AGENDA ITEM
CA31

AGENDA PLACEMENT FORM

(Submission Deadline – Monday, 5:00 PM before Regular Court Meetings)

Court Decision:
This section to be completed by County Judge's Office

Johnson County
★ ACKNOWLEDGED ★
Commissioners Court

February 26, 2024

Date: ____________________

Meeting Date: 2/26/2024

Submitted By: County Judge's Office

Department: ____________________

Signature of Elected Official/Department Head:

____

Description:

Acknowledgement of the Pecan Valley Centers for Behavioral & Development Healthcare Annual Financial and Compliance Reports, August 31, 2023-County Judge's Office

(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: (check one)

☐ Action Item ☑ Consent ☐ Workshop ☐ Executive ☐ Other ____________

Check All Departments That Have Been Notified:

☑ County Attorney ☐ IT ☐ Purchasing ☐ Auditor

☐ Personnel ☐ Public Works ☐ Facilities Management

Other Department/Official (list) ____________________

Please List All External Persons Who Need a Copy of Signed Documents In Your Submission Email

FEB 16 '24 AM 11:13

PECAN VALLEY CENTERS
FOR BEHAVIORAL & DEVELOPMENTAL HEALTHCARE

Executive Director
Coke Beatty

February 6, 2024

TO:

Johnson County Commissioners Court
c/o The Honorable Chris Boedeker

FROM: Coke Beatty
Executive Director

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

Please find enclosed several documents that we are required to report to your office on an annual basis as required by Texas Health and Safety Code, Title 7, Subtitle A, §534.010 and §534.014.

We are required to report this information annually to each local agency that appoints the members of the Pecan Valley Centers Board of Trustees. Namely, the County Judges and Commissioners Courts of Erath County, Hood County, Johnson County, Palo Pinto County, Parker County and Somervell County.

Enclosed you will find related to §534.010 the Executive Directors total compensation and benefits. And related to §534.014 you will find the following three items:

1. Approved fiscal year operating budget;
2. Most recent annual financial audit from an independent auditor; and
3. The Center's staff salaries by position.

To summarize these three reports, our operating budget is $38,083,000.00; our annual independent financial audit resulted in no findings; and we have a total of 349 employees.

If you have any questions please feel free to contact me at cbeatty@pecanvalley.org or cell phone 254.434.1158.

Best Regards,

Coke Beatty
Executive Director

PECAN VALLEY CENTERS
FOR BEHAVIORAL & DEVELOPMENTAL HEALTHCARE

Total Compensation Statement – FY23

The following is a total compensation breakdown for Coke Beatty, Executive Director. In addition to the direct compensation the Executive Director is allowed the use of an agency lease vehicle, an agency gas card, and pays for personal mileage when used for personal business. The Executive Director does not receive any other benefits that are also not offered to all other agency employees.

Direct Compensation	
Regular Base Pay	$195,000
Incentive – 10% of salary (For meeting HHSC Performance Targets and overall financial well-being of the Agency)	$19,500
Total	**$214,500**

PECAN VALLEY CENTERS

for

Behavioral and Developmental Healthcare

December 31, 2023 Income Statement

Fiscal Year 2024

Statement of Revenues

Percentage of Year Completed 33%

Revenues Year to Date

	Categories	December	FY24 Approved Budget w/ Amendment 1	Percent of Revenue to YTD Budget
1	Total Local Funds	3,290,094	10,816,523	30%
2	Total Other State Agencies	703,230	2,544,478	28%
3	Total Other Federal Funds	992,174	2,805,584	35%
4	Total General Revenue Allocated	2,620,614	8,000,856	33%
5	Total Medicaid Waiver and ICF-MR Earnings	2,655,399	13,384,734	20%
6	Total Allocated Federal Funds	102,498	530,826	19%
7	**Total All Funds**	10,364,008	38,083,001	27%

	Categories	Mental Health	Mental Health Crisis	IDD Non-Waiver Services	IDD Home & Community Based Services	IDD Texas Home Living Waiver	IDD Intermediate Care Facilities	Other Non Priority Population	Funding Not Designated by Program	Total Revenue
	Local Funds									
8	Applied Income & Client Rent	6,106			13,896		79,305			99,307
9	County Governments								92,905	92,905
10	In-Kind Donations (Excluding PAP)		378,110		0		17,556		383,962	779,628
11	Patient Fees, Insurance, Reimbursements		294,750							294,750
12	Other Local Funds								273,315	273,315
13	Prescription Assistance Program (PAP)	1,750,189								1,750,189
										3,290,094
	Other State Funds									
14	HHSC IDD Performance Contract			290,400						290,400
15	TCOOMMI	49,751								49,751
16	Other State Funds			363,079						363,079
										703,230
17	**Other Federal Funds**									
18	Grants-SAMHSA, FEMA, etc	720,744								720,744
19	Other Federal Funds	268,375		3,055				0		271,430
										992,174
20	**General Revenue**									0
21	General Revenue	1,525,270	315,139							1,840,409
22	General Revenue - Youth & Adolescents	163,114								163,114
23	PESC & Private Psych Beds		576,206							576,206
24	Veteran Services	23,333								23,333
25	Other General Revenue (example MHFA)	0								0
26	Crisis Services - Outpatient Competency Restoration		17,552							17,552
27	PASRR			0						0
										2,620,614
	Medicaid Waiver and ICF Programs									0
28	Medicaid Rehab Services	83,342								83,342
29	Medicaid IDD Service Coordination			362,361						362,361
30	Medicaid Targeted Case Management	6,914								6,914
31	Medicaid Administrative Claiming								264,000	264,000
32	Medicaid 1115 Transformation Waiver								324,263	324,263
33	Managed Care Organization	509,432								509,432
34	Other Medicaid	31,026		10,994						42,020
35	IDD Waivers & ICF				361,529	28,601	555,915			946,046
36	YES Waiver	0								0
37	ICF Uncompensated Care						117,019			117,019
										2,655,399
	Total Allocated Federal Funds									0
38	TANF to Title XX,F22 CFDA # 93.558	41,950								41,950
39	Title XX Social Services Block Grant, CFDA # 93.667	24,738								24,738
	*Supportive Housing Rental Assistance (SHR) Mental Health Block G	35,810								35,810
40	Mental Health Block Grant, CFDA # 93.958	0								0
										102,498
	Total Funding by Program	5,240,094	1,581,756	1,029,890	375,425	28,601	769,795	0	1,338,445	10,364,008

PECAN VALLEY CENTERS

for

Behavioral and Developmental Healthcare

December 31, 2023 Income Statement

Fiscal Year 2024

Statement of Expenditures

Percentage of Year Completed 33%

Expenditures Year to Date

	Categories	Administration	MH Adult	MH Child & Adolescent	MH Crisis Services	IDD Services	Other Non Priority Population	Total	Approved Annual Budget	Percent of Expense to YTD Budget
1	Salaries	647,381	2,313,606	454,406	289,596	1,294,878	60,506	5,060,373	17,437,151	29%
2	Employee Benefits	200,580	651,503	131,749	68,884	355,500	19,752	1,427,969	4,936,714	29%
3	Professional and Consultant Services	124,394	98,203	13,997	607,903	45,341	694	890,533	2,993,717	30%
4	Training and Travel	9,802	51,440	17,413	9,049	21,676	791	110,171	350,153	31%
5	Debt Service	0	0	0	0	0	0	0	0	
6	Capital Outlay	0	0	0	0	0	0	0	215,822	0%
7	Non-Capitalized Equipment	41,704	34,006	10,845	12,268	11,176	1,448	111,447	119,294	93%
8	Pharmaceutical Expense (medication & script process fee only)	0	119,277	35	1,281	0	1	120,594	502,778	24%
9	Pharmaceutical Expense (PAP only)	0	1,750,189	0	0	0	0	1,750,189	6,109,503	29%
10	Other Operating Expenses	141,874	479,468	75,980	718,390	497,478	76,000	1,989,191	5,417,869	37%
11	Sub Total	1,165,736	5,497,692	704,425	1,707,372	2,226,050	159,192	11,460,466	38,083,001	30%
12	Admin Allocation		502,470	97,397	236,072	311,566	18,231	1,165,736	3,683,800	32%
13	**Total Expenditures**		6,000,162	801,822	1,943,444	2,537,616	177,423	11,460,466	38,083,001	30%
14	**Total Program Budget**		20,557,535	2,762,225	5,357,471	9,098,084	307,688	38,083,001		
15	**Percent of Expense to YTD Budget**		29%	29%	36%	28%	58%	30%		
16	Total Local Funds	762,743	1,750,189	0	680,685	625,902	69,013	3,125,789	3,290,094	164,305
17	Total Other State Agencies	21,570	215,269	14,000	130,405	343,140		702,814	703,230	416
18	Total Other Federal Funds	0	772,972	95,026	10,657	55,597	57,921	992,174	992,174	0
19	Total General Revenue Allocated	200,352	1,497,738	163,114	836,894			2,497,745	2,620,614	122,869
20	Total Medicaid Waiver and ICF-MR Earnings	181,071	1,703,446	487,732	284,803	1,512,976	50,489	4,039,446	2,655,399	-1,384,048
21	Total Allocated Federal Funds	0	60,548	41,950	0			102,498	102,498	0
22	**Total Funding Strategies**	1,165,736	6,000,162	801,822	1,943,444	2,537,616	177,423	11,460,466	10,364,008	
			0	0	0	0	0			
23	Total Available Funds	10,364,008		0						
24	Total Expenditures	11,460,466	0	-1.88						
25	**Gain/(Loss)**	(1,096,458)		2						
26										

