

Texana Center

ANNUAL FINANCIAL REPORT

For the Year Ended August 31, 2021

Texana Center

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Texana Center

CERTIFICATE OF BOARD APPROVAL

I, Sue Fagan, Chairperson of the Board of Trustees of Texana Center, do hereby certify that this accompanying audit report of the fiscal year ended August 31, 2021 from Eide Bailly, LLP was reviewed and approved at a meeting of the Board of Trustees held on the 26th day of January, 2022.

Chairperson, Board of Trustees

Date

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Texana Center

PRINCIPAL OFFICIALS

August 31, 2021

BOARD OF TRUSTEES

Sue Fagan	Chairperson
Dr. Dennis Young	Vice-Chair
John Robson	Secretary
Willie S. Greer	Member
Linda Hamist	Member
Toi Blakely Harris, MD	Member
Asim Shah, MD	Member
Sarah Hudgins	Member
Leroy Cerny	Member
Sheriff Skipper Osborne	Ex-Officio
Lieutenant Jerone Ellis	Ex-Officio

SENIOR LEADERSHIP TEAM

George Patterson	Chief Executive Officer
Amanda Darr	Chief Financial Officer
Dot Preisler	Director of Human Resources
Kevin Barker	Director of IDD Provider Services
Sheri Talbot	Director of IDD Authority and Admissions
Kate Johnson-Patagoc	Director of IDD Specialized Services
Shena Ureste	Director of Behavioral Healthcare Services
Sheree Prather	Director of Development & Community Relations

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CPAs & BUSINESS ADVISORS

Independent Auditor's Report

To the Board of Trustees
Texana Center
Rosenberg, 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 Texana Center (the Center) as of and for the year ended August 31, 2021, 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 did not audit the financial statements of Crossroads Villas, a discretely presented component unit of the Center, which represents 100% of the assets, net position, and revenues of the discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Crossroads Villas, is based solely on the report of the other auditors. 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* (Audit Guidelines). 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, based on our audit and the report of other auditors, 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, 2021, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 8 through 13 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 that collectively comprise the Center's basic financial statements. The introductory section, other supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the State of Texas Single Audit Circular and is not a required part of the basic financial statements.

The schedule of expenditures of federal and state awards and other supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 and other supplementary information are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section 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 December 30, 2021, 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.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Abilene, Texas
December 30, 2021

Texana Center

Management's Discussion and Analysis

As management of Texana Center (the Center), we offer readers of the Center's financial statements this narrative overview and analysis of the financial activities of the Center for the year ended August 31, 2021.

FINANCIAL HIGHLIGHTS

- The assets of the Center, excluding component units, exceeded its liabilities at the close of the most recent fiscal year by \$50,618,809 (net position). Of this amount, \$25,324,697 (unrestricted net position) may be used to meet the Center's ongoing obligations.
- The Center's total net position, excluding component units, increased by \$4,904,667 for the year ended August 31, 2021.
- As of August 31, 2021, the Center's governmental funds reported an ending fund balance of \$26,991,822, an increase of \$4,939,344 from the prior fiscal year.
- At the end of the fiscal year, unassigned fund balance for the General Fund was \$17,576,442 or 30.5 percent of total General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the Center's basic financial statements. The Center's basic financial statements include 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 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. 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* presents information showing how the Center's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., depreciation and earned but unused vacation leave).

The government-wide financial statements distinguish functions of the Center that are principally funded by funds provided from federal, state and local funding sources (governmental activities). The Center does not have any business-type activities. The governmental activities of the Center include Behavioral Health, Intellectual Developmental Disability and Specialized Services.

The government-wide financial statements include not only the Center itself (known as the primary government), but also legally separate entities for which the Center is accountable. Financial information for the component unit is reported separately from the financial information presented for the primary government itself. The Center's discretely presented component unit consists of Crossroads Villas.

The government-wide financial statements can be found on pages 16-18 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. The funds of the Center can be divided into two categories: governmental funds (the General Fund) and fiduciary funds (the Custodial Fund).

Governmental Funds - Governmental funds are used to account for essentially the same function reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the general fund is narrower than that of the government-wide financial statements, it is useful to compare the information presented in the general fund with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between the governmental funds and *governmental activities*.

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. The basic governmental fund financial statements can be found on pages 19-23 of this report.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Center's own programs.

The basic fiduciary fund financial statements can be found on pages 24 -25 of this report.

NOTES TO THE FINANCIAL STATEMENTS

The notes to the financial statements 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 26 through 44 of this report.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain other supplementary information concerning the Center that is required by the Texas Health and Human Services Commission, the Uniform Guidance and the State of Texas Single Audit Circular. Other supplementary information can be found on pages 47-60 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Center, assets exceeded liabilities by \$50,618,809 as of August 31, 2021.

The largest portion of the Center's net position reflects its net investment in capital assets (e.g. land, buildings, vehicles, furniture and equipment), less any related debt used to acquire those assets that is still outstanding. The Center uses these capital assets to provide services to the individuals we serve; consequently, these assets are not available for future spending.

Additionally, a portion of the Center's net position (50 percent) represents unrestricted financial resources available for future operations.

STATEMENT OF NET POSITION For the Fiscal Year Ended August 31, 2021 and 2020

	Governmental Activities	
	2021	2020
Current and other assets	\$ 29,771,609	\$ 25,330,530
Capital assets, net	30,086,824	30,028,502
Total Assets	59,858,433	55,359,032
Current liabilities	3,537,473	3,857,833
Long-term liabilities	5,702,151	5,787,057
Total Liabilities	9,239,624	9,644,890
Net Position:		
Net investment in capital assets	25,294,112	25,243,502
Unrestricted	25,324,697	20,470,640
Total Net Position	\$ 50,618,809	\$ 45,714,142

Net position of the Center, all of which relate to governmental activities, increased by \$4,904,667. Key elements of the increase are as follows:

CHANGES IN NET POSITION
For the Fiscal Year Ended August 31, 2021 and 2020

	Governmental Activities	
	2021	2020
Revenues		
Program revenues:		
Charges for services	\$ 37,298,115	\$ 39,390,224
Operating grants and contributions	24,410,553	23,704,180
Capital grants and contributions		1,947,205
General revenues:		
Local income	768,051	768,004
Investment income	25,149	227,726
Total Revenues	62,501,868	66,037,339
Expenses		
Behavioral Health	23,286,423	21,678,326
Intellectual Developmental Disability	25,090,667	25,399,677
Other Services	8,974,989	11,077,968
Interest on long-term debt	245,122	293,665
Total Expenses	57,597,201	58,449,636
Change in Net Position	4,904,667	7,587,704
Net position, beginning	45,714,142	38,126,438
Net Position, Ending	\$ 50,618,809	\$ 45,714,142

FINANCIAL ANALYSIS OF THE CENTER'S FUNDS

As previously noted, the Center uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Center's governmental funds are discussed below:

Governmental Funds - The focus of the Center's governmental funds 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, fund balances may serve as a useful measure of a government's net resources available for spending for program purposes at the end of the fiscal year.

As of August 31, 2021, the Center's governmental funds, which consist of a general fund, reported an ending fund balance of \$26,991,822 which is an increase of \$4,939,344 from last year's total of \$22,052,478. 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 30.5 percent of total general fund expenditures.

GENERAL FUND BUDGETARY HIGHLIGHTS

General Fund operating expenditures in 2021 were budgeted at \$61.7 million, and actual expenditures incurred at August 31, 2021 were \$57.6 million, or 6.7% lower than what had been projected for this year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - The Center's investment in capital assets as of August 31, 2021 amounts to \$30,086,824 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, vehicles, furniture and equipment.

CAPITAL ASSETS SCHEDULE (net of depreciation)

	Governmental Activities	
	2021	2020
Land	\$ 2,681,919	\$ 2,681,919
Construction in Progress	1,527,118	
Furniture in Progress	65,140	
Buildings and improvements	37,481,662	37,113,226
Furniture and equipment	4,298,915	4,086,445
Vehicles	4,096,879	4,178,838
Less: accumulated depreciation	(20,064,809)	(18,031,925)
Total Capital Assets, Net	\$ 30,086,824	\$ 30,028,503

During the current fiscal year, individually significant capital assets additions consisted of renovation of buildings on Campus 1 in Rosenberg. Additional information on the Center's capital assets can found in Note 3C in the notes to financial statements.

LONG-TERM DEBT

As of August 31, 2021, the Center had total tax-exempt bonded debt outstanding of \$4,640,000. Interest expense totaled \$245,122 for the 2021 fiscal year on this bonded debt. There were no new bond issues in 2021. These outstanding bonds have maturities ranging from 2022 to 2040.

Additional information on the Center's long-term debt can be found in Note 3E in the notes to the financial statements.

ECONOMIC FACTORS

- The Center has an employment vacancy rate of 38.5% at August 31, 2021, which is an increase from a rate of 31% a year ago.
- The original 1115 Healthcare Demonstration Waiver ended September 20, 2016 and the State of Texas is operating on a transition plan funded through September 30, 2021. Though no funding is currently committed after September 30, 2021, statewide planning is currently underway for a replacement to the waiver program and there is a high level of confidence that a plan will be developed and approved to maintain funding levels.

REQUESTS FOR INFORMATION

The financial report is designed to provide a general overview of Texana Center's finances for all those with an interest in the Center's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Texana Center: Amanda Darr, Chief Financial Officer, 4910 Airport Avenue, Building D, Rosenberg, Texas 77471.

