acknowledged in

Financial Statements
August 31, 2019

Pecan Valley Centers for Behavioral & Developmental HealthCare

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Certificate of Board Approval
Year Ended August 31, 2019

I, Honorable Elizabeth Lawrence, Board Chair of the Board of Trustees of Pecan Valley Centers for Behavioral & Developmental HealthCare, do hereby certify that this accompanying audit report for fiscal year ended August 31, 2019, from Eide Bailly, LLP was reviewed and approved at a meeting of the Board of Trustees held on the 22nd day of November, 2019.

Honorable Elizabeth Lawrence
Chair, Board of Trustees

11/22/19
Date

Listing of Officials

August 31, 2019

Board of Trustees

Elizabeth Lawrence	Chair
Edwin Seilheimer	Vice-Chair
Carolyn Myres	Secretary
Hank Jones	Trustee
Christy Massey	Trustee
Dr. Ed Dittfurth	Trustee
Dr. Robert Newby	Trustee
Rita Wade	Trustee
Lynn Waddy	Trustee
Jerry Blaisdell	Trustee
Keith Scarbrough	Trustee

Administrative Staff

Coke Beatty	Executive Director
Ruben DeHoyos	Associate Executive Director/Chief Operating Officer
Frankie Jefferson	Chief Financial Officer
Mark Chavez	Chief of IDD Services
Ashley Womack, Ph.D.	Chief of Behavioral Health Services
Wayne Vaughn	Chief of Compliance & Regulatory
Cortney Brown	Director of Nursing and Medical Operations
Diana Thompson	Director of Mental Health Child and Adolescent

Independent Auditor's Report

The Board of Trustees
Pecan Valley Centers for Behavioral & Developmental HealthCare
Granbury, Texas

Report on the Financial Statements
We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, the major fund, and the aggregate remaining fund information of Pecan Valley Centers for Behavioral & Developmental HealthCare (the Center) as of and for the year ended August 31, 2019, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility
Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit 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, and the *Guidelines for Annual Financial and Compliance Audits of Community Mental Health and Mental Retardation Centers*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, the major fund, and the aggregate remaining fund information of the Center as of August 31, 2019, and the respective changes in financial position thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters
Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6-12 be presented to supplement the basic financial statements. Such information, 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.

Other Information
Our audit was conducted for the purpose of forming opinions on the financial statements taken as a whole. The introductory and statistical sections shown on pages 1-2 and 36-44 are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of expenditures of state and federal awards is presented for purposes of additional analysis 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 the State of Texas Single Audit Circular and is also not a required part of the basic financial statements.

The schedule of expenditures of state and federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 state and federal awards is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated November 21, 2019, on our consideration of the Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Center's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.

Eide Bailly LLP

Abilene, Texas
November 21, 2019

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, 2019. The Center's financial statements also include activity of the Center's discretely presented component unit, Pecan Valley Facilities, Inc. We encourage readers to consider the information presented here in conjunction with the Center's financial statements that begin on page 13.

FINANCIAL HIGHLIGHTS

- The assets of the Center exceeded its liabilities at the close of the fiscal year by $13,311,940 (net position). Of this amount, $11,928,148 (unrestricted net position) may be used to meet the Center's ongoing obligations.
- The Center's total net position (government-wide) increased by $1,073,765.
- As of the close of the current fiscal year, the Center's governmental fund reported fund balance of $12,066,419, an increase of $849,933 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was $10,506,966 or 49.6 percent of total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

The Statement of Activities includes all the revenue and expenses generated by the Center's operations during the year. The accrual basis of accounting is used, which is 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 (Adult & Child), 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 13-14 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-term 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 15-20 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 page 21 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 on pages 22-35 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 on pages 36-44 of this report. In addition, the schedule of expenditures of state and federal 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 $13,311,940 at the close of the most recent fiscal year.

A portion of the Center's net position (10.4 percent) reflects its investment in capital assets, less any related debt used to acquire the assets that is still outstanding. The Center uses these assets to provide services to the consumers that we serve; consequently, these assets are not available for future spending.

Governmental Activities
Net Position

	Governmental Activities 2019	Governmental Activities 2018
Current and other assets	$ 13,195,836	$ 12,212,950
Capital assets, net	1,383,792	1,181,267
Total assets	14,579,628	13,394,217
Other liabilities	885,773	770,567
Noncurrent liabilities	381,915	385,475
Total liabilities	1,267,688	1,156,042
Investment in capital assets	1,383,792	1,181,267
Unrestricted	11,928,148	11,056,908
Total net position	$ 13,311,940	$ 12,238,175

Governmental activities increased the Center's net position by $1,073,765. Key elements are as follows:

Governmental Activities
Changes in Net Position

	Governmental Activities 2019	Governmental Activities 2018
Program Revenues		
Charges for services	$ 10,448,442	$ 11,266,360
Operating grants and contributions	10,998,421	9,484,542
General Revenues		
Investment earnings	249,933	145,802
County contributions	171,410	184,540
Other revenues	172,233	189,147
Total revenues	22,040,439	21,270,391
Expenses		
Behavioral Health	14,489,573	13,093,289
Intellectual & Developmental Disabilities	6,477,101	6,550,250
Total expenses	20,966,674	19,643,539
Change in Net Position	1,073,765	1,626,852
Net Position - Beginning	12,238,175	10,611,323
Net Position - Ending	$ 13,311,940	$ 12,238,175

FINANCIAL ANALYSIS

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

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

The general fund is the chief operating fund of the Center. At the end of the current fiscal year, the Center's unassigned fund balance in the general fund was $10,506,966. 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 49.6 percent of total general fund expenditures.