Estimated Administrative Overhead Percentage	**11.32%**
Days of Operation Remaining	205
Reserves temporarily utilized in order to fund services (Not reflected in Revenue)	0

Position	Annual Salary
Accounts Payable Clerk - PT	$ 22,620.00
Accounts Payable Manager	$ 50,003.28
ACT Case Manager	$ 45,177.60
ACT Team Nurse	$ 71,011.20
ACT Team Supervisor	$ 54,038.40
Administrative/HR Assistant	$ 33,280.00
Adult Case Manager	$ 45,802.50
Advanced Nurse Practitioner	$ 124,512.96
Advanced Nurse Practitioner - PT	$ 143,260.00
AED/COO Assistant	$ 36,608.00
AOT Case Manager	$ 42,390.40
AOT Peer Provider	$ 35,360.00
AOT Project Director	$ 60,000.00
Assistant IT Director - PT	$ 85,280.04
Associate Chief of Behavioral Health Services	$ 107,635.08
Associate Director of Child and Adolescent Services	$ 70,000.08
Associate Director of Nursing	$ 74,006.40
Associate Executive Director / Chief of Operations	$ 183,801.00
Associate Medical Director	$ 312,000.00
Billing Manager	$ 50,003.28
Budget Analyst	$ 58,000.00
Care Coordinator	$ 32,032.00
Care Coordinator - PT	$ 26,540.80
Chief Financial Officer	$ 148,105.56
Chief Nursing Officer	$ 140,000.04
Chief of Behavioral Health Services	$ 124,630.08
Client Account Representative/IDD	$ 37,003.20
Client Account Representative/MH	$ 37,003.20
Client Benefit Specialist	$ 31,408.00
Clinic Manager I	$ 73,233.40
Clinic Manager I/Crisis Respite Program Manager	$ 68,250.00
Clinic Manager II	$ 75,000.00
CMHC Project Director	$ 65,000.40
Cognitive Based Therapist	$ 62,071.31
Community Health Worker	$ 50,627.20
Community Support Specialist/IDD	$ 28,080.00
Community Support Specialist/MH	$ 31,200.00
Competency Program Coordinator	$ 60,000.00
Contracts & Compliance Officer	$ 53,045.04
Controller	$ 100,000.08
Coordinated Specialty Care Early Onset Peer Provider	$ 35,360.00
Counseling Services Lead	$ 70,400.04
Crisis Administrative Support - PT	$ 22,620.00

Crisis Case Manager	$	41,558.40
Crisis Respite Tech	$	24,960.00
Crisis Respite Tech - PT	$	22,620.00
CSC-EO Supervisor	$	60,000.00
Customer Support Coordinator	$	36,608.00
Customer Support Specialist	$	30,160.00
Customer Support Specialist - Intake	$	30,940.00
Customer Support Specialist - PT	$	22,620.00
Data Administrator	$	105,000.00
Data Project Coordinator - PT	$	37,700.00
Dietitian	$	58,300.08
Direct Care Tech	$	30,810.00
Direct Care Tech - Night Shift	$	31,200.00
Direct Care Tech -PT	$	24,128.00
Direct Care Tech - LSC - PT	$	22,620.00
Direct Care Tech - LSC	$	27,040.00
Director of Child & Adolescent Services	$	84,200.04
Director of Human Resources	$	85,000.08
Director of IDD Authority Services	$	85,000.08
Director of Veteran Services	$	63,000.00
Driver	$	24,585.60
Eligibility Specialist	$	31,408.00
Evaluation Assistant - PT	$	40,040.16
Executive Secretary	$	44,512.00
Family Nurse Practitioner	$	122,512.00
HCS Support Specialist	$	29,120.00
HCS/Residential Coordinator	$	46,274.88
HCS/TXHML Community Support Supervisor	$	38,480.00
HCS/TxHML Program Representative	$	30,264.00
Help Desk Specialist	$	38,178.40
Help Desk Supervisor	$	50,000.04
Housing & Development Coordinator	$	39,478.40
HR Generalist	$	55,000.08
HR Specialist	$	50,003.20
HR/Training Specialist	$	50,003.20
ICF Residential Coordinator	$	46,274.88
IDD Administrative Support IDDA	$	30,160.00
IDD Authority Supervisor	$	50,798.16
IDD Authority/ PASRR Program Manager	$	55,550.16
IDD Continuity of Care	$	48,838.40
IDD Crisis Intervention Specialist	$	50,000.04
IDD LVN III	$	52,624.00
IDD Provider Director/Associate Director of Nursing	$	85,000.08
IDD Psychologist	$	71,500.08

IDD Residential and Community Support Manager	$	57,000.00
IDD RN	$	77,008.52
IDD Service Coordinator	$	45,532.59
IDD Vocational Rehabilitation Instructor - PT	$	36,192.00
IDD Vocational Rehabilitation Instructor	$	37,440.00
Intake Case Manager	$	45,038.93
Intake Coordinator	$	61,034.13
Intake/ CFC Coordinator	$	48,838.40
Intake/ CFC Coordinator - Lead	$	48,838.40
IT Director / System Administrator	$	75,000.00
Lead Case Manager- CB	$	50,128.00
Lead Case Manager- WF	$	54,641.60
Lead Clinical Intake Coordinator	$	70,401.00
Lead Clinical Substance Use Disorder Therapist	$	66,000.00
Lead Customer Support Specialist - Intake	$	34,320.00
Lead Service Coordinator	$	48,838.40
Lead Youth Case Manager	$	50,128.00
Licensed Practitioner Healing Arts - PT	$	36,300.00
Logistics Manager	$	60,000.00
LSC Supervisor	$	33,855.47
Maintenance Tech	$	37,440.00
MCOT Case Manager	$	46,444.51
MCOT Program Manager	$	60,500.16
Mental Health First Aid Coordinator	$	39,998.40
Mental Health Peer Specialist	$	33,987.20
MH Continuity of Care Coordinator	$	52,000.08
MH Family Partner	$	35,880.00
MH Family Partner - PT	$	24,128.00
MH LVN II	$	52,624.00
Nursing Facility Liaison	$	42,411.20
PASRR Habilitation Coordinator	$	44,765.76
Phlebotomist/Mental Health Technician	$	31,200.00
Physician Supervisor - PT	$	49,400.04
Primary Care Billing Specialist - PT	$	34,684.00
Primary Care Customer Support Specialist	$	30,160.00
Primary Care LVN	$	52,624.00
Psychiatrist - PT	$	59,640.00
QIDP	$	41,800.44
QM Manager	$	55,000.08
Scheduler	$	30,160.00
School Based Case Manager	$	47,673.60
School Based Counselor/Therapist	$	60,000.00
System of Care Project Director	$	65,000.04
TCOOMMI Continuity of Care Case Manager	$	60,500.04

Temporary Records Clerk - PT	$	12,480.00
Texas Veterans Commission Client Coordinator	$	40,414.40
Texas Veterans Commission MH Case Manager	$	44,553.60
Texas Veterans Commission MH Therapist	$	63,000.00
TJJD Case Manager	$	44,553.60
UM Reviewer / Data Project Coordinator	$	71,500.08
UM Manager	$	75,000.00
Veteran Service Coordinator	$	40,040.00
YES Waiver/Wraparound Program Manager	$	60,000.00
Youth Case Manager	$	45,000.80
Youth Peer Support	$	33,280.00
Youth Wraparound Facilitator	$	43,146.13

Pecan Valley Centers for Behavioral & Developmental HealthCare

Annual Financial and Compliance Report

August 31, 2023

Scott, Singleton, Fincher & Company PC
Certified Public Accountants

Pecan Valley Centers for Behavioral & Development HealthCare
Table of Contents
August 31, 2023

Certificate of Board
Year Ended August 31, 2023

I, Edwin Seilheimer, Board Vice-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, 2023, from Scott, Singleton, Fincher and Company, P.C. was reviewed and accepted at a meeting of the Board of Trustees held on the 26th day of January, 2024.

