699)
Debt service principal			152,028	(152,028)
Total expenditures	28,409,565	31,111,252	28,782,567	2,328,685
Excess of Revenues Over Expenditures	-	-	269,509	269,509
Other Financing Sources				
Issuance of capital leases			416,113	416,113
Total Other Financing Sources			416,113	416,113
Net Change in Fund Balance	-	-	685,622	685,622
Fund Balance, September 1	16,561,959	16,561,959	16,561,959	-
Fund Balance, August 31	\$ 16,561,959	\$ 16,561,959	\$ 17,247,581	\$ 685,622

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

Pecan Valley Centers for Behavioral & Developmental HealthCare
Statement of Fiduciary Net Position - Fiduciary Fund
August 31, 2022

	<u>Client Custodial Fund</u>
Assets	
Cash and cash equivalents	\$ 98,237
Total assets	<u>98,237</u>
Liabilities	
Total liabilities	<u>-</u>
Net Position	
Restricted for:	
Individual consumers	<u>98,237</u>
Total Net Position	<u>\$ 98,237</u>

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

Pecan Valley Centers for Behavioral & Developmental HealthCare
Statement of Changes in Fiduciary Net Position - Fiduciary Fund
Year Ended August 31, 2022

	<u>Client Custodial Fund</u>
Additions	
Cash collections on behalf of consumers	<u>\$ 282,936</u>
Total additions	<u>282,936</u>
Deductions	
Payments of behalf of consumers	<u>289,369</u>
Total deductions	<u>289,369</u>
Net increase (decrease) in fiduciary net position	(6,433)
Net Position - beginning	<u>104,670</u>
Net Position - ending	<u><u>\$ 98,237</u></u>

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

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Pecan Valley Centers for Behavioral & Developmental HealthCare
Notes to Financial Statements
August 31, 2022

Note 1 - Reporting Entity

Pecan Valley Mental Health Mental Retardation Region dba Pecan Valley Centers for Behavioral & Developmental HealthCare (the Center) is a public entity which was established under the Texas Mental Health and Mental Retardation Act of 1965 and organized under Chapter 534, Title 7 of the Texas Health and Safety Code. This act provided for the creation of local boards of trustees. The Center's current board of trustees was appointed by the Commissioner's Courts of Parker County, Erath County, Somervell County, Hood County, Johnson County and Palo Pinto County, Texas; to develop and implement community-based behavioral health care services to persons with mental illness, intellectual and developmental disabilities, and chemical dependency. The Center is governed by an independent board; has the authority to make decisions; appoint administrators and manager; significantly influence operations; and has the primary 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 GASB Statements No. 14, *The Financial Reporting Entity*, as amended. These statements define the reporting entity as the primary government and those component units for which the primary government is financially accountable. In addition, component units may be included in the reporting entity based on the nature and significance of the relationship with the primary government, or based on being closely related or financially integrated with primary government. Based on these criteria the Center has the following component unit at August 31, 2022:

Pecan Valley Facilities, Inc., (PVF) is a non-profit corporation established under the Texas Non Profit Corporation Act and has tax-exempt status under Section 501(c)(3) of the Internal Revenue Code. The articles of incorporation of PVF provide that it perform the functions and purposes of the primary government in providing mental health and mental retardation services and that it be operated exclusively for the benefit of and in conjunction with the primary government. The primary function of PVF is to own real estate which is in turn leased to the primary government. PVF elects its own board and establishes rental rates for these leased assets. PVF exists for the exclusive benefit of the primary government; accordingly, for financial reporting purposes, PVF is reflected as a discretely presented component unit in the government-wide financial statements. Financial information for PVF may be obtained at the office of 2101 W. Pearl St., Granbury, Texas 76048.

Note 2 - Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. 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.

Note 2 - Government-Wide and Fund Financial Statements (continued)

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.

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

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 accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Charges for services are recognized in the year the services are provided while grants are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenue to be available if they are collected within 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 long-term compensated absences, 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 at the net realizable amounts. 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 central governmental services to operating functions and programs benefiting from those services. Central services include overall management, accounting, financial reporting, payroll, procurement contracting and oversight 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.

Note 3 - Measurement Focus, Basis of Accounting and Financial Statement Presentation (cont)

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

The Center reports the following major 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 type:

The Client Custodial Fund, a fiduciary fund type, includes assets held for clients of the Center. The fund is purely custodial and reports the changes in assets held on behalf of clients.

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 and Net Position or Equity

Cash and Cash Equivalents

Cash and cash equivalents for the Center and PVF include amounts in demand deposits as well as short-term investments (certificates of deposit and money market funds) with a maturity date of twelve months or less when purchased.

Investments

Investments in local government investment pools are stated at amortized cost for the Center and PVF.

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. The Center writes off insurance receivables after 90 days and collection attempts have been exhausted. The Center has recorded an allowance against insurance receivables of \$100,000 at August 31, 2022. Accounts receivable from cost reimbursement contracts are determined to be 100% collectible based on past collection history from various granting agencies.

Note 4 - Assets, Liabilities and Net Position or Equity (continued)

Net Patient and Client Service Revenue

The Center has agreements with third-party payors that provide for payments to the Center at contractually agreed upon rates. Net patient and client service revenue is reported at the estimated net realizable amounts from patients, clients, third-party payors and other for services rendered. The Center also entered into payment agreements with Medicare, certain commercial insurance carriers (managed care organizations) and other organizations. The basis for payment under these agreements is mostly based on fee for service arrangements.

For uninsured patients, the Center recognizes revenue on the basis of its standard rates for services provided, adjusted for the minimum monthly fee provisions as mandated by the state of Texas. Revenue from Medicaid Waiver programs (such as 1115, Home and Community Based Services, Texas Home Living,) are recognized when services are rendered. These programs are billed based on state negotiated rates.