Governmental Fund
Change in Fund Balance

	General Fund	
	2019	2018
Revenues		
Local	$ 12,108,378	$ 12,716,606
State programs	8,480,462	7,335,405
Federal programs	1,183,919	1,121,033
Investment earnings	249,933	145,802
Total revenues	22,022,692	21,318,846
Expenditures		
Behavioral Health	12,668,136	11,360,781
Intellectual & Developmental Disabilities	5,667,689	5,625,024
Administration	2,458,670	2,410,184
Capital outlay	378,264	164,832
Total expenditures	21,172,759	19,560,821
Net Change in Fund Balance	849,933	1,758,025
Fund Balance - Beginning	11,216,486	9,458,461
Fund Balance - Ending	$ 12,066,419	$ 11,216,486

GENERAL FUND BUDGETARY HIGHLIGHTS

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

- The Medicaid 1115 waiver revenues exceeded budget by $734,806 due to the Center meeting additional measures that were not budgeted for.
- Managed Care, Medicaid, and Medicare revenues came in under budget by $955,689 due to changes in billing and write-off processes.
- Contributions came in over budget due to additional in-kind contributions received related to the new Private Psychiatric Bed program that were not budgeted.
- Personnel and related fringe benefits were under budget by $1,088,369 due to turnover in the Center's key positions and the vacancy of those positions.
- Professional and consultant fees came in under budget by $842,631 due to the Center cutting contract staff, specifically doctors and nurse practitioners.
- Occupancy expenses came in over budget by $987,185 due to the rental of a new facility and increased in-kind rent that was not budgeted.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets. The Center's investment in capital assets for its governmental activities as of August 31, 2019, amounts to $1,383,792 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, equipment and vehicles.

Governmental Activities
Capital Assets

	2019	2018
Land	$ 203,656	$ 203,656
Buildings and improvements	2,701,796	2,373,208
Furniture and equipment	1,255,540	1,255,540
Vehicles	1,040,201	990,525
Cost of capital assets	5,201,193	4,822,929
Less accumulated depreciation	(3,817,401)	(3,641,662)
Net investment in capital assets	$ 1,383,792	$ 1,181,267

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

Long-term debt. At the end of the current fiscal year, the Center had a liability of $381,915 for compensated absences, a decrease of $3,560 from the prior year. The Center had no other long-term obligations at 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

PAP will continue to provide a significant cost savings in regards to the medications that the Center has to purchase.

Further challenging the Center and staff will be changes to the DSRIP program in 2021 and beyond where Centers in the State will be moving to become Certified Community Behavior Healthcare Centers (CCBHC). CCBHC certification will create new outcome measures and mandates, implementation of new billing and service delivery requirements, and an Alternative Payment Model (APM). The Center is actively involved in trainings and meetings to ensure that the Center will be ready in 2021.

REQUEST FOR INFORMATION

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

	Primary Government	Component Unit
	Governmental Activities	Pecan Valley Facilities, Inc.
Assets		
Cash and cash equivalents	$ 1,978,438	$ 18,814
Investments	9,806,419	322,258
Accounts receivable, net	1,280,878	-
Prepaid expenses	130,101	-
Capital assets, net:		
Nondepreciable	203,656	243,834
Depreciable	1,180,136	3,020,230
Total assets	14,579,628	3,605,136
Liabilities		
Accounts payable	552,720	108,749
Accrued salaries and benefits	215,443	-
Unearned program revenues	117,610	-
Noncurrent liabilities		
Compensated absences - due in more than one year	381,915	-
Total liabilities	1,267,688	108,749
Net Position		
Investment in capital assets	1,383,792	3,264,064
Unrestricted	11,928,148	232,323
Total net position	$ 13,311,940	$ 3,496,387

Function / Programs	Expenses		
	Expenses	Administration Allocation	Expenses after Allocation of Administration
Primary Government			
Governmental Activities			
Behavioral Health	$ 12,731,593	$ 1,757,980	$ 14,489,573
Intellectual & Developmental Disabilities	5,691,252	785,849	6,477,101
Administration	2,543,829	(2,543,829)	-
Total governmental activities	20,966,674	-	20,966,674
Total primary government	$ 20,966,674	$ -	$ 20,966,674
Component Unit			
Pecan Valley Facilities, Inc.	$ 81,329	$ -	$ 81,329
Total component unit	$ 81,329	$ -	$ 81,329

See Notes to Financial Statements

	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
			Primary Government	Component Unit
Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Pecan Valley Facilities, Inc.
$ 6,166,789	$ 9,946,343	$ -	$ 1,623,559	
4,281,653	1,052,078	-	(1,143,370)	
-	-	-	-	
10,448,442	10,998,421	-	480,189	
$ 10,448,442	$ 10,998,421	$ -	480,189	
$ 164,043	$ -	$ -		$ 82,714
$ 164,043	$ -	$ -		82,714
General Revenues				
Investment earnings			249,933	17,558
County contributions			171,410	-
Other revenues			172,233	-
Total general revenues			593,576	17,558
Change in Net Position			1,073,765	100,272
Net Position - Beginning			12,238,175	3,396,115
Net Position - Ending			$ 13,311,940	$ 3,496,387

	General Fund	Total Governmental Funds
Assets		
Cash and cash equivalents	$ 1,978,438	$ 1,978,438
Investments	9,806,419	9,806,419
Accounts receivable, net	1,280,878	1,280,878
Prepaid expenses	130,101	130,101
Total assets	$ 13,195,836	$ 13,195,836
Liabilities		
Accounts payable	$ 552,720	$ 552,720
Accrued salaries and benefits	215,443	215,443
Unearned program revenues	117,610	117,610
Total liabilities	885,773	885,773
Deferred inflows of resources		
Unavailable revenue- Medicaid	243,644	243,644
Total deferred inflows of resources	243,644	243,644
Fund Balances		
Nonspendable		
Prepaid expenses	130,101	130,101
Assigned		
Self Insurance	1,429,352	1,429,352
Unassigned	10,506,966	10,506,966
Total fund balances	12,066,419	12,066,419
Total liabilities, deferred inflows of resources and fund balances	$ 13,195,836	$ 13,195,836

See Notes to Financial Statements

Total Fund Balances	$ 12,066,419
Amounts reported for governmental activities in the statement of net position (Exhibit A-1) are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.	1,383,792
Certain assets, such as a portion of Medicaid Administrative Claiming, are not available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources in the governmental funds. Deferred inflows of resources recognized in the government-wide financial statements results in an increase to net position.	243,644
Long-term liabilities for compensated absences are accrued in the Statement of Net Position but they are not due and payable out of current resources and therefore are not reported as liabilities in the governmental fund balance sheet.	(381,915)
Net position of governmental activities	$ 13,311,940