BASIC FINANCIAL STATEMENTS

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Texana Center*STATEMENT OF NET POSITION**August 31, 2021***EXHIBIT A-1**

	Primary Government	Component Unit
	Governmental Activities	Crossroads Villas September 30, 2021
Assets		
Cash and cash equivalents	\$ 23,103,566	\$ 52,647
Accounts receivable, net	2,025,993	64
Due from other governments	3,844,820	
Prepaid items	44,908	5,141
Deposit - IGT DPP-BHS	685,397	
Inventories, at cost	54,874	
Deposits - other	12,051	3,694
Capital assets not being depreciated	4,274,177	
Capital assets net of accumulated depreciation	25,812,647	1,401,139
Total Assets	59,858,433	1,462,685
Liabilities		
Current Liabilities:		
Accounts payable	1,430,964	9,245
Accrued expenses	1,348,823	19,463
Construction Retainage Payable	152,712	
Accrued interest payable	50,924	
Bonds payable - current	150,000	
Accrued compensated absences - current	404,050	
Total Current Liabilities	3,537,473	28,708
Non-Current Liabilities:		
Bonds payable	4,490,000	
Accrued compensated absences	1,212,151	
Total Non-Current Liabilities	5,702,151	
Total Liabilities	9,239,624	28,708
Net Position		
Net investment in capital assets	25,294,112	1,401,139
Unrestricted	25,324,697	32,838
Total Net Position	\$ 50,618,809	\$ 1,433,977

See Notes to Financial Statements.

Texana Center

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2021

Functions/Programs	Expenses		Expenses after Allocation of Administration
	Expenses	Administration Allocations	
Primary Government			
Governmental Activities			
Behavioral Health	\$ 20,714,507	\$ 2,571,916	\$ 23,286,423
Intellectual Developmental Disability	22,319,478	2,771,189	25,090,667
Other Services	7,983,728	991,261	8,974,989
Administration	6,334,366	(6,334,366)	
Interest on long-term debt	245,122		245,122
Total Governmental Activities	<u>\$ 57,597,201</u>	<u>\$</u>	<u>\$ 57,597,201</u>
Component Unit			
Crossroads Villas, for the year ended September 30, 2021	\$ 144,465	\$	\$ 144,465
Total Component Unit	<u>\$ 144,465</u>	<u>\$</u>	<u>\$ 144,465</u>

Program Revenues			Net (Expense) Revenue and Changes in Net Position	
			Primary Government Governmental Activities	Component Unit Crossroads Villas
Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions		
\$ 8,782,876	\$ 18,454,736	\$	\$ 3,951,189	\$
21,173,957	3,895,528		(21,182)	
7,341,282	2,060,289		426,582	
			(245,122)	
<u>\$ 37,298,115</u>	<u>\$ 24,410,553</u>	<u>\$</u>	<u>4,111,467</u>	
\$ 47,238	\$ 62,130	\$		(35,097)
<u>\$ 47,238</u>	<u>\$ 62,130</u>	<u>\$</u>		<u>(35,097)</u>
General Revenues:				
Local income			768,051	1,959
Investment earnings			25,149	50
Total General Revenues			<u>793,200</u>	<u>2,009</u>
Change in Net Position			4,904,667	(33,088)
Net Position, Beginning			45,714,142	1,467,065
Net Position, Ending			<u>\$ 50,618,809</u>	<u>\$ 1,433,977</u>

Texana Center
BALANCE SHEET
GOVERNMENTAL FUNDS
August 31, 2021

EXHIBIT A-3

	General Fund	Total Governmental Funds
Assets		
Cash and cash equivalents	\$ 23,103,566	\$ 23,103,566
Accounts receivable, net of allowance of \$153,940	2,025,993	2,025,993
Due from other governments	3,844,820	3,844,820
Prepaid items and other	44,908	44,908
Deposit - TGT DPP-BHS	685,397	685,397
Deposits - other	12,051	12,051
Inventories, at cost	54,874	54,874
Total Assets	\$ 29,771,609	\$ 29,771,609
Liabilities and Fund Balances		
Liabilities:		
Accounts payable	\$ 1,430,964	\$ 1,430,964
Accrued expenses	1,348,823	1,348,823
Total Liabilities	2,779,787	2,779,787
Fund Balances:		
Nonspendable:		
Prepaid items and other	44,908	44,908
Inventory	54,874	54,874
Committed	9,315,598	9,315,598
Unassigned	17,576,442	17,576,442
Total Fund Balances	26,991,822	26,991,822
Total Liabilities and Fund Balances	\$ 29,771,609	\$ 29,771,609

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not current financial resources and therefore not reported in the governmental funds.	30,086,824
Accrued interest on long-term liabilities is not payable with current financial resources and therefore not reported as a liability in the governmental funds.	(50,924)
Construction retainage payable is not payable with current financial resources and therefore are not reported in the governmental funds.	(152,712)
Long-term compensated absences are not due and payable in the current period and therefore are not reported in the governmental funds.	(1,616,201)
Bonds payable are not due and payable in the current period and therefore are not reported in the governmental funds.	(4,640,000)
Net Position of Governmental Activities	\$ 50,618,809

See Notes to Financial Statements.

Texana Center**EXHIBIT A-4**

*STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2021*

	General Fund	Total Governmental Funds
Revenues:		
Local funds	\$ 35,786,682	\$ 35,786,682
State funds	20,358,427	20,358,427
Federal funds	6,356,759	6,356,759
Total Revenues	<u>62,501,868</u>	<u>62,501,868</u>
Expenditures:		
Current:		
Behavioral Health	19,826,339	19,826,339
Intellectual Developmental Disability	21,828,087	21,828,087
Other Services	7,589,423	7,589,423
Administration	5,697,788	5,697,788
Debt Service:		
Principal	145,000	145,000
Interest	245,122	245,122
Capital Outlay	2,230,765	2,230,765
Total Expenditures	<u>57,562,524</u>	<u>57,562,524</u>
Excess of Revenues over Expenditures	<u>4,939,344</u>	<u>4,939,344</u>
Net Change in Fund Balance	4,939,344	4,939,344
Fund Balance - September 1 (Beginning)	22,052,478	22,052,478
Fund Balance - August 31 (Ending)	<u>\$ 26,991,822</u>	<u>\$ 26,991,822</u>

See Notes to Financial Statements.

Texana Center

EXHIBIT A-5

*RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT
OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2021*

Amounts reported for governmental activities in the statement of activities (pages 17-18) are different because:

Net change in fund balance - governmental funds	\$ 4,939,344
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital depreciation (\$2,324,164) exceeded capital outlay \$2,230,765 in the current period plus the retainage of \$152,712, offset by loss on disposal of assets of \$992.	58,321
Construction retainage payable is not payable with current financial resources and therefore not reported in the governmental funds	(152,712)
Repayment of long-term debt principal is reported as an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	145,000
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. This adjustment reflects the net change in accrued interest payable (\$1,506) and accrued compensated absences \$86,792.	<u>(85,286)</u>
Change in Net Position of Governmental Activities	<u>\$ 4,904,667</u>

Texana Center

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND FOR THE YEAR ENDED AUGUST 31, 2021

Exhibit A-6
Page 1 of 2

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Local Sources:				
County Tax Funds	\$ 1,014,169	\$ 1,014,169	\$ 1,011,713	\$ (2,450)
Patent Fees/Insurance	4,916,794	4,916,794	4,161,137	(755,657)
Managerial Care	2,068,091	2,068,091	1,853,169	(214,922)
Miscellaneous Income	172,616	172,616	425,344	252,728
Donations	63,048	63,048	387,126	324,078
IWC - Rehabilitator	100,196	100,196	15,258	(84,927)
Medicaid	4,634,412	4,634,412	3,894,817	(739,595)
1115 Waiver	6,160,209	6,160,209	7,087,557	927,348
Tile XIX - HCS	11,566,832	11,566,832	11,558,537	(8,295)
Tile XIX - Texas Home Living Waiver	1,553,014	1,553,014	1,299,123	(253,891)
Tile XIX - IQ-IDD	2,447,868	2,447,868	2,351,380	(96,488)
Tile XIX - YES Waiver	41,407	41,407	18,444	(22,963)
TCDDMMF Funds	588,391	588,391	620,700	32,309
Contracts	1,033,150	1,033,150	1,103,365	70,216
Total Local Sources	36,360,171	36,360,171	35,786,687	(573,484)
State Programs:				
II-ISC - MH	15,497,701	15,497,701	15,528,545	30,844
HHSC - IDD	3,385,168	3,385,168	3,355,809	(30,359)
III-ISC - Early Childhood Intervention	863,360	863,360	863,360	
HHSC - Autism	454,330	454,330	530,568	76,238
DFPS - Applied Behavior Analysis Services			80,145	80,145
Total State Programs	20,201,559	20,201,559	20,358,427	156,868
Federal Programs:				
Mental Health Block Grant	1,025,658	1,025,658	1,537,181	511,523
Tile XX Soc. Serv. Block Grant	112,173	112,173	112,173	
Tile XX - IAHF	238,969	238,969	238,969	
Coordinated Specialty Care	331,320	331,320	417,140	85,820
Early Childhood Intervention	1,132,358	1,132,358	1,190,811	58,453
Medicaid - Administrative Claiming	1,559,975	1,559,975	1,965,982	406,007
III-ISC - MFP	750,012	750,012	782,158	32,146
HHSC - Crisis Counseling Program			14,326	14,326
Emergency Solution Grant Program			97,991	97,991
Total Federal Programs	5,150,485	5,150,485	5,356,759	206,274
Total Revenues	61,712,175	61,712,175	62,501,869	789,693
EXPENDITURES:				
Personnel:				
Salaries	33,809,894	33,809,894	30,611,062	(3,198,832)
Employee Benefits	9,101,864	9,101,864	7,822,941	(1,278,923)
Total Personnel	42,911,758	42,911,758	38,434,003	(4,477,755)
Travel	344,123	344,123	170,364	(173,759)

See Notes to Financial Statements.