Laws and regulations governing Medicare, Medicaid, and other programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

Grants

The Center receives grants from private organizations and federal and state agencies. Revenues from grants are recognized when all eligibility requirements, including time requirements, are met.

Other Revenues

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received.

Advances – Intergovernmental Transfer

Advances for intergovernmental transfers represent amounts remitted in advance for Direct Payment Program (DPP) 1115 Medicaid waiver revenues that will be utilized as required match in FY 2023.

Prepaid Expenses

Prepaid expenses record payments to vendors that benefit future reporting periods and are reported on the consumption basis. Prepaid expenses are similarly reported in government-wide and fund financial statements. Prepaid expenses are reflected as non-spendable fund balance in the governmental fund balance sheet because these assets do not constitute available spendable resources even though they are components of net current assets.

Note 4 - Assets, Liabilities and Net Position or Equity (continued)

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 and PVF as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend 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:

	<u>Primary Government</u>	<u>PVF</u>
Building and improvements	10 - 31.5 years	10 - 40 years
Furniture and equipment	5 - 8 years	7 - 25 years
Vehicles	5 years	not applicable

Compensated Absences (PTO)

The Center provides compensated absence (PTO) benefits to its employees. Employees earn PTO in progressive amounts from 18 days per year in the first year of employment up to 27 days per year for employees with two years longevity. Employees begin to vest in up to 50% of the accumulated PTO balance after two years of employment and become fully vested after twelve years of employment. Upon termination, employees are paid for vested PTO in amounts in amounts up to 160 hours for employees with longevity of two to five years; and up to 320 hours for employees with longevity of twelve years. PTO benefits are paid at the current salary. Compensated absences are reported as accrued in the government-wide financial statements. Governmental funds report only compensated liabilities currently due and payable to currently terminating employees.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. In the fund financial statements, governmental fund types report debt proceeds, adjusted for premiums and discounts, as other financing sources.

Fund Balance

The governmental fund reports the following classifications of fund balance:

Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. All amounts reported as nonspendable at August 31, 2022 are nonspendable in form.

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

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

Note 4 - Assets, Liabilities and Net Position or Equity (continued)

Source of Funds

Some funds from federal and other state sources represent fee for service reimbursements, as well as project grants. The funds received for individual patient service reimbursements are reported as local funds.

Tax-Exempt Status

The Internal Revenue Service has issued a determination letter dated August 4, 2011, stating that the Center qualifies as an organization described in Section 501(c)(3) of the Internal Revenue Code and, accordingly, is exempt from Federal income taxes.

Use of Estimates

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

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 Executive Director 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).

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

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

Note 6 - Deposits and Investments

Cash and Time Deposits

Custodial credit risk – deposits. The Center's and PVF's cash deposits were fully secured at August 31, 2022 by federal deposit insurance and by pledged securities held by the Center's agent in the Center's name. The Center's policy requires deposits to be fully secured by collateral valued at market of a least 102% of the Center's deposits, less the amount of Federal Deposit Insurance Corporation (FDIC) insurance.

Note 6 - Deposits and Investments (continued)

Investments

At August 31, 2022, the Center has the following investments and maturities:

Investment Type	Fair Value	Percentage of Total	Credit Rating	Weighted Average Days to Maturity
Texpool	11,342,432	100.00%	AAAm	24
Total	<u>\$ 11,342,432</u>	<u>100.00%</u>		

At August 31, 2022, PVF has the following investments and maturities:

Investment Type	Fair Value	Percentage of Total	Credit Rating	Weighted Average Days to Maturity
Texpool	561,287	100.00%	AAAm	24
Total	<u>\$ 561,287</u>	<u>100.00%</u>		

The Center's investment policy and state statute generally permit the Center to invest in certificates of deposit, public funds investment pools, obligations of the United States or its agencies and instrumentalities, and obligations of states, agencies, countries, cities, and other political subdivisions having been rated as to investment quality by a nationality recognized investment rating firm and having received a rating of not less than "A" or its equivalent.

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 U.S. Government backed securities to ten years and weighted average maturity of investment pools to not exceed 18 months. TexPool manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to 90 days. Center investment policy requires maturities of investments to correspond with projected cash flow needs.

Credit risk – This is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. State law and Center policy limits investments in public funds investment pools and money market mutual funds to those rated no lower than AAA or AAAm or an equivalent rating by at least one nationally recognized rating service.

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

Note 6 - Deposits and Investments (continued)

The component unit, PVF, has no formal investment policy at August 31, 2022.

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. At year-end, the Center did not own any investments subject to the fair value hierarchy.

Note 7 – Due From Other Governments

Amounts due from other governments are for reimbursement of expenditures and fees for service provided under various programs and grants. All amounts are expected to be collected within the next year. Following is a summary of the amounts due at year-end:

	<u>Governmental Activities</u>
HCS and TxHLW Waiver	\$ 154,673
SAMHSA programs	335,175
Medicaid Administrative Claiming	713,835
Intermediate Care Facilities (ICF)	200,740
Texas HHSC Programs	559,516
TCOOMMI	75,838
Other	<u>134,214</u>
Due from other governments	<u>\$ 2,173,991</u>

Note 8 - Capital Assets

Capital assets are recorded in the government-wide financial statements. A summary of changes in the Center's capital asset balances for the year follows:

<u>Primary Government</u>	Balance September 1, 2021	Additions	Retirements	Balance August 31, 2022
Governmental Activities				
Nondepreciable assets				
Land	\$ 232,906	-	\$ -	\$ 232,906
Total nondepreciable assets	<u>203,656</u>	<u>-</u>	<u>-</u>	<u>232,906</u>
Depreciable/amortizable assets				
Buildings and improvements	3,048,643	9,788		3,058,431
Furniture and equipment	461,126	5,595	461,126	5,595
Computer equipment	563,758		446,846	116,912
TIF Grant capital equipment	217,975		217,975	-
Vehicles	1,272,228		285,657	986,571
Leased buildings*	109,598	68,810		178,408
Leased equipment*	52,954			52,954
Leased vehicles*	93,230	347,303		440,533
Total depreciable/amortizable assets	<u>5,819,512</u>	<u>431,496</u>	<u>1,411,604</u>	<u>4,839,404</u>
Less accumulated depreciation/amortization				
Buildings and improvements	1,901,495	66,606		1,968,101
Furniture and equipment	461,126	580	461,126	580
Computer equipment	528,685	23,382	446,846	105,221
TIF Grant capital equipment	217,974		217,974	-
Vehicles	1,008,540	51,442	147,891	912,091
Leased buildings*		31,447		31,447
Leased equipment*		25,276		25,276
Leased vehicles*		95,304		95,304
Total accumulated depreciation/amortization	<u>4,117,820</u>	<u>294,037</u>	<u>1,273,837</u>	<u>3,138,020</u>
Capital assets, net	<u>\$ 1,905,348</u>	<u>\$ 137,459</u>	<u>\$ 137,767</u>	<u>\$ 1,934,290</u>

Gross amount of leased assets above \$671,895; less amortization \$152,027; net book value \$519,868.

* Beginning balances and current year activity reflected in accordance with adoption of GASB 87.

In the government-wide financial statements, depreciation of \$142,010 and amortization of \$152,027 was charged to the Center's programs as follows:

Governmental Activities	
Behavioral Health	\$ 79,301
Intellectual & Developmental Disabilities	133,958
Administration	<u>80,778</u>
Total depreciation expense	<u>\$ 294,037</u>

Note 8 - Capital Assets (continued)

Capital assets are recorded in the component unit financial statements. A summary of changes in the component unit's capital asset balances for the year follows:

<u>Component Unit PVF</u>	<u>Balance September 1, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance August 31, 2022</u>
Nondepreciable assets				
Land	\$ 243,834	\$ -	\$ -	\$ 243,834
Total nondepreciable assets	243,834	-	-	243,834
Depreciable assets				
Buildings and improvements	4,471,968	-	-	4,471,968
Furniture and equipment	90,245	-	-	90,245
Total depreciable assets	4,562,213	-	-	4,562,213
Less accumulated depreciation				
Building and improvements	1,675,847	101,833	-	1,777,680
Furniture and equipment	76,375	4,979	-	81,354
Total accumulated depreciation	1,752,222	106,812	-	1,859,034
Capital assets, net	\$ 3,053,825	\$ (106,812)	\$ -	\$ 2,947,013

The component unit PVF depreciation expense for the year was \$106,812.

Note 9 - Long-Term Liabilities

The Center has entered into lease agreements for real estate with total combined monthly payments of \$4,706 per month over the next four fiscal years. with an estimated incremental borrowing rate of 4.50%. Terms of existing agreements expire on various dates over the next four fiscal years.

The Center has entered into lease agreements for equipment with total combined monthly payments \$2,445 per month over the next three fiscal years, with an estimated incremental borrowing rate of 4.25%. Terms of existing agreements expire on various dates over the next three fiscal years.

The Center entered into a master equity capital lease agreement with Enterprise Fleet Management Trust. Under the terms of this master agreement, the Center entered into lease agreements for twenty-five vehicles. Terms of the individual lease agreements call for 48 monthly payments at interest rates ranging from 4.49% to 8.47%.

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

Note 9 - Long-Term Liabilities (continued)

Long-term liabilities are recorded in the government-wide financial statements. Retirements are paid out of the general fund. A summary of changes in Center long-term liabilities for the year follows:

Governmental Activities	Balance September 1, 2021	Additions	Retirements	Balance August 31, 2022	Due Within One Year
Compensated absences	\$ 542,325	\$ 860,245	\$ 832,303	\$ 570,267	\$ 135,581
Lease obligations*	255,782	416,113	152,028	519,867	185,979
Total long-term liabilities	<u>\$ 798,107</u>	<u>\$ 1,276,358</u>	<u>\$ 984,331</u>	<u>\$ 1,090,134</u>	<u>\$ 321,560</u>

* Beginning balances and current year activity reflected in accordance with adoption of GASB 87.

Future debt service requirements for lease obligations are as follows:

	Principal	Interest	Total
2023	\$ 185,979	\$ 28,170	\$ 214,149
2024	149,831	17,752	167,583
2025	139,011	8,392	147,403
2026	42,167	1,757	43,924
2027	2,879.00	50.00	2,929
Total	<u>\$ 519,867</u>	<u>\$ 56,121</u>	<u>\$ 575,988</u>

Note 10 – Related Party Facility Leases

The Center leases real estate used in its operations from the component unit PVF. These related party leases do not reflect current market rental rates. During the year, \$221,968 in rents were paid at the reduced rate to PVF. Per the lease agreement with PVF, lease payments will be adjusted in accordance with the consumer price index over the term of the lease which expires in February, 2026. In addition, the financial statements reflect in-kind rent in the amount of \$2,120,646 for the fair rental value of facilities provided by Johnson County for use in Center programs at a rate of \$1 per year. Required future minimum lease payments under operating leases including the amounts due per year to PVF are as follows:

Year Ending August 31,	Future lease Payments due to PVF
2023	\$ 233,360
2024	234,396
2025	234,396
2026	117,198
2027	-
Total Minimum Rentals	<u>\$ 819,350</u>

Note 10 – Related Party Facility Leases (continued)