	General Fund	Total Governmental Funds
Revenues		
Local funds	$ 12,108,378	$ 12,108,378
State programs	8,480,462	8,480,462
Federal programs	1,183,919	1,183,919
Investment earnings	249,933	249,933
Total revenues	22,022,692	22,022,692
Expenditures		
Current		
Behavioral Health	12,668,136	12,668,136
Intellectual & Developmental Disabilities	5,667,689	5,667,689
Administration	2,458,670	2,458,670
Capital outlay	378,264	378,264
Total expenditures	21,172,759	21,172,759
Net Change in Fund Balance	849,933	849,933
Fund Balance, September 1	11,216,486	11,216,486
Fund Balance, August 31	$ 12,066,419	$ 12,066,419

Pecan Valley Centers for Behavioral & Developmental HealthCare

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Fund
to the Statement of Activities (Exhibit B-4)
Year Ended August 31, 2019

Net change in fund balances - governmental fund	$	849,933
Amounts reported for governmental activities in the statement of activities (Exhibit A-2) are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated and depreciated over their useful lives. Thus, net position is increased by the amount by which depreciation ($175,739) is exceeded by capital outlays ($378,264) in the current period.		202,525
Other long-term assets are not available to pay for current period expenditures and, therefore, are reprted as deferred inflows of resources in the governmental funds. This is the net increase in deferred inflows of resources.		17,747
Payment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the net decrease in accrued compensated absences.		3,560
Change in net position of governmental activities	$	1,073,765

Pecan Valley Centers for Behavioral & Developmental HealthCare

Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual – General Fund
(Exhibit B-5)
Year Ended August 31, 2019

	Budgeted Amounts		Actual	Variance with Final
	Original	Final	Amounts	Budget
Local Revenues				
County tax funds	$ 184,539	$ 184,539	$ 171,410	$ (13,129)
Patient fees and insurance	372,000	372,000	422,297	50,297
Home and Community Based Services	1,528,930	1,528,930	1,460,365	(68,565)
Texas Home Living Waiver	110,064	110,064	193,183	83,119
Intermediate Care Facilities (ICF)	1,760,721	1,760,721	1,606,491	(154,230)
Managed care	1,368,210	1,368,210	941,652	(426,558)
Medicaid and Medicare	2,025,088	2,025,088	1,495,957	(529,131)
Medicaid 1115 Waiver	3,593,691	3,593,691	4,328,497	734,806
Contributions and miscellaneous income	618,340	618,340	1,488,526	870,186
Total local revenues	11,561,583	11,561,583	12,108,378	546,795
State Program Revenues				
General Revenue	6,868,780	6,868,780	6,554,524	(314,256)
Children's Mental Health	426,043	426,043	430,372	4,329
Permanency Planning	19,947	19,947	20,754	807
Psychiatric Emergency Service Center (PESC)	481,800	481,800	464,817	(16,983)
Private Psychiatric Beds (PPB)	898,074	898,074	839,135	(58,939)
Texas Rehabilitation Commission	14,976	14,976	13,074	(1,902)
TCOOMMI	131,466	131,466	157,786	26,320
Total state program revenues	8,841,086	8,841,086	8,480,462	(360,624)
Federal Program Revenues				
Mental Health Block Grant	386,341	386,341	386,341	-
Temporary Assistance for Needy Families	138,933	138,933	125,850	(13,083)
Social Services Block Grant-Title XX	78,519	78,519	74,213	(4,306)
MFP Enhanced Community Coordination	13,434	13,434	26,304	12,870
Medical Assistance Program (MAC)	513,901	513,901	571,211	57,310
Total federal program revenues	1,131,128	1,131,128	1,183,919	52,791
Investment Earnings	127,959	127,959	249,933	121,974
Total revenues	21,661,756	21,661,756	22,022,692	360,936

	Budgeted Amounts		Actual	Variance with Final
	Original	Final	Amounts	Budget
Expenditures				
Current				
Personnel	10,420,023	10,420,023	10,091,916	328,107
Fringe benefits	3,523,889	3,523,889	2,763,627	760,262
Travel and training	386,065	386,065	495,657	(109,592)
Professional and consultant fees	4,014,082	4,014,082	3,171,451	842,631
Consumable supplies	117,613	117,613	139,026	(21,413)
Pharmaceutical	391,376	391,376	397,445	(6,069)
Laboratory costs	100,859	100,859	57,953	42,906
Non capital equipment, repairs, and rent	97,580	97,580	85,959	11,621
Occupancy	1,101,585	1,101,585	2,088,770	(987,185)
Telephone and postage	348,446	348,446	377,043	(28,597)
Vehicle operations and insurance	112,973	112,973	105,291	7,682
Client support costs	638,690	638,690	754,221	(115,531)
Insurance	27,301	27,301	16,172	11,129
Other	317,381	317,381	249,964	67,417
Total current expenditures	21,597,863	21,597,863	20,794,495	803,368
Capital outlay	63,893	63,893	378,264	(314,371)
Total expenditures	21,661,756	21,661,756	21,172,759	488,997
Net Change in Fund Balance	-	-	849,933	849,933
Fund Balance, September 1	11,216,486	11,216,486	11,216,486	-
Fund Balance, August 31	$ 11,216,486	$ 11,216,486	$ 12,066,419	$ 849,933

	Client Agency Fund
Assets	
Cash and cash equivalents	$ 56,963
Total assets	$ 56,963
Liabilities	
Due to consumers	$ 56,963
Total liabilities	$ 56,963

See Notes to 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 GASB Statements No. 14, *The Financial Reporting Entity,* as amended. These statements define the reporting entity as the primary government and those component units for which the primary government is financially accountable. In addition, component units may be included in the reporting entity based on the nature and significance of the relationship with the primary government, or based on being closely related or financially integrated with primary government. Based on these criteria the Center has the following component unit at August 31, 2019:

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

Note 2 - Government-Wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to consumers or responsible third parties who purchase, use, or directly benefit from services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues.

Administrative expenses are allocated among the Center's programs, based on each program's proportionate share of total expenses.