Texana Center

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND FOR THE YEAR ENDED AUGUST 31, 2021

Exhibit A-6
Page 2 of 2

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (Continued):				
Consumable Items:				
Drugs	324,203	324,203	234,169	90,034
Food	776,760	776,760	244,791	531,969
Other	956,243	956,243	888,994	67,249
Total Consumable Items	1,557,203	1,557,203	1,367,954	189,249
Equipment and Furniture:				
Rental	124,443	124,443	121,918	2,525
Repairs and Maintenance			3,141	(3,141)
Total Equip. & Furniture	124,443	124,443	125,059	(616)
Building:				
Lease	318,479	318,479	337,065	(18,586)
Repairs and Maintenance	817,339	817,339	1,090,197	(272,858)
Total Building	1,135,818	1,135,818	1,367,262	(231,444)
Vehicle:				
Operating & Maintenance	353,739	353,739	361,236	(7,497)
Total Vehicle	353,739	353,739	361,236	(7,497)
Consultant/Contracts with Service Agencies:				
	8,596,347	8,596,347	9,619,202	(1,022,855)
Other:				
Telephone	691,123	691,123	772,356	(81,233)
Utilities	488,083	488,083	522,970	(34,887)
Insurance	687,916	687,916	696,713	(8,797)
Information Services	791,886	791,886	1,287,594	(495,708)
Miscellaneous	183,698	183,698	216,924	(33,226)
Total Other	2,842,706	2,842,706	3,496,557	(653,851)
Debt Service	409,290	409,290	390,127	19,163
Capital Outlay	3,436,740	3,436,740	2,230,765	1,205,975
Total Expenditures	61,712,175	61,712,175	57,562,524	4,149,651
Revenues (Under) Expenditures			4,939,344	4,939,344
Change In Fund Balance			4,939,344	4,939,344
Fund Balance - Beginning	22,052,478	22,052,478	22,052,478	
Fund Balance - Ending	\$ 22,052,478	\$ 22,052,478	\$ 26,991,822	\$ 4,939,344

See Notes to Financial Statements.

Texana Center

STATEMENT OF FIDUCIARY NET POSITION

August 31, 2021

EXHIBIT A-7

	<u>Custodial Fund</u>
Assets	
Cash and cash equivalents	\$ 220,049
Total Assets	<u>\$ 220,049</u>
Net Position	
Restricted for clients	\$ 220,049
Total Net Position	<u>\$ 220,049</u>

Texana Center**EXHIBIT A-8****STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED AUGUST 31, 2021**

	<u>Custodial Fund</u>
ADDITIONS	
Client Contributions	\$ 945,720
Total Additions	<u>945,720</u>
DEDUCTIONS	
Distributions to Clients	830,202
Total Deductions	<u>830,202</u>
Net Increase in Fiduciary Net Position	115,518
Net Position - Beginning as Restated	104,531
Net Position - Ending	\$ <u>220,049</u>

See Notes to Financial Statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Texana Center (the "Center") is a public agency that was established for the purposes of providing behavioral health and intellectual developmental disability (IDD) services to the residents of Austin, Colorado, Fort Bend, Matagorda, Waller and Wharton Counties. The Center is governed by an independent board.

The accounting policies of the Center conform to generally accepted accounting principles as applicable to governmental units.

The Center receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities.

Considerations regarding the potential for inclusion of other entities, organizations or functions in the Center's financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the Center is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the Center's financial reporting entity status is that of a primary government are that it has a separately elected governing body; it is legally separate; and it is fiscally independent of other state and local governments. Additionally prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable; and considerations pertaining to organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The component unit discussed below is included in the Center's reporting entity because of the significance of their operational or financial relationships with the Center.

The **Crossroads Villas** (the "Corporation") has been included in the reporting entity as a discretely presented component unit. In April 2009, the Corporation was created by the Center under the Texas Business Organizations Code for the charitable and/or educational purpose of providing elderly persons and handicapped persons with housing facilities and services specially designed to meet their physical, social and psychological needs, and to promote their health, security, happiness and usefulness in longer living, the charges for such facilities and services to be predicated upon the provision, maintenance and operation thereof on a nonprofit basis. The corporation was created to secure the benefits of capital advances or project rental assistance under Section 811 of the National Affordable Housing Act through the U.S. Department of Housing and Urban Development. The Board of Directors shall be elected by and serve at the discretion of the Board of Trustees of the Center and consist of between three and seven directors. Each director shall serve a term

of two years. The Internal Revenue Service has issued a determination letter dated June 4, 2009 stating that Crossroads Villas qualifies as an organization described in Section 501(c)(3) of the Internal Revenue Code and, accordingly, is exempt from federal income taxes. The fiscal year end for the Corporation is September 30, 2021. Financial information is available at the Center's office located at 4910 Airport Avenue, Bldg. D, Rosenberg, Texas, 77471.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of changes in net position) report information on all the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *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. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable. 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 segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenue* includes 1) charges to customers or applicants who purchase, use or directly benefit from goods, 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*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

C. Basis of Accounting/Measurement Focus

Governmental funds 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 requirements, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Grant revenues are recognized only as grant expenditures are incurred to the extent that the expenditures are allowable and eligible for reimbursement. All other revenue items are considered to be measurable and available only when cash is received by the Center.

Governmental fund types are accounted for on a spending or financial flow measurement focus. Accordingly, only current assets and current liabilities are included on the Balance Sheet, and the reported fund balances provide an indication of available spendable or appropriable resources. Operating statements of governmental fund types report increases and decreases in available spendable resources. The Governmental Accounting Standards Board has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB 54 requires the fund balance amounts to be properly reported within one of the following fund balance categories:

Nonspendable:

To indicate fund balance associated with inventories, prepaids, long-term loans and notes receivable and property held for resale (unless the proceeds are restricted, committed or assigned).

Restricted:

To indicate fund balance that can be spent only for the specific purposes stipulated by constitution, external resource providers or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers. When restricted and unrestricted fund balance exists for the same purpose, restricted fund balance will be used first.

Committed:

To indicate fund balance that can be used only for the specific purposes determined by a formal action of the Board of Trustees (the Center's highest level of decision-making authority). Commitments may be changed or lifted only by the Board of Trustees taking the same formal action that imposed the constraint originally.

Assigned:

To indicate fund balance to be used for specific purposes but do not meet the criteria to be classified as restricted or committed.

Unassigned:

To indicate the residual classification of fund balance in the General Fund and includes all spendable amounts not contained in the other classifications.

In circumstances where an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is generally depleted in the order of restricted, committed, assigned and unassigned.

GASB 54 requires disclosure of any formally adopted minimum fund balance policies. The Center's Board of Trustees' policy is to achieve and maintain an unassigned fund balance in the general fund equal to 25% of expenditures. The Center considers a balance of less than 16.67% to be cause for concern, barring unusual or deliberate circumstances. In the event that the unassigned fund balance is calculated to be less than the policy stipulates, the Center shall plan to adjust budget resources in subsequent fiscal years to restore the balance.

The Center reports the following governmental fund:

General Fund - The General Fund is the primary operating fund of the Center. It 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:

Fiduciary Fund Type - The Custodial Fund is used to account for assets held by the Center in a fiduciary capacity as custodian or agent for various clients of the Center.

Implementation of GASB Statement No. 84 - As of September 1, 2020, the Center adopted GASB Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement will enhance consistency and comparability by establishing specific criteria for identifying activities that should be reported as fiduciary activities. Greater consistency and comparability enhances the value provided by the information reported in financial statements for assessing government accountability and stewardship. The impact to the Center resulted in a reclassification of agency funds to custodial funds that resulted in a restatement of net position of custodial funds. The effect of the implementation of this standard on beginning net position is disclosed in Note 3.N

Amounts reported as *program revenue* include 1) charges to customers of applicants for goods, services or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Administrative expenses are allocated among the Center's programs, based on each program's proportionate share of total expenses.

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.

D. Assets, Liabilities and Net Position or Equity

1. Deposits and Investments

The Center's cash and cash equivalents are considered to be cash on hand, demand deposits, deposits with public funds investment pools and short-term investments with original maturities of three months or less from the date of acquisition. Investments in public funds investment pools are not measured at fair value, but rather amortized cost.

The Board of Trustees of the Center authorizes the Center to invest with certain stipulations in obligations of the United States or its agencies and instrumentalities; collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States; other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of the State of Texas or the United States or their respective agencies and instrumentalities; obligations of states, agencies, counties, cities and other political subdivisions of any state rated as to investment quality by a nationally recognized investment firm not less than A or its equivalent; certificates of deposit if issued by a state bank, national bank or savings and loan association domiciled in this state; commercial paper; mutual funds and money market mutual funds; and investment pools.

During the year ended August 31, 2021, the Center did not own any types of securities other than those permitted by statute.

2. Accounts Receivable

Accounts receivable from patient and private insurance carriers for services rendered are reduced by the amount of such billings deemed by management to be ultimately uncollectible using the reserve method based on past history. As of August 31, 2021, accounts receivable due from insurance carriers net of the allowance amounted to \$446,529.

3. Revenues

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, and 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 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.

4. Prepaid Items

Payments to vendors for services that will benefit periods beyond August 31, 2021 are recorded as prepaid items. Prepaid items are equally offset by a fund balance reserve in the governmental fund balance sheet, which indicates that it does not constitute available spendable resources even though they are components of net current assets.

5. Inventories

Inventory consists of expendable supplies held for consumption and is valued at cost determined by the first in, first out accounting method. The cost of inventory is recorded as an expenditure at the time individual inventory items are consumed (consumption method).

6. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the governmental activities column 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 two years. Such assets are recorded at historical cost if purchased or constructed. Contributed capital assets are recorded at acquisition value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Improvements are capitalized and depreciated over the useful lives of the related assets, as applicable.

Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Asset Description</u>	<u>Years</u>
Buildings and improvements	10 to 40
Furniture and equipment	3 to 15
Vehicles	4

7. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums or discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums are reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. Compensated Absences

The Center provides compensated absences benefits to its employees. Compensated absences are vested and, upon termination, paid at the current salary. The Center accrues its liability for such accumulated unpaid benefits in the government-wide financial statements. Actual compensated absences benefits paid during the year are recorded as

expenditures in the General Fund. The Center's liability for accrued benefits was \$1,616,201 at August 31, 2021.

9. 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 under patient fees or insurance reimbursements, identified by source as directed by the Texas Health and Human Services Commission.