DocuSigned by:
Edwin Seilheimer 1/26/2024
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Edwin Seilheimer
Vice-Chair, Board of Trustees

Pecan Valley Centers for Behavioral & Development HealthCare

Listing of Officials
August 31, 2023

Board of Trustees

Elizabeth Lawrence	Chair
Edwin Seilheimer	Vice-Chair
Carolyn Myers	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
Ben Bowen	Director of IT

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, 2023, 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, 2023, 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, 2024, 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, 2024

Management's Discussion and Analysis

Pecan Valley Centers for Behavioral & Developmental HealthCare
Management's Discussion and Analysis
August 31, 2023

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, 2023. 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 $23,355,958 (net position). Of this amount, $19,045,267 (unrestricted net position) may be used to meet the Center's ongoing obligations.
- The Center's total net position (government-wide) increased by $901,962 before transfers. In addition, Pecan Valley Facilities, Inc. dissolved in August, 2023 and transferred all of its assets at carrying value to the Center in the amount of $4,028,433. Following this transfer, net position increased by a total of $4,930,395.
- As of the close of the current fiscal year, the Center's governmental funds reported combined fund balances of $19,356,443 an increase of $2,108,862 in comparison with the prior year. $1,179,176 of this increase was due to Pecan Valley Facilities, Inc. transferring their assets when it dissolved in August, 2023.
- At the end of the current fiscal year, unassigned fund balance for the general fund was $17,449,097 or 55.3 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.

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.

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 beginning on page 38 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 $23,355,958 at the close of the most recent fiscal year.

A portion of the Center's net position (18.5 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	
	2023	2022
Current and other assets	$ 22,251,226	$ 19,252,825
Capital assets, net	5,136,466	1,934,290
Total assets	27,387,692	21,187,115
Other liabilities	2,549,743	1,671,418
Noncurrent liabilities	1,481,991	1,090,134
Total liabilities	4,031,734	2,761,552
Net investment in capital assets	4,310,691	1,414,423
Unrestricted	19,045,267	17,011,140
Total net position	$ 23,355,958	$ 18,425,563

Governmental activities increased the Center's net position by $4,930,395. Key elements are as follows:

Governmental Activities
Changes in Net Position

	Governmental Activities	
	2023	**2022**
Program Revenues		
Charges for services	$ 14,131,485	$ 12,327,336
Operating grants and contributions	16,683,682	16,298,557
General Revenues		
Investment earnings	705,230	75,411
County contributions	236,719	248,988
Other revenues	225,801	88,437
Total revenues	31,982,917	29,038,729
Expenses		
Behavioral Health	22,716,561	20,717,086
Intellectual & Developmental Disabilities	8,310,495	7,807,812
Interest expense	53,899	30,699
Total expenses	31,080,955	28,555,597
Change in Net Position Before Transfers	901,962	483,132
Transfers in - Pecan Valley Facilities, Inc.	4,028,433	
Change in Net Position	4,930,395	483,132
Net Position - Beginning	18,425,563	17,942,431
Net Position - Ending	$ 23,355,958	$ 18,425,563

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 $17,449,097. 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 55.3 percent of total general fund expenditures.

General Fund
Change in Fund Balance

	General Fund	
	2023	2022
Program Revenues		
Local	$ 16,895,301	$ 14,572,166
State programs	9,714,134	9,862,624
Federal programs	4,657,038	4,541,875
Investment earnings	705,230	75,411
Total revenues	31,971,703	29,052,076
Expenditures		
Behavioral Health	19,564,272	18,359,211
Intellectual & Developmental Disabilities	7,066,887	6,815,214
Administration	3,892,511	2,993,919
Capital outlay	683,801	431,496
Debt service	352,818	182,727
Total expenditures	31,560,289	28,782,567
Other financing sources		
Transfers out	(24,775)	-
Issuance of long-term obligations	543,047	416,113
Net Change in Fund Balance	929,686	685,622
Fund Balance - Beginning	17,247,581	16,561,959
Fund Balance - Ending	**$ 18,177,267**	**$ 17,247,581**

GENERAL FUND BUDGETARY HIGHLIGHTS

- Overall expenditures were less than budgeted largely due to lapsed salary and a decrease in medical contracting expenses.
- First year of charity care program saw better than expected revenue generation.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets. The Center's investment in capital assets for its governmental activities as of August 31, 2023, amounts to $5,136,466 (net of accumulated depreciation and amortization). This investment in capital assets includes land, buildings and improvements, equipment, vehicles and right-of-use intangible assets.

Governmental Activities
Capital Assets

	2023	2022
Land	$ 476,740	$ 232,906
Buildings and improvements	5,769,407	3,058,431
Furniture and equipment	126,419	122,507
Vehicles	884,336	986,571
Right-of-use leased assets	1,140,339	671,895
Right-of-use SBITA assets	136,383	61,780
Cost of capital assets	8,533,624	5,134,090
Less accumulated depreciation	(2,946,212)	(2,985,993)
Less accumulated amortization	(450,946)	(152,027)
Investment in capital assets	**$ 5,136,466**	**$ 1,996,070**

During FY2023, the Center's component unit Pecan Valley Facilities Group, Inc. (PVF) was dissolved. At dissolution, PFV transferred all of its capital assets with a net carrying value of $2,874,032 to the Center. This was the biggest factor contributing to the increase in investment in capital assets during the year.

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

Long-term liabilities. At the end of the fiscal year, the Center had a liability of $656,216 for compensated absences, an increase of $85,949 from the prior year. The Center also had liabilities for lease obligations in the amount of $733,808, an increase of $213,941 over last year. The Center adopted the provisions of GASB 96, *Subscription Based Information Technology Arrangements* (SBITA), in 2023. The GASB 96 presentation reflects lease obligations in the amount of $91,967 at the end of 2023.

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

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.

The Directed Payment Program-Behavior Health Services (DPP-BHS) program continues 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 and DPP-BHS programs provided a significant amount of revenue in FY23 and will continue to be significant funding sources for FY24. Both the PHP-CCP and the DPP-BHS programs are complicated and require significant time and effort to maximize and track revenue. There has been welcomed discussion of simplifying the payments received from DPP-BHS in FY25. As these programs continue, the Center is working diligently to take full advantage of the funding they provide to maximize opportunities for our clients and community.

The impact of COVID-19 is expected to be minimal in FY24. There are still some projects receiving the assistance of COVID-19 related revenue that the Center will continue to implement, largely related to workforce retention.

The Center saw overall improvement in workforce retention and recruiting in FY23. Significant salary adjustments were provided to many staff working in critical areas. For FY24 the workforce will continue to be an area of emphasis. The Center will work to retain financial and operational flexibility to adjust to a dynamic workforce environment.

The Center operates as both a Certified Community Behavioral Health Clinic (CCBHC) and is accredited by the Commission on Accreditation of Rehabilitation Facilities (CARF). The Center will reapply for both credentials in FY24. CCBHC status provides the ability to take advantage of enhanced Medicaid rates under the DPP-BHS program.

The Center continues to seek out new grant opportunities at both the state and federal levels. Both of our current Substance Abuse and Mental Health Services (SAMHSA) grants will end in FY24. The Center has committed to continue providing most of the services provided by these grants throughout FY24 and will evaluate their sustainability without grant funding at year end. The Center hopes to receive multiple state grant opportunities to provide increased services to divert and treat individuals with criminal justice involvement, as well as treating youth in crisis.

FY23 saw the dissolution of the Pecan Valley Facilities Group and the transfer of its assets to the Center. This transfer brought multiple clinics and service facilities to the Center. It also brought a significant amount of funds that will be used for future capital projects. As a part of Strategic Planning in FY24, the Center will begin the process of evaluating the ability of our current buildings to meet future needs. The Center anticipates the development of a master building plan to ensure it maintains the infrastructure needed to meet the needs of our growing communities with safe and welcoming facilities.

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.

