AGENDA ITEM
CA15

AGENDA PLACEMENT FORM

Send to: ccagenda@johnsoncountytx.org

Date: 7/9/2026

Meeting Date: 7/27/2026

Submitted By:

Department: County Judge's Office

Signature of Elected Official/Department Head:

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

Johnson County ★ ACKNOWLEDGED ★ Commissioners Court

7.27.2026

Description:

Acknowledge Receipt of the Pecan Valley Centers for Behavioral & Development Healthcare's Annual Financial and Compliance Reports, August 31, 2025-County Judges 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 ☐ Public Announcement

Check All Departments That Have Been Notified:

☐ County Attorney ☐ IT ☐ Purchasing ☐ Auditor

☐ Personnel ☐ Development Services ☐ Facilities Management

Other Department/Official (list)

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

Approved in CC on 9/11/2023

PECAN VALLEY CENTERS
FOR BEHAVIORAL & DEVELOPMENTAL HEALTHCARE

Executive Director
Ruben DeHoyos

July 1, 2026

The Honorable Christopher Boedeker
Johnson County Judge
Johnson County Courthouse
2 N. Main St.
Cleburne, TX 76033

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

Dear Judge Boedecker,

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 for September 1, 2025, through August 31, 2026;
2. Most recent annual financial audit from an independent auditor for September 1, 2024, through August 31, 2025 (Completed May 2026); and
3. The Center's staff salaries by position for FY 2026 which covered September 1, 2025, through August 31, 2026.

To summarize these three reports, our operating budget was $43,228,202; our annual independent financial audit resulted in no findings; and we had 391 budgeted positions.

If you have any questions, please feel free email me at rdehoyos@pecanvalley.org or call 817-579-4439.

Regards,

Ruben DeHoyos
Executive Director

PECAN VALLEY CENTERS
FOR BEHAVIORAL & DEVELOPMENTAL HEALTHCARE

Total Compensation Statement

The following is a total compensation breakdown for Ruben DeHoyos, 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 Pay	$230,000
Total Direct Compensation	**$230,000**

PECAN VALLEY CENTERS

for

Behavioral and Developmental Healthcare

Income Statement

Fiscal Year 2026 Budget

Statement of Revenues

Percentage of Year Completed 75%

Revenues Year to Date

	Categories	FY26 Proposed Budget	FY25 Proposed Budget Amendment 2	Percent of Revenue to YTD Budget	Notes
1	Total Local Funds	15,384,569	13,396,177	115%	
2	Total Other State Agencies	3,709,989	4,203,427	88%	
3	Total Other Federal Funds	1,273,342	1,173,112	109%	
4	Total General Revenue Allocated	9,149,990	9,149,990	100%	
5	Total Medicaid Waiver and ICF-MR Earnings	12,793,145	11,360,841	113%	
6	Total Allocated Federal Funds	917,168	917,168	100%	
7	**Total All Funds**	43,228,202	40,200,715	108%	

	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	12,973			64,879		252,078			329,930
9	County Governments								185,774	185,774
10	In-Kind Donations (Excluding PAP)		487,312		0		65,659		479,983	1,032,954
11	Patient Fees, Insurance, Reimbursements		994,538							994,538
12	Other Local Funds								7,193,491	7,193,491
13	Prescription Assistance Program (PAP)	5,647,882								5,647,882
										15,384,569
	Other State Funds									
14	HHSC IDD Performance Contract			871,201						871,201
15	TCOOMMI	133,620								133,620
16	Other State Funds			2,705,169						2,705,169
										3,709,989
17	**Other Federal Funds**									
18	Grants-SAMHSA, FEMA, etc	488,435								488,435
19	Other Federal Funds	770,292		14,614				0		784,906
										1,273,342
20	**General Revenue**									0
21	General Revenue	4,575,811	945,417							5,521,228
22	General Revenue - Youth & Adolescents	489,341								489,341
23	PESC & Private Psych Beds		3,069,421							3,069,421
24	Veteran Services	70,000								70,000
25	Other General Revenue (example MHFA)	0								0
26	Crisis Services - Outpatient Competency Restoration		0							0
27	PASRR			0						0
										9,149,990
	Medicaid Waiver and ICF Programs									0
28	Medicaid Rehab Services	176,240								176,240
29	Medicaid IDD Service Coordination			1,141,578						1,141,578
30	Medicaid Targeted Case Management	6,159								6,159
31	Medicaid Administrative Claiming								731,000	731,000
32	Medicaid 1115 Transformation Waiver								5,114,343	5,114,343
33	Managed Care Organization	1,452,105								1,452,105
34	Other Medicaid	77,239		38,326						115,565
35	IDD Waivers & ICF				1,315,932	41,994	1,953,980			3,311,906

36	YES Waiver	0								0
37	ICF Uncompensated Care						744,250			744,250
										12,793,145
	Total Allocated Federal Funds									0
38	TANF to Title XX,F22 CFDA # 93.558	125,850								125,850
39	Title XX Social Services Block Grant, CFDA # 93.667	74,213								74,213
	*Supportive Housing Rental Assistance (SHR) Mental Health Block	107,431								107,431
40	Mental Health Block Grant, CFDA # 93.958	386,341								386,341
41	OCR Mental Health Block Grant, ALN # 93.958	223,333								223,333
										917,168
	Total Funding by Program	14,817,265	5,496,688	4,770,887	1,380,811	41,994	3,015,966	0	13,704,591	43,228,202

PECAN VALLEY CENTERS

for

Behavioral and Developmental Healthcare

Income Statement

Fiscal Year 2026 Budget

Statement of Expenditures

Percentage of Year Completed 75%

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	2,065,467	8,267,875	1,516,503	1,074,505	4,358,139	288,651	17,571,140	17,571,140	100%
2	Employee Benefits	495,712	1,984,329	363,961	257,873	1,045,953	71,998	4,219,826	4,219,826	100%
3	Professional and Consultant Services	530,960	186,023	31,619	3,206,403	112,157	1,140	4,068,301	4,068,301	100%
4	Training and Travel	24,911	146,463	40,405	58,286	58,499	11,182	339,746	339,746	100%
5	Debt Service	0	0	0	0	0	0	0	0	0%
6	Capital Outlay	0	0	0	0	0	0	0	0	0%
7	Non-Capitalized Equipment	195,257	16,935	5,350	1,844	29,658	1,127	250,171	250,171	100%
8	Pharmaceutical Expense (medication & script process fee only)	0	396,161	0	22,842	0	0	419,003	419,003	100%
9	Pharmaceutical Expense (PAP only)	0	5,647,882	0	0	0	0	5,647,882	5,647,882	100%
10	Other Operating Expenses	6,888,940	1,318,547	169,172	697,108	1,398,855	239,508	10,712,129	10,712,129	100%
11	Sub Total	10,201,246	17,964,215	2,127,009	5,318,861	7,003,261	613,606	43,228,199.23	43,228,199	100%
12	Admin Allocation		4,503,117	804,632	2,012,087	2,658,587	222,821	10,201,244	10,201,244	100%
13	**Total Expenditures**		22,467,332	2,931,641	7,330,948	9,661,848	836,427	43,228,197	43,228,197	100%
14	**Total Program Budget**		22,467,332	2,931,641	7,330,948	9,661,848	836,427	43,228,197		
15	**Percent of Expense to YTD Budget**		100%	100%	100%	100%	100%	100%		
16	Total Local Funds	8,897,327	11,499,824	59,063	963,710	2,588,291	273,679	15,384,567	15,384,569	2
17	Total Other State Agencies	64,709	1,365,711	80,000	1,330,469	933,810		3,709,990	3,709,989	-1
18	Total Other Federal Funds	0	974,295	-95,134	0	172,692	221,488	1,273,342	1,273,342	0
19	Total General Revenue Allocated	601,057	4,645,870	489,282	4,014,838			9,149,990	9,149,990	0
20	Total Medicaid Waiver and ICF-MR Earnings	618,837	3,450,100	2,236,128	798,598	5,967,055	341,260	12,793,141	12,793,145	4
21	Total Allocated Federal Funds	19,317	531,532	162,303	223,333			917,168	917,168	0
22	**Total Funding Strategies**	10,201,246	22,467,332	2,931,641	7,330,948	9,661,848	836,427	43,228,197	43,228,202	