10. Fund Equity

In the fund financial statements, governmental funds report restrictions of fund balance for amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers or through enabling legislation. Amounts considered nonspendable relate to prepaid items and inventory that have already been expended and represent a portion of the fund balance that is not available for future operations. Committed fund balance represents fund balance that can be used only for the specific purposes determined by a formal action of the Board of Trustees.

11. Tax-Exempt Status

The Internal Revenue Service has issued a determination letter dated February 1989, 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.

12. Use of Estimates

The preparation of financial statements in conformity with U.S. 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 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

The Center's annual budget for the General Fund is prepared on an accounting basis consistent with generally accepted accounting principles. The budgetary comparison statement is presented using the same format, terminology and classifications used in the budget document.

The Senior Leadership Team is responsible for preparing the Center's budget required by the State for the General Fund. The proposed operating budget includes an estimate of expenditures and the revenues expected to finance such expenditures. The budget is prepared and submitted to the Board for approval each fiscal year.

The Board of Trustees considers the recommendations and may revise the amounts submitted in the budget before approving it. The budget is amended by the Board as needed throughout the year.

Budgeted expenditures for current operating funds cannot exceed the available cash balances in such funds at September 1 plus the estimated revenues for the ensuing year. Budgetary control is maintained at the program level. The Center may transfer existing surpluses between budget categories during the year and increase or decrease the budget according to budgeting and expenditure guidelines of the Texas Health and Human Services Commission (HHSC). The Board must approve changes in total appropriations. Appropriations lapse at year end.

NOTE 3 - DETAILED NOTES ON ALL FUNDS

A. Cash and Time Deposits

Custodial Credit Risk - Deposits

For deposits, this is the risk that in the event of bank failure, the Center's deposits may not be returned to it. Collateral is required for all bank deposits not covered by federal depository insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts. Collateral pledged to cover the Center's deposits is required to be held in the Center's name by the trust department of a bank other than the pledging bank (the Center's agent). Such collateralization is required by the Rules of the Commissioner of the Texas HHSC and the Board of Trustees of the Center. The Center's cash deposits were fully secured at August 31, 2021 by federal deposit insurance and by pledged securities held by the Center's agent in the Center's name.

Investments

The Center is authorized by the *Public Funds Investment Act* (PFIA) to invest in the following: (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies; (3) other obligations, which are unconditionally guaranteed or insured by the State of Texas or the United States or its agencies or instrumentalities; (4) certain A rated or higher obligations of states and political subdivisions of any state; (5) guaranteed or secured certificates of deposit issued by state or national banks domiciled in Texas, savings banks domiciled in Texas, or state or federal credit unions domiciled in Texas; (6) certain fully collateralized repurchase agreements; (7)

certain qualified governmental investment pools; and (8) other securities as described in the PFIA.

At year-end, the Center’s investment balances were as follows:

	Amortized Cost	Weighted Average Maturity (Days)
LOGIC	\$ 125,558	57
TexPool	31,678	30
TexPool Prime	20,964,591	52
Total Investments	<u>21,121,827</u>	
Investments classified as cash equivalents	<u>(21,121,827)</u>	
Total Investments per Statement of Position	<u>\$ -</u>	

Interest Rate Risk

The investment policy of the Center limits the weighted average maturity of its investment portfolio to four years. The maximum allowable stated maturity of any individual investment owned by the Center shall not exceed ten years from the time of purchase. LOGIC manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to 180 days. TexPool manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to 90 days.

Credit Risk - Investments

As of August 31, 2021, the Center’s investments in TexPool and LOGIC were rated AAAm, by Standard & Poor’s, the highest rating a local government investment pool can receive. 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 reported value of the pool is the same as the fair value of the pool shares. 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.

LOGIC is administered by FirstSouthwest and JPMorgan Chase.

Concentration of Credit Risk

The Center’s investment policy does not limit investments in any one issuer except that the

investment portfolio shall be diversified after considering maturity duration, type of investment, liquidity factors, cash-flow timing and degree of risk.

Fair Value

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’s investments are not measured at fair value but rather measured at amortized cost for the public funds investment pools.

B. Due from Other Governments

Due from other governments are for reimbursement of expenditures and fees for service provided under various programs and grants. All amounts are expected to be collected within the next year. A summary of these receivables follows:

	<u>Amount</u>
Local Funds	
HCS / TxHmL	\$ 1,069,295
ICF-IDD	493,213
State Funds	
HHSC - MHFA	19,200
HHSC - Autism	73,219
HHSC - SB 292	45,697
HHSC - Early Childhood Intervention	335,356
HHSC - PASRR	6,986
Texas Department of Family & Protective Services	9,013
TCOOMMI	119,463
Federal Funds	
HHSC - MFP Funds	101,933
HHSC - MH Block Grant	251,017
HHSC - Coordinated Specialty Care	148,338
HHSC - MHFA Outreach Worker	14,865
Medicaid Administrative Claiming	1,137,721
Fort Bend County - Emergency Solutions Grant	19,504
Total	<u>\$ 3,844,820</u>

C. Capital Assets

A summary of changes in the primary government's capital assets for the year ended August 31, 2021, is as follows:

	Balance Sept. 1, 2020	Increases	(Decreases)	Balance Aug. 31, 2021
Governmental Activities:				
Non-depreciable Assets:				
Land	\$ 2,681,919	\$	\$	\$ 2,681,919
Construction in Progress		1,527,118		1,527,118
Furniture in Progress		65,140		65,140
Total Non-depreciable Assets	2,681,919	1,592,258		4,274,177
Depreciable Assets:				
Buildings and improvements	37,113,226	375,401	(6,965)	37,481,662
Furniture and equipment	4,086,445	212,470		4,298,915
Vehicles	4,178,838	203,348	(285,307)	4,096,879
Total Depreciable Assets	45,378,509	791,219	(292,272)	45,877,456
Less accumulated depreciation:				
Buildings and improvements	(12,504,549)	(1,520,066)	5,973	(14,018,642)
Furniture and equipment	(1,813,207)	(512,072)		(2,325,279)
Vehicles	(3,714,169)	(292,026)	285,307	(3,720,888)
Total Accum. Depreciation	(18,031,925)	(2,324,164)	291,280	(20,064,809)
Total Depreciable Assets, Net	27,346,584	(1,532,945)	(992)	25,812,647
Totals	\$ 30,028,503	\$ 59,313	\$ (992)	\$ 30,086,824

Depreciation expense was charged to functions/programs of the government-wide statement of activities as follows:

Governmental Activities:	
Behavioral Health Services	\$ 888,168
Intellectual Developmental Disability Services	492,895
Specialized Services	394,305
Administration	548,797
Total Governmental Activities Depreciation Expense	\$ 2,324,164

A summary of changes in the discretely presented component unit (Crossroads Villas) capital assets for the year ended September 30, 2021, is as follows:

	Discretely Presented Component Unit			
	Balance Oct. 1, 2020	Increases	(Decreases)	Balance Sep. 30, 2021
Component Unit:				
Depreciable Assets:				
Buildings and improvements	\$ 1,711,317	\$	\$	\$ 1,711,317
Furniture and equipment	26,137	2,214		28,351
Total Depreciable Assets	<u>1,737,454</u>	<u>2,214</u>		<u>1,739,668</u>
Less accumulated depreciation	<u>(293,592)</u>	<u>(44,937)</u>		<u>(338,529)</u>
Totals	<u>\$ 1,443,862</u>	<u>\$ (42,723)</u>	<u>\$</u>	<u>\$ 1,401,139</u>

D. Lease Obligations

The Center leases certain buildings, vehicles and equipment under short-term operating leases for varying periods. Lease expense for the year ended August 31, 2021 was \$337,065. There were no contingent rentals or sublease rentals. The estimated rental commitments under existing significant non-cancelable operating lease agreements are as follows:

Year Ended August 31,	Amount
2022	\$ 516,824
2023	292,535
2024	127,457
2025	34,516
2026	18,000
	<u>\$ 989,332</u>

E. Long-Term Liabilities

The following is a summary of changes in long-term liabilities of the Center for the year ended August 31, 2021:

	Balance Sept. 1, 2020	Additions	Reductions	Balance August 31, 2021	Amounts Due within One Year
Bonds payable	4,785,000		(145,000)	4,640,000	150,000
Compensated absences	1,529,409	86,792		1,616,201	404,050
Total	<u>\$ 6,314,409</u>	<u>\$ 86,792</u>	<u>\$ (145,000)</u>	<u>\$ 6,256,201</u>	<u>\$ 554,050</u>

Bonds payable at August 31, 2021, are comprised of the following:

Bonds payable:

Revenue Bonds Series 2010, interest rate ranging from 3% to 5.25%, final payments due December 2039, secured by deed of trust on real estate. As of August 31, 2021, the outstanding principal on the bonds is \$4,640,000.

The annual requirements for repayment of principal and interest on the bonds payable outstanding as of August 31, 2021, are as follows:

<u>Year Ending August 31,</u>	<u>Revenue Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2022	150,000	238,088
2023	155,000	230,234
2024	165,000	221,994
2025	175,000	213,239
2026	180,000	204,098
2027-2031	1,060,000	866,643
2032-2036	1,375,000	550,595
2037-2040	1,380,000	149,361
	<u>\$ 4,640,000</u>	<u>\$ 2,674,252</u>

F. Pension Plan

The Center participates in a 401(a) defined contribution pretax retirement plan, administered by ICMA Retirement Corporation, available to full-time employees who have completed one year of service. The plan allows employees to contribute 4% of earnings with the Center contributing 6% of earnings to participating employees. The plan allows loans to participants. Participants are fully vested in the employer's contribution after five years of service. Forfeited contributions are held in a separate account and can be used to reduce future contributions.

Amounts contributed by the employer are placed in guaranteed fixed income accounts until the employee is vested. When an employee is vested, the employee has the option to invest in any of the funds approved by the Board. For the year ended August 31, 2021, contributions from the employer and employees were \$1,272,801 and \$848,534, respectively. Total plan assets, including loans, as of August 31, 2021 are \$29,151,605.

G. Deferred Compensation Plan

The Center offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Center employees, permits

them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until the employee terminates employment, retires or experiences an unforeseeable emergency.