PVF leases substantially all of its property to the primary government through non-cancelable operating leases. Assets under operating lease are recorded as land, and building and improvements with a total cost of \$4,806,047 and accumulated depreciation of \$1,859,034 at year-end. Rental income for the year was \$221,968. Following is the schedule of PVF future minimum lease receipts on non-cancelable operating leases to the Center as of year-end:

Year Ending August 31,	Future lease Payments Due to PVF
2023	\$ 233,360
2024	234,396
2025	234,396
2026	117,198
2027	-
Total Minimum Rentals	<u>\$ 819,350</u>

Note 11 - Retirement Plan

The Center maintains a 401(a) defined contribution profit sharing plan for the benefit of eligible employees and their beneficiaries. The name of the plan is the Pecan Valley MHMR Profit Sharing Plan. In order to participate in the 401(a) plan, eligible employees must participate in the 457 plan. Eligible employees are employees of the Center who are 18 years or older that have completed 6 months of service. The employee's contribution of 4% is deposited into the 457 plan. The Center's contribution of 8% is made to the 401(a) plan. Employees are 100% vested in the Center's contributions to the plan on their behalf after five years of service.

Funds contributed to the plan are invested as directed by the participants. Separate accounting is maintained for each participant. The required contribution by the Center for the year was \$535,354 and the actual Center contribution was \$535,354 of which \$71,712 was funded by employee forfeitures of non-vested amounts. At year-end, the final contribution in the amount of \$17,424 was due to the plan.

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 and unforeseeable emergency. Employees may contribute voluntarily to the Plan with a minimum contribution of 4% and a maximum contribution amount not to exceed limits established by the Internal Revenue Service. Employee contributions were \$338,545 for the year.

Note 13 - Economic Dependence

The Center receives a substantial portion of its revenues in the form of annual performance contracts with HHSC to provide mental health and intellectual and developmental disabilities services in its service area. The Center is economically dependent on the contribution of these contracts. At year-end, these contracts have been continued through August 31, 2023.

Note 13 - Economic Dependence (continued)

The component unit, PVF, derives substantially all of its revenue from the rental of facilities to the primary government whose operations are in Granbury, Texas and the surrounding service area.

Notes 14 - 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 (TCRMF). Under these policies, the Center could be assessed for additional premiums if losses exceed specified amounts. 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 maintains a partially self-funded medical benefits program. This plan provides health insurance benefits and certain dental insurance benefits to full-time employees of the Center and their dependents. Both the Center and the Plan's eligible employees share in the cost of plan premiums. The Center purchases commercial stop-loss insurance coverage for medical claims in excess of \$60,000 per employee, per plan year. This coverage also contains a maximum annual aggregate stop-loss amount per plan year of \$1,868,007. The Center has contracted with Blue Cross Blue Shield of Texas to provide claims administration and professional advice regarding the adequacy of premium charges and the adequacy of reserves to fund claims liabilities. The Center accounts for this risk management activity in the general fund and accordingly records a claims liability if information prior to the issuance of the financial statements indicates claims have been incurred as of the date of the financial statements and the amount of the claims can be reasonably estimated. The Center does not discount its claims liabilities.

Following is a reconciliation of claims liabilities for the past two fiscal years:

Year ending August 31	Claims liability Beginning of year	Claims expenses Incurred	Claims expenses Paid	Claims liability End of year
2021	\$ 16,865	\$ 3,478,310	\$ 3,320,772	\$ 174,403
2022	174,403	2,496,505	2,492,529	178,379

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 is also subject to certain penalties in the event that performance targets are not met. Management believes that any liability for reimbursement which may arise as a result of these items would not be material to the financial position of the Center.

Note 15 - Commitments and Contingencies (continued)

For fiscal years 2017 through 2022, the Center funded 80% of workers' compensation premiums up front (assessed by TCRMF based on the standard contribution for that year). Based on actual claims for that year, TCRMF can later assess up to 100% of that year's standard contribution. Thus, the Center has contingencies relating to previous years' workers' compensation claims for plan years that have not been declared closed. Management has reviewed the claims status for open years and estimates that no additional assessments for workers compensation claims will be due for the open years.

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 \$4,387,669 during the year ending August 31, 2022.

Note 17 - Coronavirus Pandemic

During the year ended August 31, 2022, the Center has been impacted by the effects of the world-wide coronavirus pandemic. The Center continues to closely monitor its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the date of issuance of these financial statements, the full impact to the Center's financial position is not known.

Note 18. Medicaid Cost Report Reconciliation – DPP Program

In FY 2022, Community Centers statewide began participation in a Medicaid 1115 Waiver program identified as the Direct Payment Program (DPP). As a part of the DPP program, 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 DPP services. The cost report 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 not made any provision for this reconciliation. Due to the uncertainty associated with this amount, it is subject to adjustment once the final reconciliation is complete.

Note 19 – Implementation of New Standard

Effective September 1, 2021, the Center adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. The objective of this statement is to improve the information needs of financial statement users by improving accounting and financial reporting for leases by governments. It established a single model for lease accounting based on the fundamental principle that leases represent a financing of the right to use an underlying asset. Under Statement 87, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about a governments' leasing activities.