23	Total Available Funds	43,228,202	Estimated Administrative Overhead with Percentage 30.89%
24	Total Expenditures	43,228,197	Estimated Administrative Overhead Percentage without Clinic Project 9.44%
25	**Gain/(Loss)**	5	
26			Reserves temporarily utilized in order to fund services (Not reflected in Revenue) 0

Position Title	Total Salaries
Access Program Manager	65,000
Accountant	55,016
Accounts Payable Clerk	22,620
Accounts Payable Manager	53,000
ACT Case Manager (Assertive Community Treatment)	309,213
ACT Team Nurse	80,018
ACT/FACT Team Manager	80,000
Administrative/HR Assistant	37,440
Adult Case Manager	1,331,944
Advanced Nurse Practitioner	770,016
Advanced Nurse Practitioner - PT	166,400
Assistant IT Director	85,280
Associate Director of Child and Adolescent Services	90,000
Associate Director of Nursing	110,013
Associate Medical Director	312,000
Billing Manager	53,000
Budget Analyst	32,500
Care Coordinator	64,064
Care Coordinator - PT	53,082
Chief Financial Officer	140,000
Chief Nursing Officer	152,000
Client Account Representative/IDD	37,003
Client Account Representative/MH	37,003
Client Benefit Specialist	112,320
Clinic Manager I	270,000
Clinic Manager I/Crisis Respite Program Manager	68,250
Cognitive Based Therapist	167,760
Community Engagement Coordinator	20,400
Community Health Worker	50,627
Community Provider Services Manager	17,001
Community Support Specialist/IDD	104,208
Competency Program Coordinator	63,750
Competency Restoration Case Manager	48,589
Controller	95,000
Coordinated Specialty Care Early Onset Case Manager	47,674
Coordinated Specialty Care Early Onset Supported Employment and Education Specialist	47,990
Coordinated Specialty Care Early Onset Case Supervisor	22,100
Counseling Services Lead	70,400
Crisis Administrative Support	22,620
Crisis Respite Tech	81,120
Crisis Respite Tech - PRN	22,620
Crisis Respite Tech - PT	67,860
Crisis Respite Tech - PT	22,620
Crisis/Respite Case Manager	49,421
Customer Support Coordinator	36,608
Customer Support Specialist	311,854
Customer Support Specialist - Intake	42,087
Customer Support Specialist - Intake	62,816

Customer Support Specialist - PT	120,791
Data Administrator	115,000
Direct Care Tech	471,328
Direct Care Tech - LSC	162,240
Direct Care Tech - LSC - PRN	45,240
Direct Care Tech - LSC - PT	128,482
Direct Care Tech - PRN Residential	386,048
Direct Care Tech - PT Residential	753,563
Director of Forensic Services	95,000
Director of Human Resources	110,000
Director of IDD Authority Services	105,000
Director of MH Child & Adolescent Services	105,000
Director of Veteran & SUD Services	77,000
Eligibility Specialist	94,224
Executive Director	230,000
Executive Secretary	44,512
Facilities Director	75,000
FACT Case Manager (Forensic Assertive Community Treatment)	103,730
FACT Team Nurse	83,013
FACT Therapist/Case Manager (FTCM)	23,120
Family Nurse Practitioner	125,000
HCS/Residential Coordinator	46,280
HCS/TxHML Program Representative	17,916
Help Desk Specialist	133,806
Help Desk Supervisor	60,000
Housing & Development Coordinator	42,598
HR Generalist	104,090
HR Specialist	50,003
HR/Training Specialist	52,520
ICF Client Coordinator	100,006
ICF Residential Administrative Coordinator	44,990
IDD Administrative Support IDDA	30,160
IDD Authority Supervisor	57,500
IDD Authority/ PASRR Program Manager	62,500
IDD Continuity of Care	48,838
IDD Crisis Intervention Specialist	55,994
IDD LVN III	109,616
IDD Provider Director	95,000
IDD Psychologist	71,500
IDD RN	157,019
IDD Service Coordinator	747,694
Intake Case Manager	186,472
Intake Coordinator	189,550
Intake Coordinator - Youth Specialist	70,013
Intake/ CFC Coordinator	48,838
Intake/ CFC Coordinator - Lead	48,838
IT Director / System Administrator	105,000
Lead Case Manager- CB	54,642
Lead Case Manager- MW	50,128

Lead Case Manager- WF	18,578
Lead Clinical Intake Coordinator	70,408
Lead Clinical Substance Use Disorder Therapist	66,000
Lead Customer Support Specialist - Intake	36,608
Lead Direct Care Tech - LSC	33,280
Lead Service Coordinator	97,677
Youth Program Manager	58,750
Licensed Chemical Dependency Counselor	151,549
Licensed Practitioner Healing Arts	90,766
LSC Supervisor	62,899
Maintenance Supervisor	49,171
Maintenance Tech	101,150
MCOT Case Manager	541,408
MCOT Program Manager	65,500
Mental Health First Aid Coordinator	47,986
MH Continuity of Care Coordinator	106,912
MH Family Partner	96,928
MH LVN - PRN	75,400
MH LVN II	262,217
MH Registered Nurse - PRN	54,288
Nursing Facility Liaison	87,402
PASRR Enhanced Community Coordinator	48,235
PASRR Habilitation Coordinator	230,485
Peer Specialist - CSC.EO	33,280
Peer Specialist - FACT	33,280
Peer Specialist - Housing	33,280
Peer Specialist - Mental Health	141,440
Peer Specialist - Recovery Support - PT	22,620
Phlebotomist/Mental Health Tech - PT	27,144
Phlebotomist/Mental Health Technician	62,400
Physician Supervisor	30,001
Psychiatrist - Child	16,336
Psychiatrist	556,080
QA Specialist	50,502
QM Manager	65,000
Regional Mental Health Director	115,000
RN Youth Crisis Respite	83,012
MH LVN	9,653
Scheduler	30,160
Special Projects Director	65,000
TCOOMMI Adult Case Manager	47,840
TCOOMMI Program Supervisor	65,000
Temporary Records Clerk	14,430
Texas Veterans Commission Client Coordinator	47,986
Texas Veterans Commission MH Case Manager	17,821
Texas Veterans Commission MH SUDS Therapist	52,416
Texas Veterans Commission MH Therapist	132,000
TJJD Case Manager	47,674
Veteran Service Coordinator	41,683

YES Waiver/Wraparound Program Manager	63,000
Youth Case Manager	480,798
Youth Counselor	136,000
Youth Wraparound Facilitator	206,024
Totals	**17,537,568**

Pecan Valley Centers for Behavioral & Developmental HealthCare

Annual Financial and Compliance Report

August 31, 2025

Scott, Singleton, Fincher & Company PC
Certified Public Accountants

Pecan Valley Centers for Behavioral & Development HealthCare
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August 31, 2025

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Pecan Valley Centers for Behavioral & Development HealthCare
Certificate of Board
Year Ended August 31, 2025

I, Edwin Seilheimer, Board Chair of the Board of Trustees of Pecan Valley Centers for Behavioral & Developmental Healthcare, do hereby certify that this accompanying audit report for fiscal year ended August 31, 2025, from Scott, Singleton, Fincher and Company, P.C. was reviewed and accepted at á meeting of the Board of Trustees held on the 22nd day of May, 2026.