Basic Financial Statements

Pecan Valley Centers for Behavioral & Developmental HealthCare
Statement of Net Position
August 31, 2023

	Primary Government	Component Unit
	Governmental Activities	Pecan Valley Facilities, Inc.
Assets		
Cash and cash equivalents	$ 3,511,388	$ -
Investments	15,813,973	
Due from other governments	1,836,923	
Accounts receivable, net	360,772	
Advances - intergovernmental transfer	628,458	
Prepaid items	99,712	
Capital assets:		
Nondepreciable land	476,740	
Capital assets, net	4,659,726	
Total Assets	**27,387,692**	**-**
Liabilities		
Accounts payable	578,918	
Accrued salaries and benefits	346,692	
Direct payment program reconciliation	780,391	
Unearned revenues	843,742	-
Long-term liabilities:		
Compensated absences due within one year	135,581	
Compensated absences due in more than one year	520,635	
Lease obligations due within one year	247,549	
SBITA obligations due within one year	48,613	
Lease obligations due in more than one year	486,259	
SBITA obligations due in more than one year	43,354	
Total Liabilities	**4,031,734**	**-**
Net Position		
Net investment in capital assets	4,310,691	
Unrestricted	19,045,267	
Total Net Position	**$ 23,355,958**	**$ -**

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, 2023

	Expenses			Program Revenues			Net (Expense) Revenue and Changes in Net Position	
							Primary Government	Component Unit
Function/Programs	Expenses	Administration Allocation	Expenses after Allocation of Administration	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Pecan Valley Facilities, Inc.
Primary Government								
Governmental Activities								
Behavioral Health	$ 19,761,308	$ 2,955,253	$ 22,716,561	$ 8,560,923	$ 15,717,667		$ 1,562,029	
Intellectual & Developmental Disabilities	7,229,362	1,081,133	8,310,495	5,570,562	966,015	-	(1,773,918)	
Administration	4,036,386	(4,036,386)	-				-	
Interest expense	53,899		53,899				(53,899)	
Total governmental activities	**31,080,955**	**-**	**31,080,955**	**14,131,485**	**16,683,682**	**-**	**(265,788)**	
Total Primary government	**$ 31,080,955**	**$ -**	**$ 31,080,955**	**$ 14,131,485**	**$ 16,683,682**	**$ -**	**$ (265,788)**	
Component Unit								
Pecan Valley Facilities, Inc.	$ 110,695	$ -	$ 110,695	$ 290,207	$ -	$ -		$ 179,512
Total component unit	**$ 110,695**	**$ -**	**$ 110,695**	**$ 290,207**	**$ -**	**$ -**		**$ 179,512**

	Governmental Activities	Pecan Valley Facilities, Inc.
General Revenues		
Investment earnings	705,230	28,633
County contributions	236,719	
Other revenues	225,801	
Total general revenues	**1,167,750**	**28,633**
Change in Net Position Before Transfers	**901,962**	**208,145**
Transfers	**4,028,433**	**(4,028,433)**
Change in Net Position	**4,930,395**	**(3,820,288)**
Net Position - Beginning	18,425,563	3,820,288
Net Position - Ending	**$ 23,355,958**	**$ -**

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

Pecan Valley Centers for Behavioral & Developmental HealthCare
Balance Sheet - Governmental Funds
August 31, 2023

	General Fund	Capital Projects Fund	Total Governmental Funds
Assets			
Cash and cash equivalents	$ 3,422,133	$ 89,255	$ 3,511,388
Investments	14,724,052	1,089,921	15,813,973
Due from other governments	1,836,923		1,836,923
Accounts receivable, net	360,772		360,772
Advances - Intergovernmental transfer	628,458		628,458
Prepaid expenses	99,712		99,712
Total assets	**$ 21,072,050**	**$ 1,179,176**	**$ 22,251,226**
Liabilities			
Accounts payable	578,918		578,918
Accrued salaries and benefits	346,692		346,692
Direct payment program reconciliation	780,391		780,391
Unearned program revenues	843,742		843,742
Total liabilities	**2,549,743**	**-**	**2,549,743**
Deferred inflows of resources			
Unavailable revenue - Medicaid administrative claiming	345,040		345,040
Total deferred inflows of resources	**345,040**	**-**	**345,040**
Fund Balance			
Nonspendable			
Prepaid expenses and advances	728,170	-	728,170
Assigned for capital projects		1,179,176	1,179,176
Unassigned	17,449,097	-	17,449,097
Total fund balance	**18,177,267**	**1,179,176**	**19,356,443**
Total liabilities, deferred inflows of resources and fund balances	**$ 21,072,050**	**$ 1,179,176**	**$ 22,251,226**

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

Total Fund Balance (As Presented in this Statement)	**$ 19,356,443**
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	5,136,466
Certain long-term receivables are not available to pay current period expenditures, and therefore are deferred inflows in the fund statement.	345,040
Long-term liabilities for lease obligations ($733,808); SBITA obligations ($91,967) and compensated absences ($656,216) are not due and payable in the current period and therefore are not reported in the funds.	(1,481,991)
Net Position - Governmental Activities	**$ 23,355,958**

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 Funds
Year Ended August 31, 2023

	General Fund	Capital Projects Fund	Total Governmental Funds
Revenues			
Local funds	$ 16,895,301	$ -	$ 16,895,301
State programs	9,714,134		9,714,134
Federal programs	4,657,038		4,657,038
Investment earnings	705,230		705,230
Total revenues	**31,971,703**	-	**31,971,703**
Expenditures			
Current			
Behavioral Health	19,564,272		19,564,272
Intellectual & Developmental Disabilities	7,066,887		7,066,887
Administration	3,892,511		3,892,511
Capital outlay	683,801		683,801
Debt service principal	298,919		298,919
Debt service interest	53,899		53,899
Total expenditures	**31,560,289**	-	**31,560,289**
Excess of Revenues Over Expenditures	**411,414**	-	**411,414**
Other Financing Sources			
Transfers in (out)	(24,775)	1,179,176	1,154,401
Issuance of lease obligations	468,444		468,444
Issuance of subsciption based IT obligations	74,603	-	74,603
Total Other Financing Sources	**518,272**	**1,179,176**	**1,697,448**
Net Change in Fund Balance	**929,686**	**1,179,176**	**2,108,862**
Fund Balance, September 1	17,247,581	-	17,247,581
Fund Balance, August 31	**$ 18,177,267**	**$ 1,179,176**	**19,356,443**

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

Pecan Valley Centers for Behavioral & Developmental HealthCare
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of the Governmental Funds to the Statement of Activities
Year Ended August 31, 2023

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

Net Change in Fund Balance - total governmental funds (see previous page)	**$**	**2,108,862**
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 ($683,801) exceeded depreciation/amortization of ($417,437) for the year.		266,364
The issuance of lease obligations provide current resources for use in governmental funds. In the statement of net position, lease obligations are reported as long-term liabilities.		(468,444)
The issuance of SBITA obligations provide current resources for use in governmental funds. In the statement of net position, SBITA obligations are reported as long-term liabilities.		(74,603)
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 ($298,919).		298,919
Certain long-term receivables are not available to pay current period expenditures and therefore are deferred in the funds. This is the net change in these long-term receivables for the year.		11,214
Changes in long-term liabilities are reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the net increase in the long-term liability for compensated absences for the year.		(85,949)
The Center received capital assets that were transferred in from the component unit. Transfers in of capital assets to do not provide current resources in the funds, but are recorded as long-term capital assets in the statement of net position. This is the net book value of the capital assets transferred in.		2,874,032
Change in Net Position - Governmental Activities	**$**	**4,930,395**