**Statistical Section
(Unaudited)**

Pecan Valley Centers for Behavioral & Developmental HealthCare
Schedule of Revenue and Expenditures by Source of Funds
Year Ended August 31, 2022

Fund Source	Total Revenue	Total Mental Health Adult Expenditures	Total Mental Health Child Expenditures	Total Mental Health Crisis Expenditures	Total Intellectual & Developmental Disabilities Expenditures	Total Other Services Expenditures	Total Center Expenditures	Excess Revenue over Expenditures
Objects of Expense								
Personnel	\$ 11,813,499	\$ 6,150,090	\$ 1,242,158	\$ 630,899	\$ 3,762,834	\$ 27,518	\$ 11,813,499	\$ -
Employee Benefits	3,193,736	1,658,469	343,037	173,496	1,011,189	7,545	3,193,736	-
Capital Outlay	441,708	83,895			278,247		362,142	79,566
Pharmaceutical Expenses	4,387,669	4,387,669					4,387,669	-
Other Operating Expenses	9,738,274	3,064,211	356,508	3,832,231	2,041,190	444,133	9,738,274	-
Allocation of General Administration to Strategies	3,125,277	1,344,398	248,379	593,109	907,384	61,298	3,154,568	(29,291)
Allocation of Authority Administration to Strategies	470,074	226,154	41,782	99,772	152,641		520,349	(50,275)
Total Expenditures	\$ 33,170,237	\$ 16,914,886	\$ 2,231,864	\$ 5,329,507	\$ 8,153,485	\$ 540,494	\$ 33,170,237	\$ -
Method of Finance								
General Revenue - MH	\$ 7,642,153	\$ 4,645,811	\$ -	\$ 2,996,342	\$ -	\$ -	\$ 7,642,153	\$ -
General Revenue - IDD	828,012				828,012		828,012	
Texas Children's Mental Health	489,341		489,341				489,341	
Mental Health Block Grant	493,772	370,329	123,443				493,772	
Title XX - Temporary Assistance for Needy Families	125,850		125,850				125,850	
Title XX - Social Services Block Grant	74,213	74,213					74,213	
Earned Income	15,024,959	7,194,107	391,966	1,245,329	5,318,226	189,709	14,339,337	685,622
Required Local Match	771,032	593,728		120,450	56,854		771,032	
Additional Local Match	8,406,526	4,036,698	1,101,264	967,386	1,950,393	350,785	8,406,526	
Total Expended Sources	\$ 33,855,858	\$ 16,914,886	\$ 2,231,864	\$ 5,329,507	\$ 8,153,485	\$ 540,494	\$ 33,170,236	\$ 685,622

Pecan Valley Centers for Behavioral & Developmental HealthCare
Reconciliation of Total Revenues to Fourth Quarter Financial Report
Year Ended August 31, 2022

	Revenues			Audited Financial Statements
	Care Report III	Additions	Deletions	
Local Revenues				
County tax funds	\$ 248,988	\$ -	\$ -	\$ 248,988
Patient fees and insurance	615,569			615,569
Home and Community Based Services	1,489,943			1,489,943
Texas Home Living Waiver	92,736			92,736
Intermediate Care Facilities (ICF)	2,033,811			2,033,811
Managed care	994,594			994,594
Medicaid and Medicare	1,926,396			1,926,396
Medicaid 1115 Waiver	4,676,795			4,676,795
Contributions and miscellaneous income	2,493,334			2,493,334
Pharmaceutical expense (PAP only)	4,387,669		(4,387,669) (a)	-
Total local revenues	18,959,835	-	(4,387,669)	14,572,166
State Program Revenues				
General Revenue	7,763,072			7,763,072
Children's Mental Health	489,341			489,341
MH First Aid	21,500			21,500
Permanency Planning	19,784			19,784
Psychiatric Emergency Service Center	481,800			481,800
Private Psychiatric Beds				-
House Bill 13	326,805			326,805
Texas Rehabilitation Commission	8,982			8,982
TCOOMMI	192,360			192,360
Texas Veterans Commission	457,027			457,027
Texas Juvenile Justice Department	96,181			96,181
Total state program revenues	9,856,852	-	-	9,856,852
Federal Program Revenues				
Mental Health Block Grant	1,618,775			1,618,775
Temporary Assistance for Needy Families	372,083			372,083
Social Services Block Grant - Title XX	74,213			74,213
MH Coordinate Specialty Care - FEP	99,604			99,604
Assisted Outpatient Treatment Program	190,265			190,265
Amplify Care through CCBHC	1,051,002			1,051,002
Home Investments Partnership Program	102,490			102,490
System of Care	53,691			53,691
MFP Enhanced Community Coordination	37,884			37,884
Substance Abuse Block Grant	5,772			5,772
Medical Assistance Program (MAC)	941,868			941,868
Total federal program revenues	4,547,647			4,547,647
Investment Earnings	75,411			75,411
Other financing sources - Issuance of leases	416,113			416,113
Total revenues	\$ 33,855,858	\$ -	\$ (4,387,669)	\$ 29,468,189

(a) Patient Assisted Pharmacy

Pecan Valley Centers for Behavioral & Developmental HealthCare
Reconciliation of Total Expenditures to Fourth Quarter Financial Report
Year Ended August 31, 2022

Function	Expenditures			Audited Financial Statements
	Care Report III	Additions	Deletions	
Personnel	\$ 11,813,497	\$ -	\$ -	\$ 11,813,497
Fringe benefits	3,193,736	-	-	3,193,736
Capital outlay	441,708	-	-	441,708
Pharmaceutical expense		-	-	-
Pharmaceutical expenses (PAP only)	4,387,669	-	(4,387,669) (a)	-
Other operating expense	13,333,625	1 (b)	-	13,333,626
		-		
Total expenditures	<u>\$ 33,170,235</u>	<u>\$ 1</u>	<u>\$ (4,387,669)</u>	<u>\$ 28,782,567</u>

(a) Free medicine used, not recorded for financial statement purposes

(b) Rounding

Pecan Valley Centers for Behavioral & Developmental HealthCare
Schedule of Indirect Costs
Year Ended August 31, 2022