Edwin Seilheimer
Chair, Board of Trustees

Pecan Valley Centers for Behavioral & Development HealthCare
Listing of Officials
Year Ended August 31, 2025

Board of Trustees

Edwin Seilheimer	Chair
Keith Scarbrough	Vice-Chair
Carolyn Myres	Secretary
Christy Massey	Trustee
Jamie Bodiford	Trustee
Rita Wade	Trustee
Lynn Waddy	Trustee
Elizabeth Lawrence	Trustee
Dr. Reginald Hall	Trustee
Sheriff Alan West	Ex-officio Member
Sheriff Roger Deeds	Ex-officio Member

Administrative Staff

Ruben DeHoyos	Executive Director
Carol Nati	Medical Director
Gabe Leatherwood	Chief Financial Officer
Sunny Armstrong	Quality Manager and Client Rights Officer
Kristy Tucker	Regional Mental Health Director
David Risner	Director of Outpatient Mental Health Clinics
Christa Selby	Director of MH Child & Adolescent Services
Walker Rainwater	Director of Forensic & Crisis Services
Mark Chavez	Chief of IDD Services
Debbie Kreitinger	Director of IDD Provider Services
Amanda Simpson	Chief of Nursing & Medical Admin Services
Katie Polk	Director of Nursing
Heather Herriage	Director of Human Resources
Josh Morrison	Director of Veteran & Substance Use 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

Members of:
Governmental Audit Quality Center
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

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Pecan Valley Centers for Behavioral & Developmental Healthcare ("Center"), as of and for the year ended August 31, 2025, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Center, as of August 31, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center's ability to continue as a going concern for 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 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, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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 the Center's basic financial statements. The schedule of expenditures of federal and state awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and Texas Grant Management Standards, 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 May 22, 2026, 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
May 22, 2026

Management's Discussion and Analysis

Pecan Valley Centers for Behavioral & Developmental HealthCare
Management's Discussion and Analysis
August 31, 2025

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, 2025.

FINANCIAL HIGHLIGHTS

- The assets of the Center exceeded its liabilities at the close of the fiscal year by $19,690,300 (net position). Of this amount, $13,679,356 (unrestricted net position) may be used to meet the Center's ongoing obligations.
- The Center's total net position (government-wide) decreased by $2,523,187.
- As of the close of the current fiscal year, the Center's governmental funds reported combined fund balances of $13,938,282, a decrease of $3,158,190 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was $9,802,839 or 29.2 percent of total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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 14-15 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. 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 16-18 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 19-20.

- **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 21-22 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 23 of this 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 37 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 $19,690,300 at the close of the most recent fiscal year.

A portion of the Center's net position (30.5%) 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	
	2025	2024
Current and other assets	$ 16,991,292	$ 19,723,481
Capital assets, net	6,530,787	5,891,542
Total assets	23,522,079	25,615,023
Other liabilities	2,712,413	2,286,412
Noncurrent liabilities	1,119,366	1,236,133
Total liabilities	3,831,779	3,522,545
Net investment in capital assets	6,010,944	5,241,202
Unrestricted	13,679,356	16,851,276
Total net position	$ 19,690,300	$ 22,092,478

Governmental activities decreased the Center's net position by $2,523,187. Key elements are as follows:

Governmental Activities
Changes in Net Position

	Governmental Activities	
	2025	2024
Program revenues		
Charges for services	$ 13,386,611	$ 12,327,134
Operating grants and contributions	15,943,742	19,294,612
General revenues		
Investment earnings	710,046	952,817
County contributions	185,921	187,421
Other revenues	96,751	91,742
Total revenues	30,323,071	32,853,726
Expenses		
Behavioral health	23,871,623	24,905,428
Intellectual & Developmental Disabilities	8,941,925	9,160,972
Interest expense	32,710	50,806
Total expenses	32,846,258	34,117,206
Change in net position	(2,523,187)	(1,263,480)
Net position, beginning of year	22,092,478	23,355,958
Net position, ending of year	$ 19,569,291	$ 22,092,478

FINANCIAL ANALYSIS

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 totaled $9,802,839. 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 29.2% of total general fund expenditures.

General Fund
Change in Fund Balance

	General Fund	
	2025	**2024**
Program Revenues		
Local	$ 14,226,110	$ 16,413,196
State programs	11,517,061	11,116,027
Federal programs	3,869,854	4,376,129
Investment earnings	710,046	952,817
Total revenues	30,323,071	32,858,169
Expenditures		
Behavioral Health	20,858,907	21,706,042
Intellectual & Developmental Disabilities	7,646,435	7,956,071
Administration	3,798,990	3,954,576
Capital outlay	1,014,723	1,275,210
Debt service	272,728	366,496
Total expenditures	33,591,783	35,258,395
Other financing sources		
Transfers in (out)	903,060	(3,231,569)
Issuance of long-term obligations	110,522	140,255
Net Change in Fund Balance	(2,255,130)	(5,491,540)
Fund balance, beginning of year	12,685,727	18,177,267
Fund balance, end of year	**$ 10,430,597**	**$ 12,685,727**

GENERAL FUND BUDGETARY HIGHLIGHTS

Overall, revenue was 8% under budget. The drivers of this variance were:

- Reserve revenue tied to the clinic construction project was not recognized due to project timing.
- State grant revenue fell short of budget due to the delayed start of our FACT grant.
- Managed care revenue underperformed forecast due to lower-than-projected utilization.

Expenses came in 1% under budget. The drivers of the material variances were:

- Employee benefit costs exceeded budget due to higher-than-expected health insurance claims.
- Professional and consultant services came in under budget due to lower utilization of contracted beds.
- Capital outlay came in significantly under budget due to Granbury clinic project spend occurring later than expected.
- Other operating expenses exceeded budget due to higher stop loss expense and unplanned building repairs.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets - The Center's investment in capital assets for its governmental activities at August 31, 2025 totaled $6,530,787, net of accumulated depreciation and amortization. This investment in capital assets includes the following:

Governmental Activities
Capital Assets

	2025	2024
Land	$ 1,193,815	$ 1,193,815
Construction in progress	904,202	-
Buildings and improvements	6,265,642	6,187,287
Furniture and equipment	226,118	126,419
Vehicles	646,283	712,113
Right-of-use leased assets	1,212,708	1,280,594
Right-of-use SBITA	81,656	81,656
Total	10,530,424	9,581,884
Less accumulated depreciation	(3,147,837)	(2,978,433)
Less accumulated amortization	(851,800)	(711,909)
Investment in capital assets	$ 6,530,787	$ 5,891,542

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

Long-term liabilities – At August 31, 2025, the Center had a liability totaling $599,523 for compensated absences, a increase of $13,730 from prior year-end. The Center also had liabilities for lease obligations totaling $491,082, a decrease of $110,645 from prior year-end. The Center also had liabilities for subscription-based information technology arrangement obligations totaling $28,761, a decrease of $19,852 from prior year-end.

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 significant cost savings regarding the medications that the Center has to purchase.

The Directed Payment Program-Behavioral 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) serves as an additional payment source for the uninsured. Both programs provided significant revenue in FY25 and will remain significant funding sources in FY26. PHP-CCP revenue decreased in FY25 due to a larger proportionate reduction driven by increased claims volume in the cost pool. DPP-BHS payments were simplified in FY25, with managed care organizations now remitting payments in a single lump sum. Both programs are complex and require significant time and effort to track and maximize. The Center continues to work diligently to take full advantage of the funding these programs provide for our clients and community.

For FY26 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 a Certified Community Behavioral Health Clinic (CCBHC) and is accredited by the Commission on Accreditation of Rehabilitation Facilities (CARF). The Center was awarded a three-year extension on CARF credentialing 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. Several grants ended during FY25, including our System of Care, MCOT COVID, and Vocational Apprenticeship grants.

During FY25, the Center began the construction of our new 10,000 square-foot Hood County mental health outpatient facility, located at 1200 2nd Street in Granbury. Completion is scheduled for the beginning of FY27. The project will continue to materially impact the Center's financials through completion.