H. Contingencies

The Center has participated in a number of state and federally financial assistance programs, Medicare and Medicaid programs. These programs are subject to financial and compliance audits by the grantors or their representatives and regulatory authorities. The purpose of the 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 the result of these audits is not believed to be material to the financial position of the Center. The Center is subject to certain penalties in the event that performance targets are not met.

The Center is involved in litigation in the normal course of business. Management estimates that any liability that may result from this litigation, if any, would not be material to the Center's financial statements.

Crossroads Villas entered into a financing agreement with HUD in 2012. Under the agreement, HUD provided total capital advances of \$1,683,600 for use in the development of the Project. Assuming compliance with the rules under Section 811 for a 40 year period the total capital advance will be in the form of a grant and will not be required to be repaid. In the event of default, as defined in the HUD regulations, the advance becomes immediately due and payable.

I. Risk Management

The Center is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Center carries commercial insurance to insure against these losses. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage in any of the past three fiscal years.

J. Concentrations of Credit Risk

A substantial portion of the Center's revenues are in the form of a performance contract with the Health and Human Services Commission (the State). As a result, the Center's overall exposure to credit risk is contingent upon the future funding by the State. Historically, the Center's uncollectible accounts receivable have been immaterial. The

Center does not require collateral for its receivables. The following table lists revenues that individually represent greater than 10% of the Center’s total revenue.

HCS	\$11,558,537	18%
1115 Waiver	7,087,557	11%
HHSC – GR- MH and IDD	18,884,354	30%

K. Committed and Restricted Funds

The Board of Trustees has committed funds in the General Fund for the following:

Learning Center - Rosenberg Art/Parents	\$ 4,129
Learning Center - El Campo Parents	3,676
Learning Center - Missouri City Parents	3,788
Buildings	1,114,920
Furniture	450,000
Fire Sprinklers/Generators	450,000
Technology	1,289,085
Post DSRIP Operations BH	6,000,000
	<u>\$ 9,315,598</u>

L. Patient Assistance Program for Pharmacy

The Center participated in a pharmaceutical-sponsored Patient Assistance Program, whereby the Center processes applications for medications on behalf of qualifying consumers. In addition, the Center utilizes samples provided by pharmaceutical companies in the treatment of consumers. The estimated value of the medications received through the Patient Assistance Program during the year was \$3,931,883. The Center does not take ownership of these assets but rather facilitates the transfer to the end user; therefore, those benefits are not recorded on the Center’s books.

M. Medicaid 1115 Waiver:

The State of Texas was originally approved for a five-year Medicaid demonstration waiver that would enable hospitals and other providers to earn up to \$11.4 billion in funds for Delivery System Reform Incentive Payment (DSRIP) projects. DSRIP projects are designed to improve Texas’ health care delivery system, including access to care, quality of care, and health outcomes. The original demonstration waiver ended September 30, 2016 and the State of Texas is operating on a transition plan funded through September 30, 2021. Under the new terms, there are two years of level funding followed by two years of funding which will decrease each year. There is no funding committed after September 30, 2021. The Health and Human Services Commission (HHSC) is submitting a DSRIP extension request to

the Centers for Medicare and Medicaid Services (CMS) to extend the waiver the funding through September 30, 2022.

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.

CMS approved the Directed Payment Program – Behavioral Health (DPP-BHS) on November 15, 2021 for the period of September 1, 2021 through August 31, 2022. Reporting for this payment initiative will begin December 2021 and will cover the first six months of calendar year 2021. The Center will report twice a year to earn DPP-BH funds. The revenue will be recognized after review and approval by CMS. As a result, the DPP-BH funds will not be expenditure-reimbursement type funds. The Center has enrolled in the program and, as of August 31, 2021, has sent HHSC one intergovernmental transfer (IGT) in the amount of \$685,397, in order to leverage federal funding. This amount can be found on the Statement of Net Position and the General Fund Balance Sheet. The Center will report a second IGT in December 2021. Reporting as a participation condition of the program will also begin in December 2021.

N. Adoption of New Standard

As of September 1, 2020, the Center adopted GASB Statement No. 84, Fiduciary Activities (GASB 84). The impact to the Center resulted in a reclassification of agency funds to custodial funds that resulted in a restatement of amounts previously reported as agency fund liabilities to opening net position of custodial funds. Additionally, the Center has reported a Statement of Changes in Fiduciary Net Position that reflects the activity for MH and IDD consumer income from social security, family allowances, job income, etc. collected by the center on behalf of the consumers and subsequently remitted to the appropriate entity, individual, etc.

The following table describes the effects of the implementation of GASB 84 on beginning net position.

	Custodial Fund
Net position at September 1, 2020, as previously reported	\$ -
Reclassification of various agency funds to custodial funds	104,531
Net position at September 1, 2020, as restated	<u>\$ 104,531</u>

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OTHER SUPPLEMENTARY INFORMATION

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CAPITAL ASSETS USED IN THE OPERATION OF
GOVERNMENTAL FUNDS

Texana Center

*CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY SOURCE
AUGUST 31, 2021*

EXHIBIT B-1

Governmental Funds Capital Assets:

Land	\$ 2,681,919
Construction in Progress	1,527,118
Office Furniture in Progress	65,140
Buildings and Improvements	37,481,662
Furniture and equipment	4,298,916
Vehicles	4,096,879
Total Governmental Funds Capital Assets	<u>\$ 50,151,634</u>

Investment in Governmental Funds Capital Assets by Source:

General Fund	\$ 50,151,634
Total Investment in Governmental Funds Capital Assets	<u>\$ 50,151,634</u>

Texana Center**EXHIBIT B-2**

*CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE BY FUNCTION AND ACTIVITY
 AUGUST 31, 2021*

<u>Function</u>	<u>Land</u>	<u>Construction and Furniture In Progress</u>	<u>Buildings and Improvements</u>	<u>Furniture and Equipment</u>	<u>Vehicles</u>	<u>Total</u>
Behavioral Health	\$ 513,388	\$	\$ 14,185,369	\$ 1,574,764	\$ 1,615,623	\$ 17,900,144
Developmental Disability	370,534		10,821,350	103,249	1,473,380	12,768,513
Specialized Services	1,797,597	1,397,758	7,570,164	687,996	745,507	12,300,922
Administrative			4,903,779	1,937,907	232,369	7,074,055
Total Governmental Capital Assets	<u>\$ 2,681,919</u>	<u>\$ 1,597,758</u>	<u>\$ 37,481,662</u>	<u>\$ 4,298,916</u>	<u>\$ 4,096,879</u>	<u>\$ 50,151,634</u>

Texana Center**EXHIBIT B-3**

*CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE OF CHANGES BY FUNCTION
 FOR THE YEAR ENDED AUGUST 31, 2021*

Function	Governmental Funds Capital Assets September 1, 2020	Additions and Transfers	Retirements and Transfers	Governmental Funds Capital Assets August 31, 2021
Behavioral Health	\$ 17,421,786	\$ 498,358	\$	\$ 17,920,144
Developmental Disability	12,953,733	30,908	(216,128)	12,768,513
Specialized Services	10,628,272	1,775,149	(14,499)	12,388,922
Administrative	7,056,638	79,062	(61,645)	7,074,055
Total Governmental Funds Capital Assets	<u>\$ 48,060,429</u>	<u>\$ 2,383,477</u>	<u>\$ (292,272)</u>	<u>\$ 50,151,631</u>

STATISTICAL SECTION

Texana Center

**SCHEDULE OF REVENUE AND EXPENDITURES BY SOURCE OF FUNDS
GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2021
(UNAUDITED)**

EXHIBIT C-1

Fund Source	Total Revenue	Total BH Adult Expend.	Total BH CBA Expend.	Total BH Crisis Expend.	Total IDD Expend.	Total Other Expend.	Total Center Expend.	Range Rev. Over Expend.
Objects of Expense:								
Personnel	\$ 17,236,714	\$ 6,525,581	\$ 2,549,004	\$ 1,621,641	\$ 11,371,674	\$ 4,830,859	\$ 27,726,759	
Employee Benefits	6,974,060	1,385,772	554,915	324,070	3,299,817	1,514,086	5,974,650	
Professional Contract Services	4,570,874	1,025,787	361,864	3,132,528	4,796,885	761,810	4,570,874	
Training and Travel	160,632	38,034	21,667	8,970	21,349	63,204	160,632	
Debt Service	274,574				242,635	31,939	274,574	
Capital Outlay	2,151,704	366,410	132,122	60,144	1,053,075	1,580,437	2,151,704	
Non-Capitalized Equipment	33,410	6,407	2,885	850	15,567	5,711	33,410	
Pharmaceutical Expense	223,456	17,789				51,757	223,456	
PAP Expense	1,931,803	1,101,635				433,247	1,931,803	
Other Operating Expense	5,073,927	1,011,310	473,205	202,664	2,577,561	509,217	5,073,927	
Allocation of G&A	1,722,293	1,185,261	494,137	603,945	2,321,441	307,600	1,722,293	2
Total Expenditures	\$ 61,491,403	\$ 15,263,747	\$ 4,258,514	\$ 5,087,325	\$ 24,785,572	\$ 10,592,159	\$ 61,491,407	
Method of Finance:								
General Revenue								
HHSO - BI	\$ 15,281,289	\$ 6,007,912	\$ 6,179,715	\$ 5,027,201			\$ 15,281,289	\$
HHSO - IDD	3,338,489				3,338,489		3,338,489	
Mental Health Block Grant	1,914,329	1,252,885	137,093	434,349			1,914,329	
Title XX Soc. Serv. Block Grant	1,121,172	56,002	45,271				1,121,172	
Old KK - 188F	200,905	5,417	203,777				200,905	
Meckald Waters and JCF-IDD	15,226,481		18,491		15,238,040		15,226,481	
Other Federal Funds	13,842,831	1,465,176	27,059		4,912,722	2,357,002	13,842,831	4,624,577
Other State Agencies	1,481,681	656,690	177,601		557,610	2,066,325	1,481,681	
Requid Local Match	2,153,140	1,478,078	10,055	376,635	288,232		2,153,140	
PAP Reimbursements	3,201,800	1,521,636				430,247	3,201,800	
Additional Local Sources	6,968,850	257,317			951,086	5,820,585	6,968,850	306,772
Total Expended Sources	\$ 66,493,751	\$ 15,263,747	\$ 4,810,344	\$ 5,987,201	\$ 29,425,577	\$ 10,592,159	\$ 66,494,407	\$ 4,933,004