	Total Costs	Non- allowable Costs	Depreciation	Total Adjusted Costs	Direct Costs	Indirect Costs
Personnel	\$ 13,640,919	\$ -	\$ -	\$ 13,640,919	\$ 11,813,497	\$ 1,827,422
Fringe benefits	3,754,967	-	-	3,754,967	3,193,736	561,231
Capital outlay	441,705	-	-	441,705	362,139	79,566
Depreciation	-	-	1,131,825	1,131,825	1,063,192	68,633
Other operating expense	15,332,643	357,825	-	14,974,818	14,314,083	660,735
Total expenditures	\$ 33,170,234	\$ 357,825	\$ 1,131,825	\$ 33,944,234	\$ 30,746,647	\$ 3,197,587
Indirect costs						3,197,587
Direct costs						30,746,647

(a) Free medicine used, not recorded for financial statement purposes 10.40%

Pecan Valley Centers for Behavioral & Developmental HealthCare
Schedule of Leases in Effect
Year Ended August 31, 2022

Lessor	Location	Termination	Terms
Pecan Valley Facilities, Inc.	906 Lingleville Hwy Stephenville, TX 102 Pirate Dr Granbury, TX 104 Pirate Dr 650 Green St Stephenville, TX 532 Green St Stephenville, TX 240-244 Erath St Stephenville, TX 1715 Santa Fe Dr Weatherford, TX 1719 Santa Fe Dr Weatherford, TX 100 North Travis Mineral Wells, TX	02/01/2021 - 01/31/2026	\$18,497/month
Johnson County	Clinic 1601 N. Anglin, Cleburne, TX	9/30/2026	\$1/year
Johnson County	Annex 108 E. Kilpatrick, Cleburne, TX	9/30/2026	\$1/year
ICF Residential	1018 Highland Road, Cleburne, TX	9/30/2026	\$1/year
ICF Residential	2901 FM 2280, Cleburne, TX	9/30/2026	\$1/year
ICF Residential	805 Quail Park Rush Road, Cleburne, TX	9/30/2026	\$1/year
ICF Residential	908 Brown Crest, Burleson, TX	9/30/2026	\$1/year
ICF Residential	271 Diamond Lane, Burleson, TX	9/30/2026	\$1/year
ICF Residential	105 Littlebrook Road, Joshua, TX	9/30/2026	\$1/year
AAA Properties	Santa Fe Street Annex, Weatherford, TX	4/1/2025	\$2,630/month
Steve Lipsett	816 Paluxy Road, Granbury, TX	7/1/2025	\$2,000/month
Kirbos Copiers	Clinic/Administrative Facilities	7/1/2023	\$2,445/month
Enterprise	Vehicles Leases		
	23VT78	07/01/2025	\$ 369
	23VTBH	07/01/2025	369
	23VTRG	07/01/2025	369
	23VTRP	07/01/2025	369
	23VTRV	07/01/2025	369
	23VTRX	07/01/2025	369
	23VTRH	8/1/2025	372
	23VTRM	8/1/2025	372
	25BJSN	10/1/2023	540
	25BJT4	10/1/2023	540
	25DXMG	11/1/2023	497
	25F6BG	11/1/2023	497
	23WGPH	8/1/2026	852
	23WGPB	8/1/2026	852
	25KTKN	1/1/2023	423
	25PF48	4/1/2027	732
	25B5R8	5/1/2026	377
	25B5RG	4/1/2026	377
	25B5RT	4/1/2026	377
	25B5RW	5/1/2026	377
	25B5RZ	4/1/2026	377
	25B5S4	4/1/2026	377
	25B5S6	4/1/2026	377
	25B5SF	4/1/2026	377
	25B5SJ	4/1/2026	377

Pecan Valley Centers for Behavioral & Developmental HealthCare
Schedule of Insurance in Force
Year Ended August 31, 2022

Insurer	Coverage	Policy Period	Policy Limit	Annual Premium
Texas Council Risk Management	Professional Liability	09/01/2021 to 09/01/2022	\$1 million	\$ 9,000
	Additional in Excess of \$1M	09/01/2021 to 09/01/2022	\$2 million	1,827
	General Liability	09/01/2021 to 09/01/2022	\$1 million	1,332
	Errors & Omissions	09/01/2021 to 09/01/2022	\$1 million	26,302
Texas Council Risk Management	Real/Personal Property	09/01/2021 to 09/01/2022	\$ 16,412,565	81,987
	Worker's Compensation	09/01/2021 to 09/01/2022	Statutory	69,314
	Auto Liability	09/01/2021 to 09/01/2022	\$1 million	13,850
	Auto Collision/Comp	09/01/2021 to 09/01/2022	Cash Value	13,161
JI Special Risk Mgt Solutions	Cyber Extortion Loss	09/01/2021 to 09/01/2022	\$1 million	8,887
	Data Protection Loss	09/01/2021 to 09/01/2022	\$1 million	
	Business Interruption	09/01/2021 to 09/01/2022	\$1 million	
	Forensic Expense	09/01/2021 to 09/01/2022	\$1 million	
	Proof of Loss	09/01/2021 to 09/01/2022	\$50,000	
Blue Cross Blue Shield	Major Medical Hospitalization	04/01/2021 to 03/31/2022	2 plans PPO or HAS	
Blue Cross Blue Shield	Dental	04/01/2021 to 03/31/2022		
MetLife	Long Term Disability	04/01/2021 to 03/31/2022	60% of employee salary	Paid by Pecan Valley
MetLife	Group Life	04/01/2021 to 03/31/2022	\$30,000	Paid by Pecan Valley

Pecan Valley Centers for Behavioral & Developmental HealthCare
Schedule of Bond Coverage
Year Ended August 31, 2022

Name	Title	Surety Company	Bond Amount
The following individuals have expanded coverage as Notaries Public:			
Linda Hensley	Executive Secretary	State Farm	\$ 50,000
Jessica Thomas	Executive Secretary	Merchant's Bond Company	10,000
Selena Melton	Accounts Payable Manager	Travelers Casualty and Surety	10,000
Tammy Brown	Office Manager	Western Surety Company	10,000