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, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Local Revenues				
County tax funds	$ 178,808	$ 178,808	$ 236,719	$ 57,911
Patient fees and insurance	794,246	794,246	606,422	(187,824)
Home and Community Based Services	1,439,155	1,439,155	1,407,949	(31,206)
Texas Home Living Waiver	82,101	82,101	83,030	929
Intermediate Care Facilities (ICF)	2,312,115	2,312,115	1,820,014	(492,101)
Managed care	1,732,130	1,732,130	1,758,289	26,159
Medicaid and Medicare	2,439,349	2,439,349	2,082,013	(357,336)
Charity Care Program	2,717,514	2,717,514	4,455,214	1,737,700
Direct Payment Program	2,480,929	2,480,929	1,703,685	(777,244)
In-kind contributions	2,216,091	2,216,091	2,216,091	-
Contributions and other income	999,874	1,575,871	525,875	(1,049,996)
		-		
Total local revenues	**17,392,312**	**17,968,309**	**16,895,301**	**(1,073,008)**
State Program Revenues				
General Revenue	7,696,067	7,696,067	7,673,760	(22,307)
Children's Mental Health	489,341	489,341	489,341	-
Mental Health First Aid			15,100	15,100
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	322,365	(8,104)
Texas Rehabilitation Commission	8,964	8,964	8,964	-
TCOOMMI	180,000	180,000	208,179	28,179
Texas Veterans Commission	450,000	450,000	463,406	13,406
Substance Abuse programs - state portion			620	620
Texas Juvenile Justice Department	79,125	79,125	30,815	(48,310)
Total state program revenues	**9,735,550**	**9,735,550**	**9,714,134**	**(21,416)**
Federal Program Revenues				
Mental Health Block Grant	2,822,623	2,822,623	2,567,096	(255,527)
Temporary Assistance for Needy Families	125,850	125,850	125,850	-
Social Services Block Grant - Title XX	74,213	74,213	74,213	-
MH Coordinated Specialty Care - FEP	270,000	270,000	198,903	(71,097)
Coronavirus State and Local Fiscal Recovery Grants			203,700	
SAMHSA programs	382,952	382,952	181,479	(201,473)
Home Investment Partnerships Program			135,854	135,854
Money Follows the Person Rebalancing Demonstration	38,326	38,326	35,594	(2,732)
System of Care	53,691	53,691	220,963	167,272
Substance Abuse Block Grant			5,647	5,647
Medical Assistance Program	750,000	750,000	907,739	157,739
		-		-
Total federal program revenues	**4,517,655**	**4,517,655**	**4,657,038**	**139,383**
		-		-
Investment Earnings	38,268	38,268	705,230	666,962
Total revenues	**$ 31,683,785**	**$ 32,259,782**	**$ 31,971,703**	**$ (288,079)**

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, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Expenditures				
Current				
Personnel	$ 16,103,651	$ 16,565,197	$ 15,791,622	$ 773,575
Fringe benefits	4,804,025	4,919,393	4,394,738	524,655
Travel and training	492,511	492,511	432,525	59,986
Professional and consultant fees	3,456,145	3,456,145	3,142,857	313,288
Consumable supplies	325,301	325,301	270,519	54,782
Pharmaceutical	678,047	678,047	555,967	122,080
Laboratory costs	20,643	20,643	29,939	(9,296)
Non capital equipment, repairs, and rent	306,322	306,322	221,296	85,026
Occupancy	853,895	853,895	1,554,783	(700,888)
In-kind rents	2,216,091	2,216,091	2,216,091	-
Telephone and postage	392,697	392,697	258,800	133,897
Vehicle operations and insurance	304,370	304,370	177,555	126,815
Client support costs	1,112,715	1,112,715	1,021,181	91,534
Insurance	54,999	54,999	58,429	(3,430)
Other	490,659	489,742	397,368	92,374
		-		
Total current expenditures	**31,612,071**	**32,188,068**	**30,523,670**	**1,664,398**
Capital Outlay	71,714	71,714	683,801	(612,087)
Debt service interest			53,899	(53,899)
Debt service principal			298,919	(298,919)
Total expenditures	**31,683,785**	**32,259,782**	**31,560,289**	**699,493**
Excess of Revenues Over Expenditures	**-**	**-**	**411,414**	**411,414**
Other Financing Sources				
Transfers out			(24,775)	24,775
Issuance of lease obligations		-	468,444	(468,444)
Issuance of subsciption based IT obligations			74,603	74,603
Total Other Financing Sources			518,272	(369,066)
Net Change in Fund Balance	**-**	**-**	**929,686**	**42,348**
Fund Balance, September 1	17,247,581	17,247,581	17,247,581	-
Fund Balance, August 31	**$ 17,247,581**	**$ 17,247,581**	**$ 18,177,267**	**$ 42,348**

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, 2023

	Client Custodial Fund
Assets	
Cash and cash equivalents	$ 49,525
Total assets	49,525
Liabilities	
Total liabilities	-
Net Position	
Restricted for:	
Individual consumers	49,525
Total Net Position	**$ 49,525**

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, 2023

	Client Custodial Fund
Additions	
Cash collections on behalf of consumers	$ 310,151
Total additions	310,151
Deductions	
Payments of behalf of consumers	358,863
Total deductions	358,863
Net increase (decrease) in fiduciary net position	**(48,712)**
Net Position - beginning	98,237
Net Position - ending	**$ 49,525**

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

Pecan Valley Centers for Behavioral & Developmental HealthCare
Notes to Financial Statements
August 31, 2023

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, 2023:

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. Effective on August 22, 2023, PVF was dissolved by the Board of Directors through the Texas Secretary of State and all assets were transferred to the Center.

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.

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.

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

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 governmental funds (General Fund and Capital Projects Fund) are 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.

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 (continued)

GASB 87 *Leases*

The Center has implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases.* GASB 87 provides better information to the users of financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The Center recognizes a right-to use lease asset—an intangible asset—and a corresponding lease obligation at the commencement of the lease term when the leased asset is placed into service. The lease obligation is initially measured at the present value of lease payments expected to be made during the lease term. Future lease payments are discounted using the estimated incremental borrowing rate for the Center. The Center recognizes amortization of the principal payment on the lease liability as an outflow of resources.

GASB 96 *Subscription Based Information Technology Arrangements* (SBITA)

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

Under this Statement, the Center recognizes a right-to use subscription asset—an intangible asset—and a corresponding subscription liability at the commencement of the subscription term when the subscription asset is placed into service. The subscription liability is initially measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments are discounted using the incremental borrowing rate specified in the agreement. If the interest rate is not specified, the Center uses the estimated yield rates on debt issued by the Center. The Center recognizes amortization of the principal payment on the subscription liability as an outflow of resources. There was no effect on beginning net position as a result of adopting this new standard.

Fund Types and Major Funds

The Center reports the following major governmental funds:

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.

The Capital Projects Fund was established by the transfer of liquid assets from PVF. Upon receipt, the Center established this fund in anticipation of future capital projects.

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.

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 which approximates fair value.

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, 2023. Accounts receivable from cost reimbursement contracts are determined to be 100% collectible based on past collection history from various granting agencies.

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 the 1115 DPP program and Charity Pool programs, 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.

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

Advances – Intergovernmental Transfer

Intergovernmental Transfer (IGT) - The Center has enrolled in the Medicaid waiver Direct Payment Program (DPP) for behavioral health services. Under this program, the Center has provided IGT as a prepayment for DPP services. As DPP payments are received, IGT is returned as a part of the payment. The Center reduces IGT as these payments are received as a reduction of DPP revenue.

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.

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. Capital assets also include intangible right-of-use assets for operating lease obligations and SBITA obligations. Right-of-use assets for leases and SBITA are recorded at implementation cost plus the net present values of future contractual payment requirements. Property, plant, and equipment of the primary government are depreciated or amortized using the straight line method over the following estimated useful lives:

	Primary Government	PVF
Building and improvements	10 - 31.5 years	10 - 40 years
Furniture and equipment	5 - 8 years	7 - 25 years
Vehicles	5 years	not applicable
Right-of-use leased assets	lease term	not applicable
Right-of-use SBITA assets	contract term	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 lease and SBITA 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.

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

Governmental fund financial statements recognize the proceeds of debt and premiums along with the issuance of lease obligations and SBITA arrangements of the current period as other financing sources. Issuance costs are reported as expenditures. Principal and interest on bonds, notes, lease obligations and SBITA obligations are reported as expenditures in the general fund.

Deferred Inflows and Outflows of Resources

Deferred inflows and outflows of resources represent the acquisition of resources that apply to a future period and so will not be recognized as an inflow of resources (revenue) until that time. Deferred outflows of resources represent a consumption of resources that applies to a future period and so will not be recognized as an outflow of resources (expense) until that time. The Center's deferred inflow at year-end represents Medicaid administrative claiming that do not meet the 120 day measurable and available criteria for revenue recognition in the general fund. These amounts are recognized as revenue when earned in the government-wide financial statements.

Fund Balance

The governmental fund reports the following classifications of fund balance:

Non-spendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. All amounts reported as non-spendable at August 31, 2023 are non-spendable in form.

Restricted – amounts that can be spent only for specific purposes because of constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments.

Committed – includes amounts that that can be used only for specific purposes as determined by a formal action of the Center's Board of Trustees, which is the Center's highest level of decision-making authority.

Assigned – includes amounts that are intended to be used by the Center for specific purposes but do not meet the criteria to be classified as restricted or committed. The Board of Trustees may delegate the authority to assign fund balance to the Executive Director of the Center.

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

When both restricted and unrestricted resources are available for use, it is the Center's policy to use restricted resources first and then unrestricted resources as they are needed.