Texana Center

RECONCILIATION OF TOTAL REVENUES TO FOURTH
QUARTER FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2021
(UNAUDITED)

Exhibit C-2
Page 1 of 2

	Revenues			Audited Financial Statements
	Care Report III	Additions	Deletions	
Local Sources:				
County Tax Funds	\$ 1,011,713	\$	\$	\$ 1,011,713
Patient Fees/Insurance	6,014,307			6,014,307
Miscellaneous Income	1,915,835			1,915,835
Patient Assistance Program	3,931,883		(3,931,883) (a)	
TWC Rehab	15,269			15,269
COGMMI Funds	620,700			620,700
Medicaid	10,982,374			10,982,374
Title XIX - HCS	11,558,537			11,558,537
Title XIX - Texas Home Living Waiver	1,298,123			1,298,123
Title XIX - LCF	2,351,380			2,351,380
YES Waiver	18,444			18,444
Total Local Sources	<u>39,718,565</u>		<u>(3,931,883)</u>	<u>35,786,682</u>
State Programs:				
HHSC - BH	15,528,545			15,528,545
HHSC - IDD	3,355,809			3,355,809
HHSC - Early Childhood Intervention	7,007,408		(1,139,048) (b)	863,360
HHSC - Autism	530,568			530,568
DFPS - Applied Behavioral Analysis	80,145			80,145
Total State Programs	<u>21,497,475</u>		<u>(1,139,048)</u>	<u>20,358,427</u>
Federal Programs:				
Mental Health Block Grant	1,537,181			1,537,181
MHBG - Coordinated Specialty Care	417,148			417,148
Title XX Soc Services Block Grant	112,173			112,173
Title XX - TANF	238,989			238,989
Money Follows the Person	782,158			782,158
Medicaid Administrative Claiming	1,965,982			1,965,982
Early Childhood Intervention	51,763		1,139,048 (c)	1,190,811
Disaster Crisis Counseling Program	14,326			14,326
Emergency Solution Grant Program	97,991			97,991
Total Federal Programs	<u>5,217,711</u>		<u>1,139,048</u>	<u>6,356,759</u>
Total Revenues	<u>\$ 66,433,751</u>	<u>\$</u>	<u>\$ (3,931,883)</u>	<u>\$ 62,501,868</u>

(a) Remove PAP Contributions

(b) To allocate based on state allocations received

Texana Center**RECONCILIATION OF TOTAL EXPENDITURES TO FOURTH
QUARTER FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2021
(UNAUDITED)****Exhibit C-2
Page 2 of 2**

Function	Expenditures			Audited Financial Statements
	Care Report III	Additions	Deletions	
Personnel	\$ 30,611,062	\$	\$	\$ 30,611,062
Employee Benefits	7,822,941			7,822,941
Professional Contract Services	9,619,202			9,619,202
Training and Travel	170,364			170,364
Debt Service	390,122			390,122
Capital Outlay	2,230,765			2,230,765
Non-Capitalized Equipment	38,418			38,418
Pharmaceutical Expense	234,169			234,169
Patient Assistance Program Expense	3,931,883		(3,931,883) (a)	
Other Operating Expenses	6,445,481			6,445,481
Total Expenditures	\$ 61,191,107	\$	\$ (3,931,883)	\$ 57,562,524

(a) Remove PAP Contributions

Texana Center

EXHIBIT C-3

*SCHEDULE OF INDIRECT COSTS
FOR THE YEAR ENDED AUGUST 31, 2021
(UNAUDITED)*

	<u>Total Costs</u>	<u>Non- Allowable Costs</u>	<u>Depreciation</u>	<u>Total Adjusted Costs</u>	<u>Direct Costs</u>	<u>Indirect Costs</u>
Salaries	\$ 30,611,062	\$	\$	\$ 30,611,062	\$ 21,236,191	\$ 3,374,265
Employee Benefits	7,822,941			7,822,941	6,914,674	848,267
Capital Outlay	2,230,765	(2,230,765)				
Debt Service - Prindpal	145,000	(145,000)				
Depreclation			2,324,164	2,324,164	1,775,367	548,797
Other Operating Expend.	16,152,156	(101,312)		16,648,384	15,163,365	1,485,019
Total Expenditures	<u>\$ 57,562,524</u>	<u>\$ (2,480,137)</u>	<u>\$ 2,324,164</u>	<u>\$ 57,406,551</u>	<u>\$ 51,150,203</u>	<u>\$ 6,256,348</u>

Computation of Indirect Cost Rate for the Year Ended August 31, 2021

Indirect Costs	6,256,348
Direct Costs	<u>51,150,203</u>
Indirect Cost Rate	<u>12.23%</u>

Texana Center
SCHEDULE OF LEASES
FOR THE YEAR ENDED AUGUST 31, 2021
(UNAUDITED)

EXHIBIT C-4

Page 1 of 2

Leasor or Other Part to Contract	Location	Monthly Amount	Period Covered	
			Start Date	End Date
Group Homes				
ARC of Fort Bend County	6419 Brazos Glen, Richmond	\$ 1,100	9/1/2020	8/31/2022
Wharton ARC	500 1/2 Sunset, Wharton	1,500	9/1/2018	8/31/2021
Wayne Allen	777 Old Caney Road, Wharton	2,000	8/1/2020	3/31/2021
Texana Facilities				
Wharton ARC	1017 1/2 Alabama Rd., Wharton	\$ 1,200	9/1/2018	8/31/2022
ARC of Fort Bend County	2715 Cypress Point, Missouri City	8,000	2/1/2019	1/31/2022
130 Industrial L.P.	130 Industrial Ste 200, Sugar Land	11,472	7/1/2017	11/30/2023
Colombia County	1703 Old Altair Road, Altair	1,500	10/1/2016	month to month
104 Industrial L.P.	140 Industrial Blvd Ste 207, Sugar Land	1,200	9/1/2020	8/31/2022
Extra Space Storage	5208 Reading Road Unit # A166	9,091	6/1/2020	5/31/2022
Extra Space Storage	5208 Reading Road Unit # 1118	9,085	5/1/2021	5/31/2022
Extra Space Storage	5208 Reading Road Unit # D127	9,900	3/3/2021	3/3/2022
Copy Machines				
Canon Financial Services	4910 Airport Ave Bldg A, Rosenberg Midknaum	\$ 78	11/1/2016	11/1/2020
Canon Financial Services	HWY 90, Eagle Lake	151	10/1/2016	10/1/2020
Canon Financial Services	123 W First St, Litchfield	151	10/1/2006	10/1/2020
Canon Financial Services	5311 Avenue N, Rosenberg	291	10/1/2016	10/1/2020
Canon Financial Services	5311 Avenue N, Rosenberg	291	10/1/2016	10/1/2020
Canon Financial Services	100 Ave F, Bay City (Front Office)	711	10/18/2016	10/18/2020
Canon Financial Services	27043 FM 1093, Richmond	78	4/18/2017	4/18/2021
Canon Financial Services	4910 Airport Ave Bldg A (Front Office)	80	11/1/2017	10/31/2021
Canon Financial Services	4910 Airport Ave Bldg A (Front Office)	80	11/1/2017	10/31/2021
Canon Financial Services	1960 Walnut, Columbus	225	2/1/2018	1/31/2022
Canon Financial Services	3007 N Richmond Rd, Wharton	225	2/1/2018	1/31/2022
Canon Financial Services	3007 N Richmond Rd, Wharton	229	7/1/2018	1/31/2022
Canon Financial Services	4910 Airport Ave Bldg E, Rosenberg	60	7/1/2018	6/30/2022
Canon Financial Services	4706 Airport Ave Bldg A (Downstairs)	325	7/1/2018	6/30/2022
Canon Financial Services	535 FM359 S, Brookshire	169	7/1/2018	6/30/2022
Canon Financial Services	4910 Airport Ave Bldg G, Rosenberg	325	7/1/2018	6/30/2022
Canon Financial Services	4910 Airport Ave Bldg F, Rosenberg	90	7/1/2018	6/30/2022
Canon Financial Services	1706 Airport Ave Bldg A (EOC)	90	7/1/2018	6/30/2022
Canon Financial Services	130 Industrial Blvd, Sugar Land	325	7/1/2018	6/30/2022
Canon Financial Services	4706 Airport Ave Bldg A (NO CHARGE LEASE)	-	10/1/2018	10/1/2020
Canon Financial Services	4706 Airport Ave, Bldg C, Rosenberg	220	2/1/2019	1/23/2023
Canon Financial Services	4706 Airport Ave, Bldg A-Upstairs	175	5/31/2019	5/30/2023
Canon Financial Services	4706 Airport Ave, Bldg A-Upstairs	157	5/31/2019	5/30/2023
Canon Financial Services	4706 Airport Ave, Bldg B-Learning Center	175	5/31/2019	5/30/2023
Canon Financial Services	2715 Cypress Point Drive, Missouri City	204	5/31/2019	5/30/2023
Canon Financial Services	1017 1/2 Alabama Road, Wharton	157	5/31/2019	5/30/2023
Canon Financial Services	4910 Airport Ave, Bldg D, Upstairs	157	5/31/2019	5/30/2023
Canon Financial Services	4706 Airport Ave, Bldg A, Rosenberg	175	5/31/2019	5/30/2023
Canon Financial Services	4910 Airport Ave, Bldg A, Rosenberg	222	5/31/2019	5/30/2023
Canon Financial Services	4910 Airport Ave, Bldg A, Rosenberg	175	5/31/2019	5/30/2023
Canon Financial Services	4910 Airport Ave, Bldg A, Rosenberg	175	5/31/2019	5/30/2023
Canon Financial Services	2535 Cordes Drive, Sugar Land	175	5/31/2019	5/30/2023
Canon Financial Services	2535 Cordes Drive, Sugar Land	175	5/31/2019	5/30/2023