REQUEST FOR INFORMATION

This financial report is designed to provide citizens and customers a general overview of the Center's finances and its accountability for the money it receives. For any questions about this report or requests for 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
Year Ended August 31, 2025

	Governmental Activities
Assets	
Cash and cash equivalents	$ 2,764,500
Investments	10,379,556
Due from other governments	1,762,921
Accounts receivable, net	1,456,557
Advances - intergovernmental transfer	330,029
Prepaid items	297,729
Capital assets:	
Nondepreciable land	2,098,017
Capital assets, net	4,432,770
Total assets	$ 23,522,079
Liabilities	
Accounts payable	$ 696,860
Accrued salaries and benefits	456,970
Direct payment program	809,073
Unearned revenues	749,510
Long-term liabilities:	
Compensated absences due within one year	329,738
Compensated absences due in more than one year	269,785
Lease obligations due within one year	233,967
SBITA obligations due within one year	16,809
Lease obligations due in more than one year	257,115
SBITA obligations due in more than one year	11,952
Total liabilities	$ 3,831,779
Net Position	
Net investment in capital assets	$ 6,010,944
Unrestricted	13,679,356
Total net position	$ 19,690,300

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, 2025

Function/Programs	Expenses	Expenses Administration Allocation	Expenses after Allocation of Administration	Program Revenues Charges for Services	Program Revenues Operating Grants and Contributions	Program Revenues Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position Governmental Activities
Governmental Activities							
Behavioral Health	$ 21,021,332	$ 2,850,290	$ 23,871,622	$ 6,869,164	$ 14,560,327	$ -	$ (2,442,131)
Intellectual and Developmental Disabilities	7,874,252	1,067,673	8,941,925	6,517,447	1,383,415	-	(1,041,063)
Administration	3,917,963	(3,917,963)	-	-	-	-	-
Interest expense	32,710		32,710	-	-	-	(32,710)
Total governmental activities	$ 32,846,257	$ -	$ 32,846,257	$ 13,386,611	$ 15,943,742	$ -	$ (3,515,904)
Total Primary government	**$ 32,846,257**	**$ -**	**$ 32,846,257**	**$ 13,386,611**	**$ 15,943,742**	**$ -**	**$ (3,515,904)**

General revenues	
Investment earnings	$ 710,046
County contributions	185,921
Other revenues	96,750
Total general revenues	992,717
Prior period adjustment	121,009
Change in net position	(2,523,187)
Net Position - beginning of year	22,092,478
Net position - ending of year	$ 19,690,300

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

Pecan Valley Centers for Behavioral & Developmental HealthCare
Balance Sheet - Governmental Funds
Year Ended August 31, 2025

	General Fund	Capital Projects Fund	Total Governmental Funds
Assets			
Cash and cash equivalents	$ 2,764,500	$ -	$ 2,764,500
Investments	6,871,871	3,507,685	10,379,556
Due from other governments	1,762,921		1,762,921
Accounts receivable, net	1,456,557		1,456,557
Advances - intergovernmental transfer	330,029		330,029
Prepaid expenses	297,729		297,729
Total assets	**13,483,607**	**3,507,685**	**16,991,292**
Liabilities			
Accounts payable	696,860		696,860
Accrued salaries and benefits	456,970		456,970
Direct payment program reconciliation	809,073		809,073
Unearned program revenues	749,510		749,510
Total liabilities	**2,712,413**	**-**	**2,712,413**
Deferred inflows of resources			
Unavailable revenue - Medicaid administrative claiming	340,597	-	340,597
Total deferred inflows of resources	**340,597**	**-**	**340,597**
Fund balance			
Nonspendable			
Prepaid expenses and advances	627,758	-	627,758
Assigned for capital projects	-	3,507,685	3,507,685
Unassigned	9,802,839	-	9,802,839
Total fund balance	10,430,597	3,507,685	13,938,282
Total liabilities, deferred inflows of resources and fund balances	$ 13,483,607	$ 3,507,685	$ 16,991,292
Amounts presented for governmental activities in the Statement of Net Position are different due to:			
Total fund balance			$ 13,938,282
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.			6,530,787
Certain long-term receivables are not available to pay current period expenditures, and therefore are deferred inflows in the fund statement.			340,597
Long-term liabilities for lease obligations ($491,082); subscription-based information technology arrangement obligations ($28,761) and compensated absences ($599,523) are not due and payable in the current period and therefore are not reported in the funds.			(1,119,366)
Net position - Governmental activities			**$ 19,690,300**

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, 2025

	General Fund	Capital Projects Fund	Total Governmental Funds
Revenues			
Local funds	$ 14,226,110	$ -	$ 14,226,110
State programs	11,517,061	-	11,517,061
Federal programs	3,869,854	-	3,869,854
Investment earnings	710,046	-	710,046
Total revenues	30,323,071	-	30,323,071
Expenditures			
Current:			
Behavioral Health	20,858,907	-	20,858,907
Intellectual & Developmental Disabilities	7,646,435	-	7,646,435
Administration	3,798,990	-	3,798,990
Noncurrent:			
Capital outlay	1,014,723	-	1,014,723
Debt service principal	240,018	-	240,018
Debt service interest	32,710	-	32,710
Total expenditures	33,591,783	-	33,591,783
Excess of revenues over expenditures	(3,268,712)	-	(3,268,712)
Other financing sources			
Transfers in (out)	903,060	(903,060)	-
Issuance of lease obligations	110,522	-	110,522
Issuance of subsciption based IT obligations	-	-	-
Total other financing sources	**1,013,582**	**(903,060)**	**110,522**
Net change in fund balance	(2,255,130)	(903,060)	(3,158,190)
Fund balance, beginning of year	12,685,727	4,410,745	17,096,472
Fund balance, ending of year	$ 10,430,597	$ 3,507,685	$ 13,938,282

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, 2025

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

Net change in fund balance - total governmental funds (see previous page)	$ (3,158,190)
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 additions ($1,145,579) less retirements ($35,476) exceeded depreciation/amortization (	614,618
The issuance of lease and SBITA obligations provide current resources for use in governmental funds. In the statement of net position, lease and SBITA obligations are reported as long-term liabilities.	(109,521)
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 ($315,690).	240,018.00
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.	-
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.	(13,730)
Other reconciling items — lease issuance proceeds and cap asset reconciling differences.	(96,382)
Change in net position - Governmental activities	$ (2,523,187)

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
August 31, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Local revenues				
County tax funds	$ 186,865	$ 186,865	$ 185,921	$ (944)
Patient fees and insurance	876,588	857,112	984,796	127,684
Home and community-based services	1,043,912	1,043,912	1,252,390	208,478
Texas Home Living Waiver Program	78,917	78,917	32,624	(46,293)
Intermediate Care Facilities	1,698,542	1,698,542	1,855,582	157,040
Managed care	1,661,143	1,661,143	1,086,080	(575,063)
Medicaid and Medicare	2,162,091	2,162,091	2,216,464	54,373
Charity Care Program	3,652,948	3,492,948	3,492,710	(238)
Direct Payment Program	1,285,097	690,097	795,069	104,972
In-kind contributions	2,289,264	2,289,264	1,187,584	(1,101,680)
Contributions and other income	411,538	413,338	1,136,890	723,552
Total local revenues	**15,346,905**	**14,574,229**	**14,226,110**	**(348,119)**
State program revenues				
General revenue	10,198,814	10,091,382	9,439,810	(651,572)
Children's Mental Health	489,341	489,341	506,253	16,912
Mental Health First Aid	33,000	33,000	20,600	(12,400)
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	152,070	(178,399)
Texas Rehabilitation Commission	8,833	8,833	11,356	2,523
TCOOMMI	143,742	143,742	142,638	(1,104)
Texas Veterans Commission	600,000	600,000	694,750	94,750
Texas Juvenile Justice Department			48,000	48,000
Total state program revenues	**12,305,783**	**12,198,351**	**11,517,061**	**(681,290)**
Federal program revenues				
Mental Health Block Grant	1,033,750	927,255	1,922,200	994,945
Temporary Assistance for Needy Families	125,850	125,850	125,850	-
Social Services Block Grant - Title XX	74,213	74,213	74,213	-
Mental Health Coordinated Specialty Care - FEP	378,500	378,500	246,438	(132,062)
SAMHSA programs	-	-	537	537
Home Investment Partnerships Program	200,000	200,000	189,237	(10,763)
Money Follows the Person Rebalancing Demonstration	38,326	38,326	31,041	(7,285)
System of Care	185,036	185,036	222,271	37,235
Substance Abuse Block Grant	4,232	9,882	128,632	118,750
Other Federal Grants	492	492	1,020	528
Medical Assistance Program	769,612	769,612	928,415	158,803
Total federal program revenues	**2,810,011**	**2,709,166**	**3,869,854**	**1,160,688**
Investment Earnings	577,378	577,378	710,046	132,668
Total revenues	**$31,040,077**	**$30,059,124**	**$30,323,071**	**$ 263,947**