When expenditures are incurred for which both restricted and unrestricted fund balance is available, the Center considers restricted funds to have been spent first. Similarly committed funds are considered spent first when there is a choice for the use of less restricted funds, then assigned and then unassigned funds.

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.

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

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 cash deposits were fully secured at August 31, 2023 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.

Investments

At August 31, 2023, the Center has the following investments and maturities:

Investment Type	Fair Value	Percentage of Total	Credit Rating	Weighted Average Days to Maturity
Texpool	15,813,973	100.00%	AAAm	24
Total	$ 15,813,973	100.00%		

Note 6 - Deposits and Investments (continued)

The Center investment policy is governed by the Public Funds Investment Act (PFIA). 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 that "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 that 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.

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:

	Governmental Activities
HCS and TxHLW Waiver	$ 133,851
SAMHSA programs	33,693
Medicaid Administrative Claiming	418,831
Intermediate Care Facilities (ICF)	227,712
Texas HHSC Programs	756,540
TCOOMMI	56,754
Other	209,542
Due from other governments	$ 1,836,923

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:

Primary Government	Balance September 1, 2022	Additions	Retirements	Transfers in from PVF	Balance August 31, 2023
Governmental Activities					
Nondepreciable assets					
Land	$ 232,906	-	$ -	$ 243,834	$ 476,740
Total nondepreciable assets	232,906	-	-	243,834	476,740
Depreciable/amortizable assets					
Buildings and improvements	3,058,431	84,690		2,626,286	5,769,407
Furniture and equipment	5,595			3,912	9,507
Computer equipment	116,912				116,912
Vehicles	986,571	56,064	158,299		884,336
Right-of-use leased buildings	178,408				178,408
Right-of-use leased equipment	52,954	448,818			501,772
Right-of-use leased vehicles	440,533	19,626			460,159
Right-of-use SBITA intangible assets	61,780	74,603			136,383
Total depreciable/amortizable assets	4,901,184	683,801	158,299	2,630,198	8,056,884
Less accumulated depreciation/amortization					
Buildings and improvements	1,968,101	65,616			2,033,717
Furniture and equipment	580	699			1,279
Computer equipment	105,221	11,691			116,912
Vehicles	912,091	40,512	158,299		794,304
Right-of-use leased buildings	31,447	50,908			82,355
Right-of-use leased equipment	25,276	92,058			117,334
Right-of-use leased vehicles	95,304	111,537			206,841
Right-of-use SBITA intangible assets		44,416			44,416
Total accumulated depreciation/amortization	3,138,020	417,437	158,299	-	3,397,158
Capital assets, net	**$ 1,996,070**	**$ 266,364**	**$ -**	**$ 2,874,032**	**$ 5,136,466**

Gross amount of leased assets above $1,140,339; less amortization $406,530; net book value $733,809.

Gross amount of SBITA intangible assets above $136,383; less amortization $44,416; net book value $91,967.

In the government-wide financial statements, depreciation of $118,518 and amortization of $298,919 was charged to the Center's programs as follows:

Governmental Activities	Depreciation	Amortization
Behavioral Health	$ 23,251	$ 118,696
Intellectual & Developmental Disabilities	46,465	96,111
Administration	48,802	84,112
Total depreciation expense	$ 118,518	$ 298,919

Note 8 - Capital Assets (continued)

Capital assets are recorded in the PVC financial statements. In August, 2023, PVF was dissolved and all capital assets were transferred to the Center. A summary of changes in the component unit's capital asset balances for the year follows:

Component Unit PVF	Balance September 1, 2022	Additions	Retirements	Transfers out to PV Centers	Balance August 31, 2023
Nondepreciable assets					
Land	$ 243,834	$ -	$ -	$ 243,834	$ -
Total nondepreciable assets	243,834	-	-	243,834	-
Depreciable assets					
Buildings and improvements	4,471,968	35,643	-	4,507,611	-
Furniture and equipment	90,245	-	-	90,245	-
Total depreciable assets	4,562,213	35,643	-	4,597,856	-
Less accumulated depreciation					
Building and improvements	1,777,680	103,645	-	1,881,325	-
Furniture and equipment	81,354	4,979	-	86,333	-
Total accumulated depreciation	1,859,034	108,624	-	1,967,658	-
Capital assets, net	$ 2,947,013	$ (72,981)	$ -	$ 2,874,032	$ -

The component unit PVF depreciation expense for the year was $108,624.

Note 9 - Long-Term Liabilities

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:

Direct Borrowings Governmental Activities	Balance September 1, 2022	Additions	Retirements	Balance August 31, 2023	Due Within One Year
Compensated absences	$ 542,325	$ 656,216	$ 542,325	$ 656,216	$ 135,581
SBITA obligations*	61,780	74,603	44,416	91,967	48,613
Lease obligations	519,867	468,444	254,503	733,808	247,549
Total long-term liabilities	$ 1,123,972	$ 1,199,263	$ 841,244	$ 1,481,991	$ 431,743

* Beginning balances and current year activity reflected in accordance with adoption of GASB 96.

The Center has entered into lease agreements for real estate with total combined monthly payments of $4,707 per month over the next three fiscal years, with an estimated incremental borrowing rate of 4.50%. Terms of existing agreements expire on various dates over the next three fiscal years.

The Center has entered into lease agreements for equipment with total combined monthly payments $13,956 per month over the next four fiscal years, with estimated interest rates ranging from 3.25% to 8.50%. Terms of existing agreements expire on various dates over the next four fiscal years.

Note 9 - Long-Term Liabilities (continued)

The Center entered into a master equity lease agreement for vehicles with Enterprise Fleet Management Trust. Under the terms of this master agreement, the Center entered into lease agreements for twenty-six vehicles. Terms of the individual lease agreements call for 48 monthly payments at interest rates ranging from 4.49% to 10.69%.

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.

Future debt service requirements for lease obligations are as follows:

	Principal	Interest	Total
2024	$ 247,549	$ 37,173	$ 284,722
2025	242,223	22,318	264,541
2026	146,131	9,855	155,986
2027	97,905	2,592	100,497
2028	-	50	50
Total	$ 733,808	$ 71,988	$ 805,796

The Center has entered into subscription-based information technology agreements (SBITA) with total combined payments ranging from $49,296 per year in fiscal year 2024 to $3,665 per year ending in fiscal year 2028. SBITA obligations are recorded at the present value of the remaining subscription payments using an estimated incremental borrowing rate of 8.50%. Terms of existing agreements expire on various dates over the next five fiscal years. SBITA payments are reflected as principal and interest payments in the financial statements.

Future debt service requirements for SBITA obligations are summarized as follows:

	Principal	Interest	Total
2024	$ 43,354	$ 5,942	$ 49,296
2025	19,852	3,371	23,223
2026	16,810	1,667	18,477
2027	8,286	696	8,982
2028	3,665	78	3,743
Total	$ 91,967	$ 11,754	$ 103,721

Note 10 – Related Party Facility Leases and In-Kind Rental Contributions

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, $214,866 in rents were paid at the reduced rate to PVF. The PVF real estate was transferred to the Center in August, 2023 when PVF was dissolved. The PVF leases were discontinued at that time. In addition, the financial statements reflect in-kind rent in the amount of $2,078,916 for the fair rental value of facilities provided by Johnson County for use in Center programs at a rate of $1 per year. In-kind contributions are reflected as in-kind revenues in the financial statements with a corresponding charge to expense or expenditure, as applicable. In-kind contributions are liquidated as they are received.

In August, 2023, upon dissolution of PVF, liquid assets in the amount of $1,179,176 were transferred into the Center's capital project fund. Capital assets in the amount of $2,874,032 were transferred into governmental activities at net carrying value. Transfers of $24,777 were made to PVF from the general fund.

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 $614,686 and the actual Center contribution was $614,686 of which $41,198 was funded by employee forfeitures of non-vested amounts. At year-end, the final contribution in the amount of $18,807 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 $333,427 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, 2024.

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 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.

Notes 14 - Risk Management (continued)

Following is a reconciliation of health 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
2022	$ 174,403	$ 2,496,505	$ 2,492,529	$ 178,379
2023	178,379	2,689,688	2,594,057	274,010

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.

For fiscal years 2017 through 2023, 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 $6,096,292 during the year ending August 31, 2023.