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Charges for services are recognized in the year the services are provided while grants are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

The Center reports the following major governmental fund:

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

Additionally, the Center reports the following fund type:

The Agency Fund, a fiduciary fund type, includes assets held for clients of the Center. The fund is purely custodial (assets equal liabilities) and does not involve the measurement of the results of operations.

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

Note 4 - Assets, Liabilities and Net Position or Equity

Cash and Cash Equivalents

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

Investments

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

Accounts Receivable

Accounts receivable from patients and insurance companies for services rendered are reduced by the amount of such billings deemed by management to be ultimately uncollectible. The Center writes off insurance receivables after 90 days and collection attempts have been exhausted. The Center has recorded an allowance against insurance receivables of $100,000 at August 31, 2019. Accounts receivable from cost reimbursement contracts are determined to be 100% collectible based on past collection history from various granting agencies.

Net Patient and Client Service Revenue

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

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

Laws and regulations governing the 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 state and federal 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.

Prepaid Expenses

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

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the Center and PVF as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Property, plant, and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

	Primary Government (the Center)	Component Unit (PVF)
Building and improvements	10 – 31.5 years	10 – 40 years
Furniture and equipment	5 - 8 years	7 - 25 years
Vehicles	5 years	not applicable

Compensated Absences

The Center provides compensated absence benefits to its employees. Compensated absences can be accumulated for two years (two weeks per year, or a total of 160 hours) by employees of the Center. Compensated absences are vested and, upon termination, paid at the current salary. Compensated absences are reported as accrued in the government-wide financial statements. Governmental funds report only matured compensated absences payable to currently terminating employees and are included in wages and benefits payable.

Fund Balance

In the fund financial statements, the governmental fund reported the following classifications of fund balance:

Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. All amounts reported as Nonspendable at August 31, 2019 are nonspendable in form. The Center has not reported any amounts that are legally or contractually required to be maintained intact.

Assigned – includes amounts constrained for a specific purpose by a governing board or by an official that has been delegated authority to assign amounts.

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

Source of Funds

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

Tax-Exempt Status

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

Use of Estimates

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

Note 5 - Stewardship, Compliance, and Accountability

The Center's annual budget for the General Fund is prepared based on estimated expenditures provided on a unit basis summarized by program category. The budget is submitted to the Executive Director and the Board of Trustees. The budget must have the Board of Trustees' approval and that of the Texas Health and Human Services Commission (THHSC).

Contract/budget negotiations are scheduled by THHSC 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 THHSC. The final budget is approved by THHSC.

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

Note 6 - Deposits and Investments

Cash and Time Deposits

Custodial credit risk – deposits. The Center's and PVF's cash deposits were fully secured at August 31, 2019 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 at least 102% of the Center's deposits, less the amount of Federal Deposit Insurance Corporation (FDIC) insurance.

Investments

At August 31, 2019, the Center has the following investments and maturities:

Type of Investments	Amortized Cost	Percentage of Total	Credit Rating	Maturities Less Than One Year
TexPool	$ 8,587,780	87.57%	AAAm	$ 8,587,780
Certificate of deposit	1,218,639	12.43%	Exempt	1,218,639
Total Center investments	$ 9,806,419	100.00%		$ 9,806,419

At August 31, 2019, PVF has the following investments and maturities:

Type of Investments	Amortized Cost	Percentage of Total	Credit Rating	Maturities Less Than One Year
TexPool	$ 322,258	100.00%	AAAm	$ 322,258

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

Interest rate risk – This is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the Center manages its exposure to declines in fair values by limiting the maximum allowable stated maturity of U.S. Government backed securities to ten years and weighted average maturity of investment pools to not exceed 18 months. TexPool manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to 90 days. Center investment policy requires maturities of investments to correspond with projected cash flow needs.

Credit risk – This is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. State law and Center policy limits investments in public funds investment pools and money market mutual funds to those rated no lower than AAA or AAAm or an equivalent rating by at least one nationally recognized rating service. At August 31, 2019, the Center was not significantly exposed to credit risk. The Center's investments are rated as to credit quality as shown in the above table.

Concentration of credit risk – This is the risk that of loss attributed to the magnitude of the Center's investment in a single issuer. At year end, the Center's exposure to concentration of credit risk is shown in the table above as the percentage of each investment type.

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. TexPool is subject to annual review by an independent auditor consistent with the Public Funds Investment Act. Audited financial statements of the Pool are available at First Public, 12008 Research Blvd., Austin, Texas 78759. In addition, TexPool is subject to review by the State Auditor's Office and by the Internal Auditor of the Comptroller's Office.

The component unit, PVF, has no formal investment policy at August 31, 2019.

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. The Center has no recurring fair value measurements as of August 31, 2019 as the Center's investments are not measured at fair value but rather are measured at amortized cost.

Note 7 - Accounts Receivable

Accounts receivable and receivables from other governments are for reimbursement of expenditures and fees for service provided under various programs and grants. All amounts are expected to be collected within the next year. A summary of these receivables in the governmental activities as of August 31, 2019 is as follows:

	Governmental Activities
Medicaid and Medicare	$ 186,599
HCS and TX-HML Waiver	169,312
Managed Care/Insurance Provider	136,068
Medicaid Administrative Claiming	417,777
Intermediate Care Facilities (ICF)	171,130
Texas Health and Human Services	237,724
TCOOMMI	26,278
Other	35,990
Less: Allowance	(100,000)
Accounts receivable, net	$ 1,280,878

Note 8 - Capital Assets

Capital asset activity is recorded in the government-wide financial statements. A summary of changes in capital asset balances for the year ended August 31, 2019 in the governmental activities is as follows:

Primary Government	Balance September 1, 2018	Additions	Retirements	Balance August 31, 2019
Governmental Activities				
Nondepreciable assets				
Land	$ 203,656	$ -	$ -	$ 203,656
Total nondepreciable assets	203,656	-	-	203,656
Depreciable assets				
Buildings and improvements	2,373,208	328,588	-	2,701,796
Furniture and equipment	473,807	-	-	473,807
Computer equipment	563,758	-	-	563,758
TIF Grant capital equipment	217,975	-	-	217,975
Vehicles	990,525	49,676		1,040,201
Total depreciable assets	4,619,273	378,264	-	4,997,537
Less accumulated depreciation				
Buildings and improvements	1,726,126	53,458	-	1,779,584
Furniture and equipment	423,259	20,217	-	443,476
Computer equipment	446,896	34,303	-	481,199
TIF Grant capital equipment	217,974	-	-	217,974
Vehicles	827,407	67,761	-	895,168
Total accumulated depreciation	3,641,662	175,739	-	3,817,401
Total capital assets, net	$ 1,181,267	$ 202,525	$ -	$ 1,383,792