Pecan Valley Centers for Behavioral & Developmental HealthCare
Schedule of Professional and Consulting Fees
Year Ended August 31, 2022

Name	Type of Service	Amount
Eide Baily LLP	Annual Audit	\$ 31,000
ETBHN	Pharmaceuticals	235,005
Genoa Pharmacy	Pharmaceuticals	235,946
East Texas Behavioral Healthcare	Telemedicine	535,632
Red River	Psychiatric Services	1,782,295
Geona Telepsychiatry	Telemedicine	138,430
Avail Solutions	Hotline/Screening	108,000
TIPs	Youth Specialized Therapies	185,024
Zobrio	Financial Software Services	42,231
Streamline	Electronic Health Record	60,483
		\$ 3,354,046

Pecan Valley Centers for Behavioral & Developmental HealthCare
Schedule of Legal Services
Year Ended August 31, 2022

Name	City	Type of Service	Amount
None			

Single Audit Section

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

4815-A KING STREET
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Governmental Audit Quality Center

Members of:
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Texas Society of
Certified Public Accountants

**Independent Auditor's Report on Internal Control Over Financial Reporting and On Compliance
And Other Matters Based on an Audit of Financial Statements Performed in Accordance With
*Government Auditing Standards***

To the Board of Trustees
Pecan Valley Centers for Behavioral &
Developmental HealthCare

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Pecan Valley Centers for Behavioral & Developmental HealthCare, as of and for the year ended August 31, 2022, and the related notes to the financial statements, which collectively comprise Pecan Valley Centers for Behavioral & Developmental HealthCare's basic financial statements, and have issued our report thereon dated January 26, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Pecan Valley Centers for Behavioral & Developmental HealthCare'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 Pecan Valley Centers for Behavioral & Developmental HealthCare's internal control. Accordingly, we do not express an opinion on the effectiveness of Pecan Valley Centers for Behavioral & Developmental HealthCare'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 Pecan Valley Centers for Behavioral & Developmental HealthCare'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.

Scott, Singleton, Fincher and Company, PC

Greenville, Texas
January 26, 2023

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

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**Independent Auditor's Report on Compliance For Each Major Program
And on Internal Control Over Compliance Required by the Uniform Guidance and
Texas Grant Management Standards**

To the Board of Trustees
Pecan Valley Centers for Behavioral &
Developmental HealthCare

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited Pecan Valley Centers for Behavioral & Developmental HealthCare's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement*, Texas Grant Management Standards (TxGMS) and the Texas Health and Human Services Commission's *Guidelines for Annual Financial and Compliance Audits of Community MHMR Centers* that could have a direct and material effect on each of Pecan Valley Centers for Behavioral & Developmental HealthCare's major federal and state programs for the year ended August 31, 2022. Pecan Valley Centers for Behavioral & Developmental HealthCare'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, Pecan Valley Centers for Behavioral & Developmental HealthCare complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended August 31, 2022.

Basis for Opinion on Each Major Federal and State Program

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

We are required to be independent of Pecan Valley Centers for Behavioral & Developmental HealthCare 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 Pecan Valley Centers for Behavioral & Developmental HealthCare'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 Pecan Valley Centers for Behavioral & Developmental HealthCare'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 Pecan Valley Centers for Behavioral & Developmental HealthCare'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 generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, TxGMS, and the Texas Health and Human Services Commission's *Guidelines for Annual Financial and Compliance Audits of Community MHMR Centers* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Pecan Valley Centers for Behavioral & Developmental HealthCare's compliance with the requirements of each major federal and state program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Pecan Valley Centers for Behavioral & Developmental HealthCare'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 Pecan Valley Centers for Behavioral & Developmental HealthCare'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, TxGMS, and the Texas Health and Human Services Commission's *Guidelines for Annual Financial and Compliance Audits of Community MHMR Centers* but not for the purpose of expressing an opinion on the effectiveness of Pecan Valley Centers for Behavioral & Developmental HealthCare'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 and state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal and state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a

deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal and state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance, Texas Grant Management Standards, and the *Guidelines for Annual Financial and Compliance Audits of Community MHMR Centers*. Accordingly, this report is not suitable for any other purpose.

Scott, Singleton, Fincher and Company, PC

Greenville, Texas
January 26, 2023

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**Schedule of Expenditures of Federal
And State Awards**

Pecan Valley Centers for Behavioral & Developmental HealthCare
Schedule of Expenditures of Federal and State Awards
Year Ended August 31, 2022