Note 17. Medicaid Cost Report Reconciliation – Charity Care Program (CCP)

Community Centers participate in a state-wide Medicaid 1115 waiver program identified as the Charity Care Pool (CCP). As a part of the CCP program, all Centers file a cost report based on the cost of the program and the services provided. The Center's cost report will be considered as a part of a statewide reconciliation process for the cost of CCP services. The cost report reconciliation will result in a settlement of an amount due to the Center. The results of the final reconciliation will not be known for several months after the report release date. Due to the uncertainty associated with this estimate and the effects of the statewide reconciliation, management has determined that an estimate is not possible at year-end. Revenues associated with this program are recorded as revenues when actually received. The amount received in FY 2023 was $4,455,214.

Statistical Section
(Unaudited)

Pecan Valley Centers for Behavioral & Developmental HealthCare
Schedule of Revenue and Expenditures by Source of Funds
Year Ended August 31, 2023
(Unaudited)

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	$ 13,883,504	$ 7,084,339	$ 1,493,344	$ 1,009,793	$ 4,085,031	$ 210,997	$ 13,883,504	$ -
Employee Benefits	3,556,995	1,834,117	394,724	230,218	1,042,975	54,961	3,556,995	-
Capital Outlay	106,408	92,838	12,419	774	377	-	106,408	-
Pharmaceutical Expenses	6,096,292	6,096,292					6,096,292	-
Other Operating Expenses	10,073,709	3,034,882	399,168	4,042,194	1,938,883	658,581	10,073,709	-
Allocation of General Administration to Strategies	3,655,422	1,549,109	308,261	709,397	965,584	123,071	3,655,422	-
Allocation of Authority Administration to Strategies	488,652	213,880	43,320	98,287	133,165	-	488,652	-
Total Expenditures	$ 37,860,982	$ 19,905,457	$ 2,651,236	$ 6,090,663	$ 8,166,015	$ 1,047,610	$ 37,860,982	$ -
Method of Finance								
General Revenue - MH	$ 5,521,228	$ 4,575,811		$ 945,417			$ 5,521,228	$ -
General Revenue - IDD	795,421				795,421		795,421	-
Texas Children's Mental Health	489,341		489,341				489,341	
Mental Health Block Grant	1,265,943	930,101		20,927		314,915	1,265,943	
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	19,603,878	8,083,717	2,020,768	3,338,013	5,242,986	215,469	18,900,953	702,925
Required Local Match	771,032	593,728		120,450	56,854		771,032	
Additional Local Match	10,143,761	5,647,887	15,277	1,665,856	2,070,753	517,228	9,917,001	226,760
Total Expended Sources	$ 38,790,667	$ 19,905,457	$ 2,651,236	$ 6,090,663	$ 8,166,014	$ 1,047,612	$ 37,860,982	$ 929,685

Pecan Valley Centers for Behavioral & Developmental HealthCare
Reconciliation of Total Revenues to Fourth Quarter Financial Report
Year Ended August 31, 2023
(Unaudited)

	Revenues				
	Care Report III	Additions	Deletions		Audited Financial Statements
Local Revenues					
County tax funds	$ 236,719	$ -	$ -		$ 236,719
Patient fees and insurance	606,422				606,422
Home and Community Based Services	1,407,949				1,407,949
Texas Home Living Waiver	83,030				83,030
Intermediate Care Facilities (ICF)	1,820,014				1,820,014
Managed care	1,758,289				1,758,289
Medicaid and Medicare	2,082,013				2,082,013
Medicaid 1115 Waiver	6,158,899				6,158,899
Contributions and miscellaneous income	2,741,966				2,741,966
Pharmaceutical expense (PAP only)	6,096,292		(6,096,292)	(a)	-
		-			
Total local revenues	22,991,593	-	(6,096,292)		16,895,301
State Program Revenues					
General Revenue	7,673,760				7,673,760
Children's Mental Health	489,341				489,341
MH First Aid	15,100				15,100
Permanency Planning	19,784				19,784
Psychiatric Emergency Service Center	481,800				481,800
Private Psychiatric Beds					-
House Bill 13	322,365				322,365
Texas Rehabilitation Commission	8,964				8,964
TCOOMMI	208,179				208,179
Texas Veterans Commission	463,406				463,406
Substance Abuse programs - state portion	620				620
Texas Juvenile Justice Department	30,815				30,815
Total state program revenues	9,714,134	-	-		9,714,134
Federal Program Revenues					
Mental Health Block Grant	2,567,096				2,567,096
Temporary Assistance for Needy Families	125,850				125,850
Social Services Block Grant - Title XX	74,213				74,213
MH Coordinate Specialty Care - FEP	198,903				198,903
Coronavirus State and Local Fiscal Recovery Grants	203,700				203,700
SAMHSA programs	181,479				181,479
Home Investments Partnership Program	135,854				135,854
System of Care	220,963				220,963
MFP Enhanced Community Coordination	35,594				35,594
Substance Abuse Block Grant	5,647				5,647
Medical Assistance Program (MAC)	907,739				907,739
Total federal program revenues	4,657,038				4,657,038
Investment Earnings	705,230				705,230
Other financing sources - Issuance of leases/SBITA	543,047				543,047
Total revenues	$ 38,611,042	$ -	$ (6,096,292)		$ 32,514,750

(a) Patient Assisted Pharmacy

Pecan Valley Centers for Behavioral & Developmental HealthCare
Reconciliation of Total Expenditures to Fourth Quarter Financial Report
Year Ended August 31, 2023
(Unaudited)

	Expenditures			
Function	Care Report III	Additions	Deletions	Audited Financial Statements
Personnel	$ 15,791,618	$ -	$ -	$ 15,791,618
Fringe benefits	4,110,742	-	-	4,110,742
Capital outlay	683,801	-	-	683,801
Pharmaceutical expense		-	-	-
Pharmaceutical expenses (PAP only)	6,096,292	-	(6,096,292) (a)	-
Other operating expense	11,178,523	-	(b) (204,395)	10,974,128
Total expenditures	$ 37,860,976	$ -	$ (6,300,687)	$ 31,560,289

(a) Free medicine used, not recorded for financial statement purposes
(b) Adjust to audited financials

Pecan Valley Centers for Behavioral & Developmental HealthCare
Schedule of Indirect Costs
Year Ended August 31, 2023
(Unaudited)

	Total Costs	Non-allowable Costs	Depreciation	Total Adjusted Costs	Direct Costs	Indirect Costs
Personnnel	$ 15,791,618	$ -	$ -	$ 15,791,618	$ 13,883,503	$ 1,908,115
Fringe benefits	4,110,742	-	-	4,110,742	3,556,994	553,748
Capital outlay	683,801	(683,801)	-	-	-	
Depreciation	-	-	173,650	173,650	79,200	94,450
Patient assisted pharmacy (a)	6,096,292			6,096,292	6,096,292	-
Other operating expense	10,974,128	337,203	-	10,636,925	9,593,930	1,042,995
		-				
Total expenditures	$ 37,656,581	$ (346,598)	$ 173,650	$ 36,809,227	$ 33,209,919	$ 3,599,308
Indirect costs						3,599,308
Direct costs						33,209,919
(a) Free medicine used, not recorded for financial statement purposes						10.84%

Pecan Valley Centers for Behavioral & Developmental HealthCare
Schedule of Leases in Effect
Year Ended August 31, 2023
(Unaudited)

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 - 08/31/2023	$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	7/1/2027	$2,769/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
	23WGPB	8/1/2026		852
	23WGPH	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
	26K59S	12/15/2026		506

Pecan Valley Centers for Behavioral & Developmental HealthCare
Schedule of Insurance in Force
Year Ended August 31, 2023
(Unaudited)

Insurer	Coverage	Policy Period	Policy Limit	Annual Premium
Texas Council	Professional Liability	09/01/2022 to 09/01/2023	$1 million	$ 17,407
Risk Management	Additional in Excess of $1M	09/01/2022 to 09/01/2023	$2 million	2,084
	General Liability	09/01/2022 to 09/01/2023	$1 million	1,052
	Errors & Omissions	09/01/2022 to 09/01/2023	$1 million	24,281
Texas Council	Real/Personal Property	09/01/2022 to 09/01/2023	Cash Value	129,852
Risk Management	Worker's Compensation	09/01/2022 to 09/01/2023	Statutory	49,951
	Auto Liability	09/01/2022 to 09/01/2023	$1 million	18,342
	Auto Collision/Comp	09/01/2022 to 09/01/2023	Cash Value	33,929
Jl Special Risk Mgt Solutions	Cyber Extortion Loss	09/01/2022 to 09/01/2023	$1 million	12,369
	Data Protection Loss	09/01/2022 to 09/01/2023	$1 million	
	Business Interruption	09/01/2022 to 09/01/2023	$1 million	
	Forensic Expense	09/01/2022 to 09/01/2023	$1 million	
	Proof of Loss	09/01/2022 to 09/01/2023	$50,000	
Blue Cross Blue Shield	Major Medical Hospitalization	04/01/2022 to 03/31/2023	2 plans PPO/HSAV	
Blue Cross Blue Shield	Dental	04/01/2022 to 03/31/2023		
MetLife	Long Term Disability	04/01/2022 to 03/31/2023	60% of employee salary	Paid by Pecan Valley
MetLife	Group Life	04/01/2022 to 03/31/2023	$30,000	Paid by Pecan Valey