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
August 31, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Expenditures				
Current				
Personnel	$16,661,288	$16,889,339	$16,907,140	$ (17,801)
Fringe benefits	4,989,552	4,989,552	4,760,259	229,293
Travel and training	412,308	413,759	402,143	11,616
Professional and consultant fees	4,887,739	4,992,859	4,464,519	528,340
Consumable supplies	266,128	265,490	921,704	(656,214)
Pharmaceutical	413,477	463,227	393,997	69,230
Laboratory costs	28,172	28,172	37,960	(9,788)
Non capital equipment, repairs, and rent	373,524	372,979	147,920	225,059
Occupancy	984,064	975,065	1,096,920	(121,855)
In-kind rents	1,809,643	1,884,683	1,187,584	697,099
Telephone and postage	350,741	350,450	347,963	2,487
Vehicle operations and insurance	386,399	385,444	213,789	171,655
Client support costs	1,101,561	1,208,910	1,098,555	110,355
Insurance	89,321	89,321	35,516	53,805
Other	318,612	439,313	288,363	150,950
Total current expenditures	**33,072,529**	**33,748,563**	**32,304,332**	**1,444,231**
Capital Outlay	6,933	1,785,000	1,014,723	770,277
Debt service interest	-	-	32,710	(32,710)
Debt service principal	-	-	240,018	(240,018)
Total expenditures	**33,079,462**	**35,533,563**	**33,591,783**	**1,941,780**
Excess of revenues over expenditures	**(2,039,385)**	**(5,474,439)**	**(3,268,712)**	**2,205,727**
Other financing sources				
Transfers in (out)	-	-	903,060	-
Issuance of lease obligations	-	-	110,522	(110,522)
Total other financing sources	**-**	**-**	**1,013,582**	**(110,522)**
Net change in fund balance	**(2,039,385)**	**(5,474,439)**	**(2,255,130)**	**2,095,205**
Fund balance, beginning of year	**12,685,727**	**12,685,727**	**12,685,727**	**-**
Fund balance, ending of year	**$12,685,727**	**$12,685,727**	**$10,430,597**	**$ 2,095,205**

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, 2025

	Client Custodial Fund
Assets	
Cash and cash equivalents	$ 50,530
Total assets	$ 50,530
Liabilities	
Total liabilities	$ -
Net Position	
Restricted for:	
Individual consumers	$ 50,530
Total net position	$ 50,530

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
August 31, 2025

	Client Custodial Fund
Additions	
Cash collections on behalf of consumers	$ 446,415
Total additions	446,415
Deductions	
Payments of behalf of consumers	432,750
Total deductions	432,750
Net increase (decrease) in fiduciary net position	13,665
Net position, beginning of year	36,865
Net position, end of year	$ 50,530

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

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 managers; 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 Governmental Accounting Standards Board (GASB) Statements No. 14 and 39 as amended by GASB Statement 61 *"The Financial Reporting Entity; Omnibus, an amendment to GASB Statements No. 14 and No. 34."* These statements define the reporting entity as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either A) the ability to impose will by the primary government, or B) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. Based on these criteria, the Center does not have any component units as of August 31, 2025.

Note 2 - Government-Wide and Fund Financial Statements

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

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 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.

GASB 87 Leases

The Center has implemented the provisions of GASB Statement No. 87, Leases which 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

The Center has implemented 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.

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

GASB 96 Subscription Based Information Technology Arrangements (continued)

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 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 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 totaling $100,000 at August 31, 2025. Accounts receivable from cost reimbursement contracts are determined to be 100% collectible based on past collection history from various granting agencies.

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

Net Patient and Client Service Revenue

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

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

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

Grants

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

Other Revenues

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

Advances – Intergovernmental Transfer

The Center has enrolled in the Medicaid waiver Direct Payment Program (DPP) for behavioral health services. Under this program, the Center has provided intergovernmental transfers (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

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

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

Capital Assets

Capital assets are reported in the government-wide financial statements. Capital assets are defined by the Center as assets with an initial, individual cost of more than $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:

Building and improvements	10 - 31.5 years
Furniture and equipment	5 - 8 years
Vehicles	5 years
Right-of-use leased assets	Lease term
Right-of-use SBITA assets	Contract term

Compensated Absences

The Center provides compensated absence benefits to its employees. Employees earn paid time off (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 12 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 12 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.

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.

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

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 balances:

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, 2025 are non-spendable in form.

Restricted – includes 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.

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.

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

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

The Center's cash deposits are subject to custodial credit risk but were fully secured at August 31, 2025 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 insurance.

Investments

At August 31, 2025, the Center has the following investments:

Investment Type	Fair Value	Percentage of Total	Credit Rating	Weighted Average Days to Maturity
Texpool	$ 10,379,556	100.00%	AAAm	43
Total	$ 10,379,556	100.00%		

The Center investment policy is governed by the Public Funds Investment Act. 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.

Note 6 - Deposits and Investments (continued)

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. The Center's 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. 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 August 31, 2025, 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 fiscal year. The following is a summary of the amounts due at August 31, 2025:

	Governmental Activities
HCS and TxHLW Waiver	$ 184,791
Medicaid Administrative Claiming	669,048
Intermediate Care Facilities (ICF)	146,536
Texas HHSC Programs	327,369
TCOOMMI	48,613
Other	386,564
Due from other governments	$ 1,762,921

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 ended August 31, 2025 is as follows:

Primary Government	Balance September 1, 2024	Additions	Retirements	Balance August 31, 2025
Governmental Activities				
Nondepreciable assets				
Land	$ 1,193,815	$ -	$ -	$ 1,193,815
CIP	-	904,202		904,202
Total nondepreciable assets	1,193,815	904,202	-	2,098,017
Depreciable/amortizable assets				
Buildings and improvements	6,187,287	130,855	52,500	6,265,642
Furniture and equipment	9,507			9,507
Computer equipment	216,611			216,611
Vehicles	712,113		65,830	646,283
Right-of-use leased buildings	178,408	110,522	178,408	110,522
Right-of-use leased equipment	501,772			501,772
Right-of-use leased vehicles	600,414			600,414
Right-of-use SBITA intangible assets	81,656			81,656
Total depreciable/amortizable assets	8,487,768	241,377	296,738	8,432,407
Less accumulated depreciation/amortization				
Buildings and improvements	2,200,576	175,433	52,500	2,323,509
Furniture and equipment	1,978	1,095		3,073
Computer equipment	191,984	12,671		204,655
Vehicles	658,967	23,463	65,830	616,600
Right-of-use leased buildings	135,603	42,805	162,784	15,624
Right-of-use leased equipment	211,102	98,786		309,888
Right-of-use leased vehicles	332,161	141,232		473,393
Right-of-use SBITA intangible assets	33,043		(19,852)	52,895
Total accumulated depreciation/amortization	3,765,414	495,485	261,262	3,999,637
Total capital assets, net	$ 5,916,169	$ 650,094	$ 35,476	$ 6,530,787

Gross amount of leased assets above $1,212,708; less amortization $798,905; net book value $413,803.

Gross amount of SBITA intangible assets above $81,656; less amortization $52,895; net book value $28,761.

In the government-wide financial statements, depreciation totaling $204,444 and amortization totaling $315,690 were charged to the Center's programs as follows:

Governmental Activities	Depreciation	Amortization
Behavioral Health	$ 24,290	$ 129,270
Intellectual & Developmental Disabilities	146,517	78,050
Administration	41,855	75,503
Total	$ 212,662	$ 282,823

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 ended August 31, 2025 is as follows:

Direct Borrowings Governmental Activities	Balance September 1, 2024	Additions	Retirements	Balance August 31, 2025	Due Within One Year
Compensated absences	$ 585,793	$ 13,730	$ -	$ 599,523	$ 329,738
SBITA obligations	48,613		19,852	28,761	16,809
Lease obligations	601,727	109,521	220,166	491,082	233,967
Total long-term liabilities	$ 1,236,133	$ 123,251	$ 240,018	$ 1,119,366	$ 580,514

The Center has entered into lease agreements for real estate with total combined monthly payments of $3,638 per month over the next fiscal year, with an estimated incremental borrowing rate of 4.50%. Terms of existing agreements expire on various dates over the next fiscal year.