	Federal ALN/CFDA Number	Pass-through Entity Identifying Number	Expenditures
Federal Awards			
U.S. Department of Health and Human Services (DHHS)			
Direct Awards:			
Block Grants for Community Mental Health Services	93.958	Direct Award	\$ 921,173
Substance Abuse and Mental Health Services Administration:			
Assisted Outpatient Treatment Program	93.997	Direct Award	190,265
Section 223 Demonstration Programs to Improve Community Mental Health Services	93.829	Direct Award	1,051,002
Total Direct Awards			2,162,440
U.S. Department of Housing and Urban Development (HUD)			
Passed through Texas Department of Housing & Community Affairs			
Home Investment Partnerships Program	14.239	2019-0024	102,490
Total HUD			102,490
U.S. Department of Health and Human Services (DHHS)			
Passed through Texas Health and Human Services Commission (HHSC)			
Comprehensive Community Mental Health Services for for Children with Serious Emotional Disturbances	93.104	HHS001100900001	53,691
Temporary Assistance for Needy Families (TANF)	93.558	HHS001022200028	125,850
COVID-19 Temporary Assistance for Needy Families (TANF)	93.558	HHS001120200003	246,233
Social Services Block Grant	93.667	HHS001022200028	74,213
Medicaid Administrative Claiming - Medical Assistance Program	93.778	HHS000537900318*	735,720
Habitatation Coordination - Medical Assistance Program	93.778	HHS000993600001	206,148
Money Follows the Person Rebalancing Demonstration	93.791	HHS000993600001	37,884
Block Grants for Community Mental Health Services	93.958	HHS001022200028	493,772
Block Grants for Community Mental Health Services	93.958	HHS001108400027	137,000
Block Grants for Community Mental Health Services	93.958	HHS000186300001	66,830
Block Grants for Community Mental Health Services	93.958	HHS000337000001	99,604
Block Grants for the Prevention and Treatment of Substance Abuse	93.959	HHS001040100018 SA/TRY	5,772
Total U.S. Department of Health and Human Services Passed thru HHSC			2,282,717
Total Federal Awards			\$ 4,547,647
	Total ALN/CFDA 93.558	372,083	
	Total ALN/CFDA 93.958	1,718,379	
	Total ALN/CFDA 93.778	941,868	

* new contract number received from HHSC

Pecan Valley Centers for Behavioral & Developmental HealthCare
Schedule of Expenditures of Federal and State Awards
Year Ended August 31, 2022

State Awards	Pass-through Entity Identifying Number	Expenditures
Texas Health & Human Services Commission (HHSC)		
General Revenue - Adult Mental Health	HHS001022200028	\$ 4,575,811
General Revenue - Crisis Services	HHS001022200028	945,417
General Revenue - Psychiatric Emergency Service Center	HHS001022200028	481,800
General Revenue - Private Psychiatric Beds	HHS001022200028	1,337,596
General Revenue - Post-Discharge Medications for Civil Commitments	HHS001022200028	4,724
General Revenue - Veterans Services	HHS001022200028	70,000
Total General Revenue Mental Health Adult		7,415,348
General Revenue - Intellectual & Developmental Disabilities	HHS000993600001	631,707
General Revenue - Nursing Facility Specialized Services	HHS000993600001	21,296
General Revenue - Crisis Intervention Specialists	HHS000993600001	134,521
General Revenue - Crisis Respite Services	HHS000993600001	42,000
General Revenue - Permanency Planning	HHS000993600001	19,784
Total General Revenue IDD		849,308
General Revenue - Mental Health Children	HHS001022200028	489,341
General Revenue - Mental Health First Aid	HHS000186300001	21,500
General Revenue - Community Mental Health Grant Program	HHS000477100017	326,805
Total HHSC		9,102,302
Texas Veterans Commission	GT-FVA21-066 GT-VMH21-014	457,027
Texas Juvenile Justice Department		
Passed through Parker County Juvenile Probation Department		
Grant R - Discretionary State Aid Grant - Community Projects	N/A	96,181
Total State Awards		\$ 9,655,510
Total Federal and State Awards		\$ 14,203,157

Pecan Valley Centers for Behavioral & Developmental HealthCare
Notes to Schedule of Expenditures of Federal and State Awards
August 31, 2022

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards (the “Schedule”) includes the federal and state award activity of Pecan Valley Centers for Behavioral & Developmental HealthCare (the “Center”) under programs of the federal and state governments for the year ended August 31, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Texas Grant Management Standards (TxGMS). Because the Schedule presents only a selected portion of the operations of the Center, it is not intended to and does not present the financial position, changes in financial position, or cash flows of the Center.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

3. 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.

4. INDIRECT COSTS

The Center uses the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Pecan Valley Centers for Behavioral & Developmental HealthCare
Notes to Schedule of Expenditures of Federal and State Awards
August 31, 2022

5. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

Federal and state award programs are reported in the Center’s basic financial statements in the General Fund. State award programs presented in the accompanying Schedule of Federal and State Awards do not include funds received from the Texas Correctional Office on Offenders with Medical or Mental Impairments (TCOOMMI) in the amount of \$192,360 and the funds received from the Texas Rehabilitation Commission in the amount of \$8,982. These revenues have been excluded from the Schedule of Expenditures of Federal and State Awards by specific request of the funding agency. These revenues are included in total state program revenues in the basic financial statements. These state programs excluded from the accompanying schedule are not considered financial assistance as defined by TxGMS.

A reconciliation of the Schedule of Federal and State Awards to the financial statements follows:

State expenditures per schedule:	\$	9,655,510
TCOOMMI program		192,360
Texas Rehabilitation Commission		<u>8,982</u>
State revenues per basic financial statements	\$	<u><u>9,856,852</u></u>

6. STATE AWARD GUIDELINES

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

**Pecan Valley Centers for Behavioral & Developmental HealthCare
Schedule of Findings and Questioned Costs
Year Ended August 31, 2022**

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

Identification of major federal programs:

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

Dollar threshold used to distinguish between

Type A and Type B federal programs: \$750,000

Auditee qualified as low-risk auditee? x yes no

Identification of major state programs:

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

Dollar threshold used to distinguish between

Type A and Type B state programs: \$750,000

Auditee qualified as low-risk auditee? x yes no

Pecan Valley Centers for Behavioral & Developmental HealthCare
Schedule of Findings and Questioned Costs
Year Ended August 31, 2022

Section II – Financial Statement Findings

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

No findings were noted.

Section III – Federal Award Findings and Questioned Costs

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

No findings were noted.

Section IV – State Award Findings and Questioned Costs

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

No findings were noted.

**Pecan Valley Centers for Behavioral & Developmental HealthCare
Summary of Prior Audit Findings
Year Ended August 31, 2022**

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

No unresolved findings in 2021 or 2020.