In the government-wide financial statements, depreciation expense of $175,739 was charged to the Center's programs as follows:

Governmental Activities	
Behavioral Health	$ 24,533
Intellectual & Developmental Disabilities	65,626
Administration	85,580
Total depreciation expense	$ 175,739

A summary of changes in capital asset balances for the year ended August 31, 2019 in the component unit PVF is as follows:

Component Unit PVF	Balance September 1, 2018	Additions	Retirements	Balance August 31, 2019
Nondepreciable assets				
Land	$ 243,834	$ -	$ -	$ 243,834
Total nondepreciable assets	243,834	-	-	243,834
Depreciable assets				
Buildings and improvements	3,414,471	1,054,197	-	4,468,668
Furniture and equipment	90,245	-	-	90,245
Total depreciable assets	3,504,716	1,054,197	-	4,558,913
Less accumulated depreciation				
Buildings and improvements	1,397,703	74,563	-	1,472,266
Furniture and equipment	61,438	4,979	-	66,417
Total accumulated depreciation	1,459,141	79,542	-	1,538,683
Total capital assets, net	$ 2,289,409	$ 974,655	$ -	$ 3,264,064

The component unit PVF depreciation expense for the year ended August 31, 2019 was $79,542.

Note 9 - Long-Term Liabilities

Long-term liability activity is recorded in the government-wide financial statements. Retirements are typically paid out of the general fund. A summary of changes in long-term liabilities for the year ended August 31, 2019, is as follows:

Governmental Activities	Balance September 1, 2018	Additions	Retirements	Balance August 31, 2019	Due Within One Year
Compensated absences	$ 385,475	$ 651,572	$ (655,132)	$ 381,915	$ -
Total long-term liabilities	$ 385,475	$ 651,572	$ (655,132)	$ 381,915	$ -

Note 10 - Lease Obligations

The Center leases buildings and facilities currently utilized in its operations under short-term operating leases. The Center also leases various copy machines and equipment on a month-to-month basis. Total rent expenditures of these leases, including month-to-month rentals, and in-kind rent of $1,307,893, was $1,550,990 for the year ended August 31, 2019. The future minimum lease payments under operating leases as of August 31, 2019, are as follows:

Year Ended August 31	Future Minimum Lease Payments
2020	$ 154,590

Rental payments included above involve payments to Pecan Valley Facilities, Inc. Total facility operating lease payments to Pecan Valley Facilities, Inc. were $164,043 during the fiscal year.

PVF leases substantially all of its property to the primary government through non-cancelable operating leases. Assets under operating lease are recorded as land with a total cost of $243,834 and building and improvements with a total cost of $4,359,920 and accumulated depreciation of $1,537,511 at August 31, 2019. Rental income for the year ended August 31, 2019 was $164,043.

The following is the schedule of PVF future minimum lease receipts on non-cancelable operating leases as of August 31, 2019:

Year Ended August 31	Future Lease Receipts
2020	$ 123,030

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 fiscal year ending August 31, 2019 was $488,075 and the actual Center contribution was $488,075 of which $73,102 was funded by employee forfeitures of non-vested amounts.

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 were $295,403 for the year ending August 31, 2019.

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 continuation of these contracts. At year-end, these contracts have been continued through August 31, 2020. The following table shows the Center's concentration of revenues greater than 10% of total revenue in the General Fund:

	Amount	Percent
General Revenue	$ 6,554,524	29.8%
Medicaid/ Managed Care	2,437,609	11.1%
TX Health Care Transformation and Quality Improvement Program	4,328,497	19.7%

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

Note 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.

Beginning in 2017, 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 $45,000 per employee, per plan year. This coverage also has no maximum annual aggregate stop-loss amount per plan year. 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 reflects a claims liability in the general fund at year-end. This claims liability reported in the general fund is based on the requirement that a liability for claims be reported if information prior to the issuance of the financial statements indicates a loss has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The Center does not discount its claims liabilities.

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

	2019	2018
Unpaid claims, beginning of year	$ 30,256	$ 10,721
Incurred claims (including IBNR)	998,914	1,042,464
Claim payments	(1,005,834)	(1,022,929)
Unpaid claims, end of year	$ 23,336	$ 30,256

Note 15 - Commitments and Contingencies

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

For fiscal years 2014 through 2019, 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. The maximum exposure for such open plan years (excluding 2019, which is not known at this time) is $108,352, which represents the difference between contributions paid in and the maximum contribution for those plan years. As a result, the Center has accrued $40,000 for such contingencies in the accompanying financial statements.

Note 16 - Patient Assistance Program

Consumers periodically receive prescription medications through a program known as the Patient Assistance Program (PAP). These prescriptions are provided at no cost to the consumer. These items do not meet the criteria for recognition on the Center's financial statements; however, they do provide significant assistance to the consumers the Center serves. Management estimates that consumers received prescription medications through this program valued at $3,323,093 during the year ending August 31, 2019.

Note 17 - Medicaid 1115 Waiver

The State of Texas was originally approved for a five-year Medicaid demonstration waiver (through September 30, 2016) that will enable hospitals and other providers to earn up to $11.4 billion in funds for Delivery System Reform Incentive Payment (DSRIP) projects. DSRIP projects were designed to improve Texas' health care delivery system, including access to care, quality of care, and health outcomes. Texas allocated a minimum of 10% of the DSRIP funds to the community mental health centers that serve mentally ill Medicaid and indigent patients throughout the state. An extension was granted until December 2017. On December 21, 2017, the Centers for Medicare & Medicaid Services (CMS) approved Texas HHSC's request to extend Texas' section 1115(a) demonstration project effective from January 1, 2018 through September 30, 2022. Under the new terms, there are two years of level funding, followed by two years of funding which will decrease each year. The fifth year of the extension, from October 1, 2021 through September 30, 2022, will not include any funding.