The Center has entered into lease agreements for equipment with total combined monthly payments ranging from $9,304 to $7,963 per month over the next three fiscal years, with interest rates ranging from 3.25% to 8.50%. Terms of existing agreements expire on various dates over the next three fiscal years.

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 thirty-three vehicles. Terms of the individual lease agreements call for 48 monthly payments at interest rates ranging from 6.72% to 10.69%. Terms of existing agreements expire on various dates over the next three fiscal years.

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 at August 31, 2025:

	Principal	Interest	Total
2026	$ 16,809	$ 1,667	$ 18,476
2027	8,286	698	8,984
2028	3,666	78	3,744
Total	$ 28,761	$ 2,443	$ 31,204

The Center has entered into SBITAs with total combined payments ranging from $49,296 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.

Note 9 - Long-Term Liabilities (continued)

Future debt service requirements for SBITA obligations are summarized as follows at August 31, 2025:

	Principal	Interest	Total
2026	$ 233,967	$ 19,655	$ 253,622
2027	165,370	7,022	172,392
2028	29,088	499	29,587
Total	$ 428,425	$ 27,176	$ 455,601

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

The financial statements reflect in-kind rent in the amount of $- 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.

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 $585,110 and the actual Center contribution was $585,110 of which $17,842 was funded by employee forfeitures of non-vested amounts. At August 31, 2025, the final contribution totaling $48,606 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 an 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 totaled $354,699 for the year ended August 31, 2025.

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 August 31, 2025, these contracts have been continued through August 31, 2026.

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 $80,000 per employee, per plan year. This coverage also contains a maximum annual aggregate stop-loss amount per plan year of $2,691,461. 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.

The following is a reconciliation of health claims liabilities for the past three fiscal years:

Year ending August 31	Claims liability Beginning of year	Claims expenses Incurred	Claims expenses Paid	Claims liability End of year
2023	$ 178,379	$ 2,689,688	$ 2,594,057	$ 274,010
2024	274,010	2,752,816	2,867,318	159,508
2025	159,508	2,301,192	2,307,481	153,219

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 2018 through 2025, 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. 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 $5,562,499 during the year ended August 31, 2025.

Note 17 - Medicaid Cost Report Reconciliation - Charity Care Program

Community Centers participate in a state-wide Medicaid 1115 waiver program identified as the Charity Care Pool (CCP). As a part of the CCP program, all Centers file a cost report based on the cost of the program and the services provided. The Center's cost report will be considered as a part of a statewide reconciliation process for the cost of CCP services. The cost report reconciliation will result in a settlement of an amount due to the Center. The results of the final reconciliation will not be known for several months after the report release date. Due to the uncertainty associated with this estimate and the effects of the statewide reconciliation, management has determined that an estimate is not possible at August 31, 2025. Revenues associated with this program are recorded as revenues when actually received. The amount received for the year ended August 31, 2025 totaled $3,492,710.

Statistical Section
(Unaudited)

Pecan Valley Centers for Behavioral & Development HealthCare
Reconciliation of Total Revenues to Fourth Quarter Financial Report
Year Ended August 31, 2025
(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	$ 14,734,897	$ 7,403,477	$ 1,589,097	$ 1,136,396	$ 4,331,851	$ 274,076	$ 14,734,897	$ -
Employee benefits	4,071,052	2,072,275	432,984	282,652	1,200,914	82,227	4,071,052	-
Capital outlay	726,601	-	-	-	-	726,601	726,601	-
Pharmaceutical expenses	396,158	391,909	78	4,171	-	-	396,158	-
Other operating expenses	15,889,359	7,462,132	368,122	4,639,480	2,097,050	1,322,576	15,889,359	-
Allocation of general administration to strategies	3,585,790	1,338,488	286,239	726,015	952,605	282,443	3,585,790	-
Allocation of authority administration to strategies	441,682	178,966	38,272	97,074	127,370		441,682	-
Total expenditures	$ 39,845,538	$ 18,847,247	$ 2,714,792	$ 6,885,787	$ 8,709,789	$ 2,687,923	$ 39,845,538	$ -
Method of Finance								
General Revenue - Mental Health	$ 8,782,340	$ 4,754,219	$ -	$ 4,028,122	$ -	$ -	$ 8,782,340	$ -
General Revenue - Intellectual and Developmental Disabilities	888,394				888,394		888,394	-
Texas Children's Mental Health	506,194		506,194				506,194	-
Mental Health Block Grant	699,147	457,320	103,153	138,674			699,147	-
Title XX - Temporary Assistance for Needy Families	125,850	66,701	59,150				125,850	-
Title XX - Social Services Block Grant	74,213	74,213					74,213	-
Earned income	15,194,382	5,268,014	1,382,584	1,901,014	6,153,268	489,501	15,194,382	-
Required local match	772,416	593,728		120,450	58,238		772,416	-
Additional local match	12,802,601	7,633,052	663,712	697,527	1,609,888	2,198,422	12,802,601	-
Total expended sources	$ 39,845,538	$ 18,847,247	$ 2,714,792	$ 6,885,787	$ 8,709,789	$ 2,687,923	$ 39,845,538	-

Pecan Valley Centers for Behavioral & Development HealthCare
Reconciliation of Total Expenditures to Fourth Quarter Financial Report
Year Ended August 31, 2025
(Unaudited)

	Revenues			
	Care Report III	Additions	Deletions	Audited Financial Statements
Local revenues				
County tax funds	$ 185,921	$ -	$ -	$ 185,921
Patient fees and insurance	984,796	-	-	984,796
Home and Community Based Services	1,252,390	-	-	1,252,390
Texas Home Living Waiver	32,624	-	-	32,624
Intermediate Care Facilities (ICF)	1,855,582	-	-	1,855,582
Managed care	1,086,080	-	-	1,086,080
Medicaid and Medicare	2,216,464	-	-	2,216,464
Medicaid 1115 Waiver	4,287,779	-	-	4,287,779
Contributions and miscellaneous income	2,324,474	-	-	2,324,474
Pharmaceutical expense (PAP only)	5,562,499	-	(5,562,499) (a)	-
Total local revenues	19,788,609	-	(5,562,499)	14,226,110
State program revenues				
General Revenue	9,439,810	-	-	9,439,810
Children's Mental Health	506,253	-	-	506,253
MH First Aid	20,600	-	-	20,600
Permanency Planning	19,784	-	-	19,784
Psychiatric Emergency Service Center	481,800	-	-	481,800
House Bill 13	152,070	-	-	152,070
Texas Rehabilitation Commission	11,356	-	-	11,356
TCOOMMI	142,638	-	-	142,638
Texas Veterans Commission	694,750	-	-	694,750
Texas Juvenile Justice Department	48,000	-	-	48,000
Total state program revenues	11,517,061	-	-	11,517,061
Federal program revenues				
Mental Health Block Grant	1,922,200	-	-	1,922,200
Temporary Assistance for Needy Families	125,850	-	-	125,850
Social Services Block Grant - Title XX	74,213	-	-	74,213
MH Coordinate Specialty Care - FEP	246,438	-	-	246,438
Coronavirus State and Local Fiscal Recovery Gra	-	-	-	-
SAMHSA programs	537	-	-	537
Home Investments Partnership Program	189,237	-	-	189,237
System of Care	222,271	-	-	222,271
MFP Enhanced Community Coordination	31,041	-	-	31,041
Substance Abuse Block Grant	128,632	-	-	128,632
Medical Assistance Program (MAC)	928,415	-	-	928,415
Other federal grants	1,020	-	-	1,020
Total federal program revenues	3,869,854	-	-	3,869,854
Investment Earnings	710,046	-	-	710,046
Other financing sources - Issuance of leases/SBIT	110,522	-	-	110,522
Total revenues	$ 35,996,092	$ -	$ (5,562,499)	$ 30,433,593