Texana Center
 SCHEDULE OF FASFS
 FOR THE YEAR ENDED AUGUST 31, 2021
 (UNAUDITED)

EXHIBIT C-4
 Page 2 of 2

Lessor or Other Part to Contract	Location	Monthly Amount	Period Covered	
			Start Date	End Date
Canon Financial Services	1810 Dallas Road, Richmond	222	5/31/2019	5/30/2024
Canon Financial Services	2320 Graeber Rd, Rosenberg	223	1/28/2020	1/27/2024
Canon Financial Services	2220 Graeber Rd, Rosenberg	131	1/30/2020	1/29/2024
Canon Financial Services	4510 Airport Avenue, Rosenberg - Building F	238	6/8/2020	6/7/2024
Canon Financial Services	4910 Airport Avenue, Rosenberg - Building D	236	6/8/2020	6/7/2024
Canon Financial Services	4708 Airport Avenue, Rosenberg - Building A	226	6/8/2020	6/7/2024
Canon Financial Services	4810 Airport Avenue, Rosenberg - Building D	188	6/8/2020	6/7/2024
Canon Financial Services	400 Avenue - , Bay City	189	6/8/2020	6/7/2024
Canon Financial Services	708 Avenue - El Campo	98	6/8/2020	6/7/2024
Canon Financial Services	5311 Avenue M, Rosenberg (MCC)	224	9/25/2020	9/25/2024
Canon Financial Services	5311 Avenue M, Rosenberg (Nurse Station)	220	9/25/2020	9/25/2024
Canon Financial Services	123 W First St, E. Campo	140	9/25/2020	9/25/2024
Canon Financial Services	738 Avenue I, El Campo	64	11/1/2020	11/1/2024
Canon Financial Services	HWY 90, Lagle Lake	140	11/1/2020	11/1/2024
Canon Financial Services	433 Ave F, Bay City	140	11/1/2020	11/1/2024
Mailing Equipment				
Pitney Bowes	4910 Airport, Bldg. D, Rosenberg, Texas	\$ 251	3/30/2018	3/29/2023
Computer Equipment				
Cell Financial Services	4910 Airport, Rosenberg - Building E	\$ 15,771	2/1/2018	2/1/2022
Automobiles				
Enterprise FM Trust	2017 Toyota Sienna Van L WHITE STD773DC0H5774744	\$ 477	8/27/2018	8/26/2020
Enterprise FM Trust	2017 Toyota Sienna Van L WHITE STD773DC04H5774019	477	8/27/2018	8/26/2020
Enterprise FM Trust	2017 Toyota Sienna Van L WHITE STD223DC02H5776948	477	8/27/2018	8/26/2020
Enterprise FM Trust	2017 Toyota Sienna Van L WHITE STD223DC08H5776498	477	8/27/2018	8/26/2020
Enterprise FM Trust	2017 Toyota Sienna Van L WHITE STD223DC03H5773181	477	8/27/2018	8/26/2020
Enterprise FM Trust	2017 Toyota Sienna Van L WHITE STD223DC06H5771365	477	8/27/2018	8/26/2020
Enterprise FM Trust	2017 Toyota Sienna Van L WHITE STD223DC06H5773181	477	8/27/2018	8/26/2020
Enterprise FM Trust	2017 Toyota Sienna Van WHITE STD773DC06H5773060	477	8/27/2018	8/26/2020
Enterprise FM Trust	2017 Toyota Sienna Van L WHITE STD223DC03H5773880	477	8/27/2018	8/26/2020
Enterprise FM Trust	2017 Nissan Altima White 1NMA3AP9H310239	319	10/31/2018	10/30/2022
Enterprise FM Trust	2017 Nissan Sentra White 3N1D11U7AP9111410/45	271	1/4/2019	12/31/2022
Enterprise FM Trust	2019 Toyota Sienna Van L STD223DC09S977479	533	11/30/2018	11/30/2022
Enterprise FM Trust	2019 Toyota Sienna Van L STD223DC09S992906	533	11/30/2018	11/30/2022
Enterprise FM Trust	2019 Toyota Sienna Van L STD223DC00S992117	503	6/13/2019	11/30/2022
Enterprise FM Trust	2019 Toyota Sienna Van L STD223DC1KS989629	537	12/14/2018	12/31/2022
Enterprise FM Trust	2019 Toyota Sienna Van L STD773DC09S016586	504	5/10/2019	5/31/2023
Enterprise FM Trust	2019 Nissan Kicks 3N1CP5CUB4L537898	327	8/12/2019	8/31/2023
Enterprise FM Trust	2019 Nissan Kicks 3N1CP5CUB4L537809	327	8/12/2019	8/31/2023
Enterprise FM Trust	2019 Nissan Kicks 3N1CP5CUB4L538063	327	8/12/2019	8/31/2023
Enterprise FM Trust	2019 Nissan Sentra 3N1AB7AF8KY242216	277	12/10/2018	12/31/2023
Enterprise FM Trust	2019 Nissan Sentra 3N1AB7AP7KY731573	277	12/11/2018	12/31/2023
Enterprise FM Trust	2019 Nissan Sentra 3N1AB7AP7KY731573	277	12/14/2018	12/31/2023
Enterprise FM Trust	2019 Nissan Sentra 3N1AB7AP3KL605738	275	1/31/2019	2/29/2024
Enterprise FM Trust	2020 Toyota Sienna Van L STD223DC0LS077256	458	8/11/2020	8/11/2024
Enterprise FM Trust	2020 Toyota Sienna Van L STD223DC0LS077055	504	8/11/2020	8/11/2024
Enterprise FM Trust	2020 Toyota Sienna Van L STD223DC0LS077539	458	8/11/2020	8/11/2024
Enterprise FM Trust	2021 Toyota Sienna LE 8 Pass STD0RKEC2M5020932	362	3/2/2021	3/31/2025
Enterprise FM Trust	2021 Toyota Sienna LE 8 Pass STD0RKEC1M5019253	362	3/2/2021	3/31/2025
Enterprise FM Trust	2021 Toyota Sienna LE 8 Pass STD0RKEC3M5023871	364	3/19/2021	3/31/2025
Enterprise FM Trust	2021 Toyota Sienna LE 8 Pass STD0RKEC1M5018815	362	3/2/2021	3/31/2025
Enterprise FM Trust	2021 Toyota Sienna LE 8 Pass STD0RKEC2M5019973	362	3/2/2021	3/31/2025
Enterprise FM Trust	2021 Toyota Sienna LE 8 Pass STD0RKEC3M5019635	362	3/8/2021	3/31/2025
Enterprise FM Trust	2021 Nissan Kicks SV 3N1CP5CV9ML482240	270	4/29/2021	4/29/2025

Texana Center**EXHIBIT C-5**

*SCHEDULE OF INSURANCE IN FORCE
FOR THE YEAR ENDED AUGUST 31, 2021
(UNAUDITED)*

General Liability

Insurer: Texas Council Risk Management Fund

Policy Period: 09/01/20 - 08/31/21

Coverage:

Per Occurrence Limit of Liability and Annual Aggregate	\$	400,000
Deductible		1,000

Automobile Liability

Insurer: Texas Council Risk Management Fund

Policy Period: 09/01/20 - 08/31/21

Coverage:

Per Occurrence Limit of Liability and Annual Aggregate	400,000
Deductible	1,000

Professional Liability

Insurer: Texas Council Risk Management Fund

Policy Period: 09/01/20 - 08/31/21

Coverage:

Per Occurrence Limit of Liability	1,000,000
Annual Aggregate	3,000,000
Deductible	1,000

Errors and Omissions Liability

Insurer: Texas Council Risk Management Fund

Policy Period: 09/01/20 - 08/31/21

Coverage:

Per Occurrence Limit of Liability	1,000,000
Annual Aggregate	1,000,000
Deductible	1,000

Property

Insurer: Texas Council Risk Management Fund

Policy Period: 09/01/20 - 08/31/21

Coverage:

Blanket Limit Each Occurrence	50,881,851
Blanket Per Occurrence Deductible	5,000

Automobile Physical Damage

Insurer: Texas Council Risk Management Fund

Policy Period: 09/01/20 - 08/31/21

Coverage Basis is Scheduled; Deductible Varies by Vehicles

Varies

Crime Coverage

Insurer: Texas Council Risk Management Fund

Policy Period: 09/01/20 - 08/31/21

Per Occurrence Limit of Liability

Varies

Deductible

1,000

Workers Compensation

Insurer: Texas Municipal League

Policy Period: 09/01/20 - 08/31/21

Coverage: Statutory

Windstorm and Hail

Insurer: Texas Windstorm Insurance Association

Policy Period: 12/08/20 - 12/08/21

Coverage

851,327

Deductible

8,513

Information Security and Privacy Insurance with Breach Response Services

Insurer: Lloyds of London Beazley Syndicate

Policy Period: 05/28/20 - 05/28/21

Coverage:

Policy Aggregate of Limit	5,000,000
Regulatory Defense and Penalties Sublimit	5,000,000
PCI Fines, Expenses and Costs Sublimit	5,000,000

Texana Center**EXHIBIT C-6****SCHEDULE OF PROFESSIONAL AND CONSULTING FEES
FOR THE YEAR ENDED AUGUST 31, 2021
(UNAUDITED)**

Name	City	Type of Service	Amount
BSA Architects, Inc.	Sugar Land, TX	Architectural	\$ 127,773
Ray and Hollington Architects	Houston, TX	Architectural	1,623
Eide Bailly LLP	Abilene, TX	Financial Audit	35,300
Locumtenens.com	Atlanta, GA	Medical	540,500
Texas Tele-Physicians	Reston, VA	Medical	370,497
Rafael Guerra, MD	Katy, TX	Medical	3,656
Gildardo Ceballos, MD	Richmond, TX	Medical	8,000

Texana Center**EXHIBIT C-7****SCHEDULE OF LEGAL SERVICES****FOR THE YEAR ENDED AUGUST 31, 2021****(UNAUDITED)**

Name	City	Type of Service	Amount
Bouer Law , LLC.	Princeton, NJ	Legal	\$ 11,108
Lewis, Brisbois, Bisgaard & Smith LLP	Los Angeles, CA	Legal	2,510

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SINGLE AUDIT SECTION

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**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
Texana Center
Rosenberg, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, the major fund, and the aggregate remaining fund information of Texana Center (the Center), as of and for the year ended August 31, 2021, and the related notes to the financial statements, which collectively comprise the Center’s basic financial statements, and have issued our report thereon dated December 30, 2021.