Pecan Valley Centers for Behavioral & Developmental HealthCare
Schedule of Bond Coverage
Year Ended August 31, 2023
(Unaudited)

Name	Title	Surety Company	Bond Amount
The following individuals have expanded coverage as Notaries Public:			
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, 2023
(Unaudited)

Name	Type of Service	Amount	
Scott Singleton Fincher & Company	Annual Audit	$	42,500
ETBHN	Pharmaceuticals		202
Genoa Pharmacy	Pharmaceuticals		593,169
East Texas Behavioral Healthcare	Telemedicine		405,920
Red River	Psychiatric Services		1,859,480
Geona Telepsychiatry	Telemedicine		156,120
Avail Solutions	Hotline/Screening		119,000
TIPs	Youth Specialized Therapies		12,056
Zobrio	Financial Software Services		47,669
Streamline	Electronic Health Record		60,227
		$	3,296,343

Pecan Valley Centers for Behavioral & Developmental HealthCare
Schedule of Legal Services
Year Ended August 31, 2023
(Unaudited)

Name	City	Type of Service	Amount
The LeMaster Group, TTD.	Addison, TX	Legal Counsel	$ 3,751

Single Audit Section

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

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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 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, 2023, 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, 2024.

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, 2024

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, 2023. 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, 2023.

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, 2024

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, 2023

Federal Awards	Federal ALN Number	Pass-through Entity Identifying Number		Expenditures
U.S. Department of Treasury				
Passed through Johnson County				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A		$ 190,920
Passed through Hood County				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A		12,780
Total U.S. Department of Treasury				**203,700**
U.S. Department of Health and Human Services (DHHS)				
Direct Awards:				
Block Grants for Community Mental Health Services	93.958	Direct Award		1,662,045
Assisted Outpatient Treatment	93.997	Direct Award		181,107
Section 223 Demonstration Programs to Improve Community Mental Health Services	93.829	Direct Award		372
Total Direct Awards DHHS				**1,843,524**
U.S. Department of Housing and Urban Development (HUD)				
Passed through Texas Department of Housing & Community Affairs				
Home Investment Partnerships Program	14.239	2022-0019		135,854
Total HUD				**135,854**
U.S. Department of Health and Human Services (DHHS)				
Passed through Texas Health and Human Services Commission (HHSC)				
Comprehensive Community Mental Heatlh Services for Children with Serious Emotional Disturbances	93.104	HHS001100900001		220,963
Temporary Assistance for Needy Families (TANF)	93.558	HHS001022200028		125,850
Social Services Block Grant	93.667	HHS001022200028		74,213
Medical Assistance Program - Medicaid Administrative Claiming	93.778	HHS000537900318		713,044
Habilitation Coordination - Medical Assistance Program	93.778	HHS000993600001		194,695
Money Follows the Person Rebalancing Demonstration	93.791	HHS000993600001		35,594
Block Grants for Community Mental Health Services	93.958	HHS001022200028	(1)	539,258
COVID-19 Block Grants for Community Mental Health Services	93.958	HHS001108400027		241,541
Block Grants for Community Mental Health Services	93.958	HHS000186300001		60,878
COVID-19 Block Grants for Community Mental Health Services	93.958	HHS000337000001		63,374
Block Grants for Community Mental Health Services	93.958	HHS000337000001		198,903
Block Grants for Prevention and Treatment of Substance Abuse	93.959	HHS001040100018 SA/TRY		5,647
Total U.S. Department of Health and Human Services Passed thru HHSC				**2,473,960**
Total Federal Awards				**$ 4,657,038**

Total ALN 93.958	2,765,999
Total ALN 93.778	907,739

(1) Received $717,105, expended $539,258

See Notes to 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, 2023

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		1,237,596
General Revenue - Post-Discharge Medications for Civil Commitments	HHS001022200028	(3)	4,961
General Revenue - Veterans Services	HHS001022200028		70,000
Total General Revenue Mental Health Adult			**7,315,585**
General Revenue - Intellectual & Developmental Disabilities	HHS000993600001		631,707
General Revenue - Nursing Facility Specialized Services	HHS000993600001		27,737
General Revenue - Crisis Intervention Specialists 2023	HHS000993600001	(4)	107,959
General Revenue - Crisis Intervention Specialists 2022 - none	HHS000993600001		-
General Revenue - Crisis Respite Services 2023	HHS000993600001	(5)	35,971
General Revenue - Crisis Respite Services 2022 - none	HHS000993600001		-
General Revenue - Permanency Planning	HHS000993600001		19,784
Total General Revenue IDD			**823,158**
General Revenue - Mental Health Children	HHS001022200028		489,341
General Revenue - Mental Health First Aid	HHS000186300001		15,100
General Revenue - Employment Apprenticeship Pilot Services	HHS001334400001		3,468
General Revenue - ARPA Workforce Challenges	HHS000993600001	(2)	33,133
General Revenue - ARPA Electronic Interface	HHS000993600001	(1)	-
General Revenue - Substance Abuse - Youth Treatment Services	HHS001040100018 SA/TRY		620
General Revenue - Community Mental Health Grant Program	HHS000477100017		322,365
Total HHSC			**9,002,770**
Texas Veterans Commission			
General Assistance Program	GT-FVA22-034 & FVA23-F-026		299,173
Veterans Mental Health	FT-VMH22-007 & VMH23-C-009		164,233
Total Texas Veterans Commission			**463,406**
Texas Juvenile Justice Department			
Passed through Parker County Juvenile Probation Department			
Grant R - Discretionary State Aid Grant - Community Projects	N/A		30,815
Total State Awards			**$ 9,496,991**
Total Federal and State Awards			**$ 14,154,029**

(1) Received $55,000, Expended $-0-
(2) Received $254,539, Expended $33,133
(3) Received $9,221, Expended $4,961
(4) Received $134,521, Expended $107,959
(5) Received $97,616, Expended $35,971

See Notes to Schedule of Expenditures of Federal and State Awards

Pecan Valley Centers for Behavioral & Developmental HealthCare
Notes to Schedule of Expenditures of Federal and State Awards
August 31, 2023

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, 2023. 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) ALN 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.

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 $208,179 and the funds received from the Texas Rehabilitation Commission in the amount of $8,964. 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.

Pecan Valley Centers for Behavioral & Developmental HealthCare
Notes to Schedule of Expenditures of Federal and State Awards
August 31, 2023

5. *RELATIONSHIP TO BASIC FINANCIAL STATEMENTS* (continued)

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

State expenditures per schedule:	$	9,496,991
TCOOMMI program		208,179
Texas Rehabilitation Commission		8,964
State revenues per basic financial statements	$	9,714,134

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, 2023

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP (unmodified, qualified, adverse or disclaimer):	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	____ yes	x no
Significant deficiency(ies) identified?	____ yes	x no
Noncompliance material to the financial statements noted	____ yes	x none noted

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	____ yes	x no
Significant deficiency(es) identified	____ yes	x none noted
Type of auditor's report issued on compliance for major federal programs (unmodified, qualified, adverse or disclaimer):	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	____ yes	x no

State Awards

Internal control over major programs:		
Material weakness(es) identified?	____ yes	x no
Significant deficiency(ies) identified	____ yes	x none noted
Type of auditor's report issued on compliance for major state programs (unmodified, qualified, adverse or disclaimer):	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with Texas Grant Management Standards	____ yes	x no

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

Identification of major federal programs:

ALN/CFDA Number(s)	Name of Federal Program or Cluster
93.104	Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances originating with the U.S. Department of Health and Human Services and passed through the Texas Health and Human Services Commission (HHSC).
93.778	Medical Assistance Program – Medicaid Administrative Claiming 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:

ALN/CFDA Number(s)	Name of State Program or Cluster
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, 2023

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.

Executive Director
Coke Beatty

Pecan Valley Centers for Behavioral & Developmental HealthCare
Summary of Prior Audit Findings
Year Ended August 31, 2023

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 2022 or 2021.

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