The Center reports twice a year on milestone and outcome achievement in order to earn DSRIP funds. The revenue is recognized as the milestones are achieved and after review and approval by CMS. As a result, and since the DSRIP funds are not expenditure-reimbursement type funds, at times the Center's cumulative expenditures related to DSRIP projects may exceed the revenues recognized to date.

Statistical Section
August 31, 2019

Pecan Valley Centers for Behavioral & Developmental HealthCare

Fund Source	Total Revenue	Total Mental Health Adult Expenditures	Total Mental Health Child Expenditures
Objects of Expense			
Personnel	$ 8,697,568	$ 3,740,863	$ 1,050,708
Fringe benefits	2,344,426	1,005,321	293,710
Capital outlay	29,379	-	-
Pharmaceutical expense	1,208	-	671
Pharmaceutical expense (PAP only)	3,323,093	3,323,093	-
Other operating expense	7,263,244	2,296,966	403,583
Allocation of general administration to strategies	2,293,272	850,086	223,477
Allocation of authority administration to strategies	543,662	203,567	53,514
Total expenditures	$ 24,495,852	$ 11,419,896	$ 2,025,663
Method of Finance			
General Revenue - MHA	$ 6,800,467	$ 4,312,948	$ -
General Revenue - IDD	1,030,535	-	-
General Revenue - MHC	430,372	-	430,372
Mental Health Block Grant	386,341	289,756	96,585
Title XX - Temporary Assistance for Needy Families	125,850	-	125,850
Title XX - Social Services Block Grant	74,213	74,213	-
Earned income	9,771,129	2,858,710	666,115
Required local match	748,514	568,874	-
Additional local funds	5,978,364	3,315,395	706,741
Total expended sources	$ 25,345,785	$ 11,419,896	$ 2,025,663

	Total Mental Health Crisis Expenditures	Total Intellectual & Developmental Disabilities Expenditures	Total Other Services Expenditures	Total Center Expenditures	Excess Revenue over Expenditures
	$ 768,096	$ 3,025,541	$ 112,360	$ 8,697,568	
	199,445	816,972	28,978	2,344,426	
	-	29,379	-	29,379	
	-	470	67	1,208	
	-	-	-	3,323,093	
	2,729,328	1,795,327	38,040	7,263,244	
	472,454	724,322	22,933	2,293,272	
	113,134	173,447	-	543,662	
	$ 4,282,457	$ 6,565,458	$ 202,378	$ 24,495,852	
	$ 2,487,519	$ -	$ -	$ 6,800,467	$ -
	-	1,030,535	-	1,030,535	-
	-	-	-	430,372	-
	-	-	-	386,341	-
	-	-	-	125,850	-
	-	-	-	74,213	-
	922,568	4,381,967	16,784	8,846,144	924,985
	116,204	63,436	-	748,514	-
	756,166	1,089,520	185,594	6,053,416	(75,052)
	$ 4,282,457	$ 6,565,458	$ 202,378	$ 24,495,852	$ 849,933

Pecan Valley Centers for Behavioral & Developmental HealthCare

Reconciliation of Total Revenues to Fourth Quarter Financial Report

Year Ended August 31, 2019

	Revenues			
	Care Report III	Additions	Deletions	Audited Financial Statements
Local Revenues				
County tax funds	$ 171,410	$ -	$ -	$ 171,410
Patient fees and insurance	422,297	-	-	422,297
Home and Community Based Services	1,460,365	-	-	1,460,365
Texas Home Living Waiver	193,183	-	-	193,183
Intermediate Care Facilities (ICFMR)	1,606,491	-	-	1,606,491
Managed care	941,652	-	-	941,652
Medicaid and Medicare	1,495,957	-	-	1,495,957
Medicaid 1115 Waiver	4,328,497	-	-	4,328,497
Contributions and miscellaneous income	1,488,526	-	-	1,488,526
Pharmaceutical Expense (PAP only)	3,323,093	-	(3,323,093) (a)	-
Total local revenues	15,431,471	-	(3,323,093)	12,108,378
State Program Revenues				
General Revenue	6,554,524	-	-	6,554,524
Children's Mental Health	430,372	-	-	430,372
Permanency Planning	20,754	-	-	20,754
Psychiatric Emergency Service Center	464,817	-	-	464,817
Private Psychiatric Beds	839,135			839,135
Texas Rehabilitation Commission	13,074	-	-	13,074
TCOOMMI	157,786	-	-	157,786
Total state program revenues	8,480,462	-	-	8,480,462
Federal Program Revenues				
Mental Health Block Grant	386,341	-	-	386,341
Temporary Assistance for Needy Families	125,850	-	-	125,850
Social Services Block Grant-Title XX	74,213	-	-	74,213
MFP Enhanced Community Coordination	26,304	-	-	26,304
Medical Assistance Program (MAC)	571,211	-	-	571,211
Total federal program revenues	1,183,919	-	-	1,183,919
Investment Earnings	249,933	-	-	249,933
Total revenues	$ 25,345,785	$ -	$ (3,323,093)	$ 22,022,692

Pecan Valley Centers for Behavioral & Developmental HealthCare

Reconciliation of Total Expenditures to Fourth Quarter Financial Report

Year Ended August 31, 2019

	Expenditures			
Function	Care Report III	Additions	Deletions	Audited Financial Statements
Personnel	$ 10,091,916	$ -	$ -	$ 10,091,916
Fringe benefits	2,763,627	-	-	2,763,627
Capital outlay	378,264	-	-	378,264
Pharmaceutical expense	397,445	-	-	397,445
Pharmaceutical expense (PAP only)	3,323,093	-	(3,323,093) (a)	-
Other operating expense	7,541,507	-	-	7,541,507
Total expenditures	$ 24,495,852	$ -	$ (3,323,093)	$ 21,172,759