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 may exist that have not been identified.

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.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Abilene, Texas
December 30, 2021



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

To the Board of Trustees
Texana Center
Rosenberg, Texas

Report on Compliance for Each Major Federal and State Program

We have audited Texana Center’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, 2021. 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 (TSAC)* and *Guidelines for Annual Financial and Compliance Audits of Community Mental Health and Mental Retardation Centers* (Audit Guidelines). 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.

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, 2021.

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 or 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.



Abilene, Texas
December 30, 2021

Texana Center

*SCHEDULE OF EXPENDITURES OF STATE AND FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2021*

EXHIBIT D-1
Page 1 of 2

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Expenditures
State Awards:		
<i>Texas Health & Human Services Commission - MH</i>		
General Revenue - Mental Health Adult	HHS000537200009	\$ 8,766,080
General Revenue - Mental Health Child	HHS000537200009	1,987,589
General Revenue - Crisis Services	HHS000537200009	1,808,741
General Revenue - Psychiatric Emergency Service Center	HHS000537200009	1,526,303
General Revenue - Discharge Meds	HHS000537200009	8,175
General Revenue - Private Psychiatric Beds	HHS000537200009	1,148,701
General Revenue - Mental Health First Aid	HHS000187600001	39,300
Senate Bill 292	HHS000134400012	243,656
Total HHSC - MH		<u>15,528,545</u>
<i>Texas Health & Human Services Commission - IDD</i>		
General Revenue - IDD	HHS000588300001	2,438,470
Permanency Planning	HHS000588300001	62,650
CLOIP	HHS000588300001	382,042
IDD Crisis Intervention Specialists	HHS000588300001	208,110
IDD Crisis Respite Services	HHS000588300001	247,217
Nursing Facility PASRR Specialized Services - Form 1048	HHS000588300001	17,320
Total HHSC - IDD		<u>3,355,809</u>
<i>Texas Health & Human Services Commission - ECI</i>		
Division for Early Childhood Intervention - Intervention	HHS000640200001	856,670
Division for Early Childhood Intervention - Respite	HHS000640200001	6,690
Total HHSC - ECI		<u>863,360</u>
<i>Texas Health & Human Services Commission - Autism</i>		
Total Texas Health & Human Services Commission	HHS000693900002	530,568
		<u>20,278,282</u>
<i>Texas Department of Family and Protective Services</i>		
Applied Behavior Analysis Services	N/A	80,145
Total Texas DFPS		<u>80,145</u>
Total State Awards		<u>20,358,427</u>

Texana Center

*SCHEDULE OF EXPENDITURES OF STATE AND FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2021*

EXHIBIT D-1
Page 2 of 2

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/ Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures
Federal Awards:			
U.S. Department of Agriculture			
<i>Passed through Texas Health & Human Services Commission</i>			
Supplemental Nutrition Assistance Program - SNAP Cluster	10.561	HHS000640200001	51,763
Total U.S. Department of Agriculture			<u>51,763</u>
U.S. Department of Homeland Security			
<i>Passed through Texas Health & Human Services Commission</i>			
Covid 19 - Disaster Crisis Counseling Program	97.032	HHS000434500008	14,326
Total U.S. Department of Homeland Security			<u>14,326</u>
U.S. Department of Health and Human Services			
<i>Passed through Texas Health & Human Services Commission</i>			
Mental Health Block Grant	93.958	+ HHS000537200009	1,217,133
Mental Health Block Grant (Supported Housing Basic - Rental)	93.598	+ HHS000537200009	217,329
Mental Health Block Grant (MHFA Outreach Worker)	93.958	+ HHS000187600001	72,419
Mental Health Block Grant (Coordinated Specialty Care)	93.958	+ HHS000336500001	417,148
Title XX Social Services Block Grant	93.667	HHS000537200009	112,173
Temporary Assistance for Needy Families ("TANF") - BH	93.558	* HHS000537200009	238,989
Temporary Assistance for Needy Families ("TANF") - ECI	93.558	* HHS000640200001	163,123
Medicaid Administrative Claiming ECI - Medicaid Cluster	93.778	# 529-11-0040-00033	158,070
Medicaid Administrative Claiming MH-IDD - Medicaid Cluster	93.778	# 529-09-0037-00061	1,807,912
PAC 344 Title XVIII	93.791	HHS000588300001	<u>782,158</u>
Total passed through Texas Health & Human Services Commission			<u>5,216,754</u>
Covid 19 - Provider Relief Fund	93.498	N/A	<u>18,988</u>
Total U.S. Department of Health and Human Services			<u>5,235,742</u>
U.S. Department of Education - Office of Special Education and Rehabilitative Services			
<i>Passed through Texas Health & Human Services Commission</i>			
Grants for Infants and Families with Disabilities	84.181	HHS000640200001	908,245
Grants to States - Special Education Cluster (IDEA)	84.027	HHS000640200001	<u>67,680</u>
Total U.S. Department of Education			<u>975,925</u>
<i>Passed through Fort Bend County</i>			
U.S. Department of Housing & Urban Development			
Emergency Solution Grant Program	14.231	H-20-UW-48-001	<u>97,991</u>
Total U.S. Department of Housing & Urban Development			<u>97,991</u>
Total Federal Financial Assistance			<u>6,375,747</u>
Total State and Federal Awards			<u>\$ 26,734,171</u>

* Total Expenditures for TANF Cluster CFDA #93.558 is \$402,112
 # Total Expenditures for Medicaid Cluster CFDA #93.778 is \$1,965,982
 + Total Expenditures for MHI Block Grant #93.958 is \$1,954,329

Texana Center

NOTES TO SCHEDULE OF EXPENDITURES OF STATE AND FEDERAL AWARDS YEAR ENDED AUGUST 31, 2021

General

The Schedule of Expenditures of State and Federal Awards presents the activity of all applicable state and federal awards of Texana Center (the Center). The Center's reporting entity is defined in Note 1 of the basic financial statements. State and federal assistance received directly from state and federal agencies, as well as federal financial assistance 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.

Basis of Accounting

The accompanying Schedule of Expenditures of State and Federal Awards is presented using the modified accrual basis of accounting. The modified accrual basis of accounting is described in Note 1(d) to the Center's 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.

The format for the accompanying schedule has been prescribed by the Texas Department of Health and Human Services Commission *Guidelines for Annual Financial and Compliance Audits of Community MHMR Centers*. Such format includes revenue recognized in the Center's basic financial statements.

Relationship to the Basic Financial Statements

State and federal awards are reported in the Center's basic financial statements in the General Fund.

Certain federal and state programs have been excluded from the Schedule of Expenditures of State and Federal Awards, including monies received under the vendor contract for Title XIX HCS/IDD and other Medicaid/Medicare funding for providing patient services. These monies are reported as local revenues in the basic financial statements. Also, the state program excluded from the schedule and reported as local funds in the basic financial statements is Texas

Correctional Office on Offenders with Medical or Mental Impairments program. Further, in accordance with the OMB Compliance Supplement Addendum the federal program Provider Relief Funds provided under the CARES Act have been excluded from the SEFA. The federal and state monies excluded from the Schedule of Expenditures of State and Federal Awards are not considered federal or state awards as defined in the Uniform Guidance or *State of Texas Single Audit Circular*.

Program or Award Amounts

Amounts include contract/award amounts plus any additional reimbursement monies received in fiscal year 2021.

The Center received amounts from the U.S. Department of Health and Human Services (HHS) through the Provider Relief Fund (PRF) program (Federal Financial Assistance Listing/CFDA #93.498) during the year ended August 31, 2020 and 2021. The Center incurred eligible expenditures and, therefore, recognized revenues totaling \$0 and \$993,619 for the year ended August 31, 2021 and 2020, respectively, on the financial statements. In accordance with the compliance supplement addendum, the PRF expenditures recognized on the schedule of federal expenditures of \$18,988 are based on the reporting to HHS for funds expended prior to June 30, 2020, as required under the PRF program.

State Award Guidelines

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

Indirect Costs

The Center has elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance because the Center has not been able to negotiate an indirect cost rate for its federal awards.

Subrecipients

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

Texana Center

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2021

PART I - SUMMARY OF AUDITOR'S RESULTS

Financial Statement Section:

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

Federal and State Awards Section:

Internal control over major programs:	
• Material weakness identified	No
• Significant deficiencies identified not considered to be material weaknesses	None reported

Type of auditor's report on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance 2 CFR 200.516 or the State of Texas Single Audit Circular? No

Identification of Major Programs:

<u>Name of Federal Program</u>	<u>CFDA Number</u>
Medicaid Title XIX	93.778
PAC 344 Title XVIII	93.791

Name of State Program

General Revenue – Mental Health (MHA, MHC, Crisis, PESC, and PPB)	N/A
General Revenue – IDD	N/A

Dollar threshold for distinguishing Type A and B programs: \$750,000 - federal
\$610,753 - state

Auditee qualified as a low-risk auditee? Yes

Texana Center

*SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2021*

PART II - FINANCIAL STATEMENT FINDINGS

The audit disclosed no findings required to be reported.

PART III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS SECTION

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

Texana Center

*SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED AUGUST 31, 2021*

No prior year federal or state award findings were reported.