(a) Patient Assisted Pharmacy

Pecan Valley Centers for Behavioral & Development HealthCare
Reconciliation of Total Expenditures to Fourth Quarter Financial Report
Year Ended August 31, 2025
(Unaudited)

	Expenditures				
Function	Care Report III	Additions	Deletions		Audited Financial Statements
Personnel	$ 16,907,141	$ -	$ -		$ 16,907,141
Fringe benefits	4,759,699	-	-		4,759,699
Capital outlay	726,601	-	-		726,601
Pharmaceutical expense	396,158	-	-		396,158
Pharmaceutical expenses (PAP only)	5,562,499	-	(5,562,499)	(a)	-
Other operating expense	11,493,436	-	(691,252)	(b)	10,802,184
Total expenditures	$ 39,845,534	$ -	$ (6,253,751)		$ 33,591,783

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

Pecan Valley Centers for Behavioral & Development HealthCare
Schedule of Indirect Costs
Year Ended August 31, 2025
(Unaudited)

	Total Costs	Non-allowable Costs	Depreciation	Total Adjusted Costs	Direct Costs	Indirect Costs
Personnnel	$ 16,907,140	$ -	$ -	$ 16,907,140	$ 14,734,896	$ 2,172,244
Fringe benefits	4,760,259	-	-	4,760,259	4,071,610	688,649
Capital outlay	726,601	-	-	726,601	726,601	-
Depreciation	-	-	225,924	225,924	184,068	41,856
Patient assisted pharmacy (a)	5,562,499	-	-	5,562,499	5,562,499	-
Other operating expense	5,635,284	705,430	-	4,929,854	3,805,131	1,124,723
Total expenditures	$ 33,591,783	$ 705,430	$ 225,924	$ 33,112,277	$ 29,084,805	$ 4,027,472

Indirect Cost Rate 13.85%

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

Pecan Valley Centers for Behavioral & Development HealthCare
Schedule of Leases in Effect
Year Ended August 31, 2025
(Unaudited)

Lessor	Location	Termination	Terms
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	3/31/2028	$2,500/month
Steve Lipsett	816 Paluxy Road, Granbury, TX	12/31/2026	$2,500/month
Kirbos Copiers	Clinic/Administrative Facilities	7/1/2027	$2,769/month
Enterprise	Vehicles Leases		
	23VT78	7/1/2025	$ 369
	23VTBH	7/1/2025	$ 369
	23VTRG	7/1/2025	$ 369
	23VTRP	7/1/2025	$ 369
	23VTRV	7/1/2025	$ 369
	23VTRX	7/1/2025	$ 369
	23VTRH	8/1/2025	$ 372
	23VTRM	1/31/2024	$ 372

Pecan Valley Centers for Behavioral & Development HealthCare
Schedule of Leases in Effect
Year Ended August 31, 2025
(Unaudited)

Lessor	Location	Termination	Terms	
Enterprise	25BJSN	10/31/2025	$ 540	9
	25DXMG	11/30/2025	$ 497	10
	25F6BG	11/30/2025	$ 497	11
	23WGPB	8/1/2026	$ 852	12
	23WGPH	8/1/2026	$ 852	13
	25KTKN	1/31/2024	$ 400	14
	25PF48	4/1/2027	$ 732	15
	25B5R8	5/1/2026	$ 377	16
	25B5RG	4/1/2026	$ 377	17
	25B5RT	4/1/2026	$ 377	18
	25B5RW	5/1/2026	$ 377	19
	25B5RZ	4/1/2026	$ 377	20
	25B5S4	4/1/2026	$ 377	21
	25B5S6	4/1/2026	$ 377	22
	25B5SF	4/1/2026	$ 377	23
	25B5SJ	4/1/2026	$ 377	24
	26K59S	12/31/2026	$ 506	25
	27BGN9	12/31/2027	$ 498	26
	27BGND	12/31/2027	$ 498	27
	27BGNK	12/31/2027	$ 498	28
	27BGNQ	12/31/2027	$ 498	29
	27BGNW	12/31/2027	$ 381	30
	27BGNX	12/31/2027	$ 381	31
	28FGR2	10/31/2028	$ 511	32
	28F4NS	10/31/2028	$ 511	33
	294K4N	4/30/2028	$ 1,257	34

Pecan Valley Centers for Behavioral & Development HealthCare
Schedule of Insurance in Force
Year Ended August 31, 2025
(Unaudited)

Insurer	Coverage	Policy Period	Policy Limit	Annual Premium
Texas Council	Professional Liability	09/01/2024 to 09/01/2025	$1 million	$ 11,228
Risk Management	Additional in Excess of $1M	09/01/2024 to 09/01/2025	$1 million	173
	General Liability	09/01/2024 to 09/01/2025	$1 million	942
	Errors & Omissions	09/01/2024 to 09/01/2025	$1 million	23,051
Texas Council	Real/Personal Property	09/01/2024 to 09/01/2025	Cash Value	132,473
Risk Management	Worker's Compensation	09/01/2024 to 09/01/2025	Statutory	19,805
	Auto Liability	09/01/2024 to 09/01/2025	$1 million	15,550
	Auto Collision/Comp	09/01/2024 to 09/01/2025	Cash Value	37,719
Blue Cross Blue Shield	Major Medical	04/01/2024 to 03/31/2025	2 plans	
	Hospitalization		PPO/HSAV	
Blue Cross Blue Shield	Dental	04/01/2024 to 03/31/2025		
Mutual of Omaha	Long Term Disability	04/01/2024 to 03/31/2025	60% of employee salary	Paid by Pecan Valley
Mutual of Omaha	Group Life	04/01/2024 to 03/31/2025	$50,000	Paid by Pecan Valey
	3rd Party		Each Claim	Aggregate
Tokio Marine, HCC	Multimedia Liability Coverage	09/01/2024 to 09/01/2025	$ 3,000,000	$ 3,000,000
	Security and Privacy Liability Coverage	09/01/2024 to 09/01/2025	3,000,000	3,000,000
	Privacy Regulatory Defense and Penalties Coverage	09/01/2024 to 09/01/2025	3,000,000	3,000,000
	PCI DSS Liability Coverage	09/01/2024 to 09/01/2025	3,000,000	3,000,000
	Bodily Injury Liability Coverage	09/01/2024 to 09/01/2025	250,000	250,000
	Property Damage Liability Coverage	09/01/2024 to 09/01/2025	50,000	50,000
	TCPA Defense Coverage	09/01/2024 to 09/01/2025	50,000	50,000
	1st Party			
	Breach Event Costs Coverage	09/01/2024 to 09/01/2025	3,000,000	3,000,000
	Post Breach Remediation Costs Coverage	09/01/2024 to 09/01/2025	25,000	25,000
	BrandGuard® Coverage	09/01/2024 to 09/01/2025	3,000,000	3,000,000
	System Failure Coverage	09/01/2024 to 09/01/2025	3,000,000	3,000,000
	Dependent System Failure Coverage	09/01/2024 to 09/01/2025	3,000,000	3,000,000
	Cyber Extortion Coverage	09/01/2024 to 09/01/2025	3,000,000	3,000,000
	Cyber Crime Coverage	09/01/2024 to 09/01/2025		
	A. Financial Fraud Sublimit	09/01/2024 to 09/01/2025	250,000	250,000
	B. Telecommunications and Utilities Fraud Sublimit	09/01/2024 to 09/01/2025	250,000	250,000
	C. Phishing Fraud Sublimits	09/01/2024 to 09/01/2025		
	1. Your Phishing Fraud Loss Sublimit	09/01/2024 to 09/01/2025	250,000	250,000
	2. Client Phishing Fraud Loss Sublimit	09/01/2024 to 09/01/2025	250,000	250,000

Pecan Valley Centers for Behavioral & Development HealthCare
Schedule of Bond Coverage
Year Ended August 31, 2025
(Unaudited)

The following individuals have expanded coverage as notaries public:

Name	Title	Surety Company	Bond Amount
Jessica Thomas	Executive Secretary	Merchant's Bond Company	$ 10,000
Selena Melton	Accounts Payable Manager	Western Surety Company	10,000
Tammy Brown	Office Manager	Western Surety Company	10,000

Pecan Valley Centers for Behavioral & Development HealthCare
Schedule of Professional and Consulting Fees
Year Ended August 31, 2025
(Unaudited)

Name	Type of Service	Amount
Scott, Singleton & Fincher	Annual Audit	$ 59,000
Genoa Pharmacy	Pharmaceuticals	190,003
East Texas Behavioral Healthcare	Telemedicine	473,760
Nathaniel Banks	Cleaning	129,106
Red River	Psychiatric Services	2,128,850
Avail Solutions	Hotline/Screening	120,000
Zobrio	Financial Software Services	21,594
Streamline	Electronic Health Record	77,283
		$ 3,199,596

Pecan Valley Centers for Behavioral & Development HealthCare
Schedule of Legal Fees
Year Ended August 31, 2025
(Unaudited)

Name	City	Type of Service	Amount
			$ -

Single Audit Section

SCOTT, SINGLETON, FINCHER AND COMPANY, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

4815-A KING STREET
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GREENVILLE, TEXAS 75401

Member of:
Governmental Audit Quality Center
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, each major fund, and the aggregate remaining fund information of Pecan Valley Centers for Behavioral & Developmental Healthcare ("Center"), as of and for the year ended August 31, 2025, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements, and have issued our report thereon dated May 22, 2026.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Scott, Singleton, Fincher and Company, PC

Greenville, Texas
May 22, 2026

SCOTT, SINGLETON, FINCHER AND COMPANY, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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

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

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 (TxGMS); 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 the Center and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of the Center's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Center's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 the Center'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 the Center's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Center's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 the Center's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

A *deficiency in internal control* over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal 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, TxGMS, 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
May 22, 2026

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, 2025

	Federal ALN Number	Pass-through Entity Identifying Number	Expenditures
Federal Awards			
U.S. Department of Health and Human Services (DHHS)			
Direct Awards:			
Assisted Outpatient Treatment	93.997	Direct Award	537
Total Direct Awards DHHS			**537**
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	189,237
Total HUD			189,237
U.S. Department of Health and Human Services (DHHS)			
Passed through Texas Health and Human Services Commission (HHSC)			
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances	93.104	HHS001100900001	222,271
Temporary Assistance for Needy Families (TANF)	93.558	HHS001324500028	125,850
Social Services Block Grant	93.667	HHS001324500028	74,213
Grants to States for Medicaid - Medicaid Administrative Claiming	93.778	HHS000537900318	756,625
Habilitation Coordination - Grants to States for Medicaid	93.778	HHS001333300028	171,790
Money Follows the Person Rebalancing Demonstration	93.791	HHS001333300028	31,041
Block Grants for Community Mental Health Services	93.958	HHS001324500028	493,772
COVID-19 Block Grants for Community Mental Health Services	93.958	HHS001108400027	208,174
Block Grants for Community Mental Health Services	93.958	HHS001335500028	40,147
Block Grants for Community Mental Health Services	93.958	HHS001329300015	246,438
Block Grants for Community Mental Health Services	93.958	HHS001375500007	138,674
Block Grants for Community Mental Health Services - BH Internship Stipe	93.958	HHS001492800004	41,158
Block Grants for Community Mental Health Services	93.958	HHS001222700008	1,000,275
Block Grants for Prevention and Treatment of Substance Abuse	93.959	HHS001040100018 SA/TRY	14,926
Block Grants for Prevention and Treatment of Substance Abuse	93.959	HHS001040100053 SA/TRA	108,152
Block Grants for Prevention and Treatment of Substance Abuse	93.959	HHS001040100052 SA/TRF	5,554
Passed thru HHSC			**3,679,060**
Passed through The University of Texas at Austin			
Mental Health Research Grants	93.242	UTA21-000174	1,020
Total U.S. Department of Health and Human Services			**3,680,080**
Total Federal Awards			**$ 3,869,854**

Total ALN 93.778	928,415
Total ALN 93.958	2,168,638
Total ALN 93.959	128,632

Pecan Valley Centers for Behavioral & Developmental HealthCare
Schedule of Expenditures of Federal and State Awards
Year Ended August 31, 2025

	Pass-through Entity Identifying Number	Expenditures
State Awards		
Texas Health & Human Services Commission (HHSC)		
General Revenue - Adult Mental Health	HHS001324500028	$ 4,684,160
General Revenue - Crisis Services	HHS001324500028	963,185
General Revenue - Psychiatric Emergency Service Center	HHS001324500028	481,800
General Revenue - Private Psychiatric Beds	HHS001324500028	2,578,400
General Revenue - Post-Discharge Medications for Civil Commitments	HHS001324500028	4,755
General Revenue - Veterans Services	HHS001324500028	70,000
Total General Revenue - Mental Health Adult		**8,782,300**
General Revenue - Intellectual & Developmental Disabilities	HHS001333300028	647,088
General Revenue - Nursing Facility Specialized Services	HHS001333300028	47,140
General Revenue - Crisis Intervention Specialists	HHS001333300028	131,663
General Revenue - Crisis Respite Services	HHS001333300028	89,860
General Revenue - Permanency Planning	HHS001333300028	19,784
Total General Revenue - Intellectual and Developmental Disabilities		**935,535**
General Revenue - Mental Health Children	HHS001324500028	506,253
General Revenue - Mental Health First Aid	HHS001335500028	20,600
General Revenue - Employment Apprenticeship Pilot Services	HHS001448600001	30,834
General Revenue - ARPA Workforce Challenges	HHS000993600001	172,868
General Revenue - ARPA Electronic Interface	HHS000993600001	19,857
General Revenue - Community Mental Health Grant Program	HHS000477100017	152,070
General Revenue - Mental Health Grant Program for Justice-Involved Individuals (FACT)	HHS001545200013	103,276
Total HHSC		**10,723,593**
Texas Veterans Commission		
General Assistance Program	FVA24-F-140 & GEN25-F-050	284,835
Veterans Mental Health	VMH24-C-042 & VMH25-C-021	306,639
Total Texas Veterans Commission		**591,474**
Texas Juvenile Justice Department		
Passed through Parker County Juvenile Probation Department		
Grant R - Discretionary State Aid Grant - Community Projects	N/A	48,000
Total State Awards		**$ 11,363,067**
Total Federal and State Awards		**$ 15,232,921**

Pecan Valley Centers for Behavioral & Developmental HealthCare
Notes to Schedule of Expenditures of Federal and State Awards
August 31, 2025

Note 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, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal 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.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following, 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 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 ("HHSC"). Due to the timing of the submission of these invoices, actual reimbursements received during the year will differ from these amounts.

Note 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.

Note 4 - Indirect Costs

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

Note 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 do not include funds received from the Texas Correctional Office on Offenders with Medical or Mental Impairments (TCOOMMI) in the amount of $142,638 and the funds received from the Texas Rehabilitation Commission in the amount of $11,356. These revenues have been excluded from the Schedule 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.

Note 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:	$	11,363,067
TCOOMMI program		142,638
Texas Rehabilitation Commission		11,356
State revenues per basic financial statements	$	11,517,061
Federal expenditures per schedule:	$	3,869,854
Federal revenues per basic financial statements	$	3,869,854

Note 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,

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

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

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

Identification of major federal programs:

ALN/CFDA Number(s)	Name of Federal Program or Cluster
93.778	Grants to States for Medicaid 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
N/A	State General Revenue – Crisis Services 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,

Section II - Financial Statement Findings

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

No findings were noted.

Section III - Federal Award Findings and Questioned Costs

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

No findings were noted.

Section IV - State Award Findings and Questioned Costs

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

No findings were noted.

Pecan Valley Centers for Behavioral & Developmental HealthCare
Summary of Prior Audit Findings
Year Ended August 31, 2025

PECAN VALLEY CENTERS
FOR BEHAVIORAL & DEVELOPMENTAL HEALTHCARE

Executive Director
Ruben DeHoyos

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 2024 or 2023.

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