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

Pecan Valley Centers for Behavioral & Developmental HealthCare

Schedule of Indirect Costs

Year Ended August 31, 2019

	Total Costs	Non - allowable Costs	Depreciation	Total Adjusted Costs	Direct Costs	Indirect Costs
Personnel	$ 10,091,916	$ -	$ -	$ 10,091,916	$ 8,697,568	$ 1,394,348
Fringe benefits	2,763,627	-	-	2,763,627	2,344,425	419,202
Capital outlay	378,264	(378,264)	-	-	-	-
Depreciation	-	-	175,739	175,739	90,159	85,580
Other operating expenses	7,938,952	(49,275)	-	7,889,677	7,194,888	694,789
Total expenses	$ 21,172,759	$ (427,539)	$ 175,739	$ 20,920,959	$ 18,327,040	$ 2,593,919
Indirect costs						2,593,919
Direct costs						18,327,040
Indirect cost rate						14.15%

Lessor	Location	Termination	Terms
Pecan Valley Facilities, Inc.	906 Lingleville Hwy Stephenville, TX 102 and 104 Pirate Dr Granbury, TX 650 Green St Stephenville, TX 532 Green St Stephenville, TX 240-244 Erath St Stephenville, TX 1715 Santa Fe Dr Weatherford, TX 1719 Santa Fe Dr Weatherford, TX	05/31/20	$ 13,670 per month
Johnson County	Clinic 1601 N. Anglin Cleburne, TX	6/1/2026	$ 1 per year
Johnson County	Annex 108 E. Kilpatrick Cleburne, TX	6/1/2026	$ 1 per year
Family Practice Centers (FPC)	214 Southwest 26th Ave Ste. E Mineral Wells, TX	8/1/2019	$ 3,000 per month
Ellis & Tinsley, Inc.	1429 Clear Lake Rd, Ste. 200 Weatherford, TX	1/1/2019	$ 4,165 per month
ICF Residential	1018 Highland Road Cleburne, TX	6/1/2026	$ 1 per year
ICF Residential	2901 FM 2280 Cleburne, TX	6/1/2026	$ 1 per year
ICF Residential	805 Quail Park Rush Road Cleburne, TX	6/1/2026	$ 1 per year
ICF Residential	908 Brown Crest Burleson, TX	6/1/2026	$ 1 per year
ICF Residential	271 Diamond Lane Burleson, TX	6/1/2026	$ 1 per year
ICF Residential	105 Littlebrook Road Joshua, TX	6/1/2026	$ 1 per year
JRS Provisions-LTD	Santa Fe Street Annex Weatherford, TX	9/1/2020	$ 2,630 per month

Insurer	Coverage	Policy Period	Annual Premium/ Annual Coverage
Texas Council Risk Management	Professional Liability	9/1/18 to 9/1/19	$23,044 / 1,000,000
	Additional in Excess of $1M		$2,104 / 2,000,000
	General Liability		$1,392 / 1,000,000
	Errors & Omissions		$21,172 / 1,000,000
Texas Council Risk Management	Real/Personal Property	9/1/18 to 9/1/19	$35,660 / 11,000,000
	Worker's Compensation		$117,453 / Statutory limit
	Auto Liability		$18,392 / 1,000,000
	Auto Collision/Comp		$14,460 / Cash Value
JI Special Risk Mgt Solutions	Cyber Extortion Loss	9/1/18 to 9/1/19	$7,350/1,000,000
	Data Protection Loss		$1,000,000
	Business Interruption		$1,000,000
	Forensic Expense		$1,000,000
	Dependent Business Interruption		$100,000
Blue Cross Blue Shield	Major Medical Hospitalization	3/31/18 to 4/1/19	PPO or HSA
Blue Cross Blue Shield	Dental	3/31/18 to 4/1/19	$2,000 or $750
MetLife	Long Term Disability	3/31/18 to 4/1/19	60% of Emp. Salary
MetLife	Group Life	3/31/18 to 4/1/19	$30,000

Name	Title	Surety Company	Bond Amount
The following individuals have expanded coverage as Notaries Public:			
Linda Hensley	Executive Secretary	State Farm	$ 50,000
Shanda Dudley	IDD Service Coordinator	State Farm	$ 10,000

Name	Type of Service	Amount
Eide Bailly LLP	Annual Audit	$ 38,550
ETBHN	Pharmaceuticals	267,016
Helen Farabee MHMR Center	CMHC Billing & Network Administration Management	75,925
East Texas Behavioral Healthcare	Telemedicine	750,952
UNT Health Science Center	Medical Director	30,000
Red River Hospital	Psychiatric Services	1,377,818

Pecan Valley Centers for Behavioral & Developmental HealthCare

Schedule of Legal Services

Year Ended August 31, 2019

Name	City	Type of Service	Amount
Chamberlin Hrdlicka White Williams & Aughtry	Houston, TX	Legal Retainer	$ 100

Single Audit Section

August 31, 2019

Pecan Valley Centers for Behavioral & Developmental HealthCare

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CPAs & BUSINESS ADVISORS

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*

The Board of Trustees
Pecan Valley Centers for Behavioral & Developmental HealthCare
Granbury, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, the major fund, and the aggregate remaining fund information of Pecan Valley Centers for Behavioral & Developmental HealthCare (the Center) as of and for the year ended August 31, 2019, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements, and have issued our report thereon dated November 21, 2019.

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) to determine the 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 over 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 may exist that have not been identified.

400 Pine St., Ste. 600 | Abilene, TX 79601-5190 | T 325.672.4000 | TF 800.588.2525 | F 325.672.7049 | EOE

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 determination of financial statement amounts. 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.

Eide Bailly LLP

Abilene, Texas
November 21, 2019

Independent Auditor's Report on Compliance for Each Major Program; Report on Internal Control Over Compliance Required by the Uniform Guidance and the State of Texas Single Audit Circular

The Board of Trustees
Pecan Valley Centers for Behavioral & Developmental HealthCare
Granbury, Texas

Report on Compliance for Each Major Federal and State Program

We have audited Pecan Valley Centers for Behavioral & Developmental HealthCare's (the Center) compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, State of Texas *Single Audit Circular* (TSAC) and *Guidelines for Annual Financial and Compliance Audits of Community Mental Health and Mental Retardation 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, 2019. 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.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Center's major federal and state programs based on our audit of the types of compliance requirements referred to above. 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; and 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); State of Texas *Single Audit Circular* and *Guidelines for Annual Financial and Compliance Audits of Community Mental Health and Mental Retardation Centers*. Those standards, the Uniform Guidance, TSAC, and the Audit Guidelines require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the Center's compliance.

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Opinion on Each Major Federal and State Program

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, 2019.

Report on Internal Control Over Compliance

Management of the Center is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Center's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and TSAC, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and TSAC. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Abilene, Texas
November 21, 2019

	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
State Awards			
Texas Health and Human Services Commission			
Local Mental Health Authority (LMHA)			
General Revenue - Mental Health Adult and Crisis		537-17-0127-00029	$ 5,188,365
General Revenue - Mental Health Child		537-17-0127-00029	430,372
Psychiatric Emergency Service Center (PESC)		537-17-0127-00029	464,817
Private Psychiatric Beds (PPB)		537-17-0127-00029	839,135
MH Coordinated Specialty Care - FEP		537-17-0127-00029	74,560
Inpatient Detox - HB 13		537-17-0127-00029	238,150
Veterans		537-17-0127-00029	70,000
Total LMHA			7,305,399
Local IDD Authority (LIDDA)			
General Revenue - Intellectual & Developmental Disabilities		529-18-0047-00001	630,283
Nursing Facilities PASRR Service Coordination		529-18-0047-00001	152,579
Services to Individuals with IDD in NF		529-18-0047-00001	48,228
Crisis Intervention		529-18-0047-00001	108,032
Crisis Respite		529-18-0047-00001	44,327
Permanency Planning		529-18-0047-00001	20,754
Total LIDDA			1,004,203
Total Texas Health and Human Services Commission			8,309,602
Total State Awards			8,309,602
U.S. Department of Health and Human Services			
Passed through Texas Health and Human Services Commission			
Medical Assistance Program- Medicaid Cluster	93.778	529-09-0032-00066	571,211
ECC Money Follows the Person	93.791	529-18-0047-00001	26,304
Mental Health Block Grant	93.958	537-17-0127-00029	386,341
Temporary Assistance for Needy Families-TANF Cluster	93.558	537-17-0127-00029	125,850
Social Services Block Grant	93.667	537-17-0127-00029	74,213
Total U.S. Department of Health and Human Services			1,183,919
Total Federal Awards			1,183,919
Total State and Federal Awards			$ 9,493,521

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

Note 1 - General

The Schedule of Expenditures of State and Federal Awards presents the activity of all applicable state and federal awards of Pecan Valley Centers for Behavioral & Developmental HealthCare (the Center). The Center's reporting entity is defined in Note 1 of the basic financial statements. State and federal awards received directly from federal and state agencies, as well as federal and state awards passed through other governmental agencies, are included on the Schedule of Expenditures of State and Federal Awards.

The information in the Schedule of Expenditures of State and Federal Awards 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). Because the Schedule of Expenditures of State and Federal Awards 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 - Basis of Accounting

The Schedule of Expenditures of State and Federal Awards is prepared on the modified accrual basis of accounting. The modified accrual basis of accounting is described in Note 3 of the basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance or State of Texas Uniform Grant Management Standards, wherein certain types of expenditures are not allowable or are limited as to reimbursement. State and federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as unearned revenues until earned.

Note 3 - Relationship to Basic Financial Statements

Certain state and federal programs have been excluded from the Schedule of Expenditures of State and Federal Awards, including monies received under vendor contract for Title XIX ICF/MR, Title XIX HCS/MR, and other Medicaid/Medicare funding earned from providing patient services. The state and federal monies excluded from the Schedule of Expenditures of State and Federal Awards are not considered financial assistance as defined in the Uniform Guidance and are included in total local revenues in the basic financial statements.

Texas Rehabilitation Commission and Texas Correctional Office on Offenders with Medical or Mental Impairments (TCOOMMI) have been excluded from the Schedule of Expenditures of State and Federal Awards as these monies are considered contracts, not state awards.

Note 4 - State Award Guidelines

State awards are subject to HHSC's Guidelines for Annual Financial and Compliance Audits of Community MHMR Centers (21st Revision) as well as the Office of the Governor's State of Texas Single Audit Circular. Such guidelines are consistent with those required under the Single Audit Act of 1996, the Uniform Guidance and *Government Auditing Standards*, issued by the Comptroller General of the United States.

Note 5 - Indirect Costs

The Center is not eligible to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance because the Center has previously received a negotiated indirect cost rate for its federal awards.

Note 6 - Subrecipients

The Center does not pass any of their state or federal funding through to subrecipients.

Section A. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

State and Federal Awards

Internal control over major program:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516:	No

Identification of major programs:

Name of Federal Program	CFDA Number
Medical Assistance Program	93.778
Dollar threshold used to distinguish between type A and type B programs for federal awards:	$ 750,000
Name of State Program	
General Revenue - Mental Health Adult and Crisis	N/A
General Revenue - Intellectual and Developmental Disabilities	N/A
Psychiatric Emergency Service Center (PESC)	N/A
Private Psychiatric Beds (PPB)	N/A
Dollar threshold used to distinguish between type A and type B programs for state awards:	$ 300,000
Auditee qualified as low-risk auditee?	No

B. Findings Required to be Reported in Accordance with *Governmental Auditing Standards*

The audit disclosed no findings required to be reported.

C. Findings and Questioned Costs for Federal and State Awards

The audit disclosed no findings and questioned costs required to be reported.

PECAN VALLEY CENTERS
BEHAVIORAL & DEVELOPMENTAL HEALTHCARE

Executive Director
Coke Beatty

Summary Schedule of Prior Audit Finding

Finding 2018-A

Initial Fiscal Year Finding Occurred: 2018

Finding Summary:
The Center does not have an internal control system designed to provide for the accurate preparation of the financial statements and related financial statement disclosures being audited. Eide Bailly LLP proposed audit adjustments to the Center's recorded account balances, which if not detected by their auditing procedures, could have resulted in a material misstatement of the Center's financial statements.

Status:
Corrective action was taken. The auditor did not propose any material audit adjustments in the current year.