

# **Texana Center**

## **ANNUAL FINANCIAL REPORT**

**For the Year Ended August 31, 2025**



# **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, 2025 from Eide Bailly, LLP was reviewed and approved at a meeting of the Board of Trustees held on the 28th day of January, 2026.

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Chairperson, Board of Trustees

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Date

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**Texana Center**  
*PRINCIPAL OFFICIALS*  
*August 31, 2025*

**BOARD OF TRUSTEES**

Sue Fagan	Chairperson
Dr. Dennis W Young	Vice-Chair
John Robson	Secretary
Linda Harnist	Member
Toi Blakely Harris, MD	Member
Asim Shah, MD	Member
Sarah Hudgins	Member
Leroy Cerny	Member
Vince Bryant	Member
Sheriff Rick DeLeon III	Ex-Officio
Sheriff Troy Guidry	Ex-Officio
Sgt Chris Morgan	Ex-Officio (Sheriff Guidry Delegate)

**SENIOR LEADERSHIP TEAM**

Shena Ureste	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
Kara Janecek	Director of Behavioral Healthcare Services

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## **Independent Auditor's Report**

To the Board of Trustees  
Texana Center  
Rosenberg, Texas

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited 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, 2025, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the accompanying 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, 2025, 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.

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 as of September 30, 2025. 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.

#### ***Basis for Opinions***

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

#### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Center's basic financial statements. The other supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of state and federal awards is presented for the 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* (Uniform Guidance), and the Texas Grant Management Standards (TxGMS) and is also not a required part of the basic financial statements. The other supplementary information and the schedule of expenditures of state and federal awards 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and the schedule of expenditures of state and federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

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

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

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated January 6, 2025, 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 black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Abilene, Texas  
January 6, 2025

# 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, 2025.

### **FINANCIAL HIGHLIGHTS**

- The assets of the Center, excluding component units, exceeded its liabilities at the close of the most recent fiscal year by \$61,640,247 (net position). Of this amount, \$26,519,804 (unrestricted net position) may be used to meet the Center's ongoing obligations.
- The Center's total net position, excluding component units, increased by \$2,839,426 for the year ended August 31, 2025.
- As of August 31, 2025, the Center's governmental funds reported an ending fund balance of \$28,215,057, a decrease of \$6,295,557 from the prior fiscal year.
- At the end of the fiscal year, unassigned fund balance for the General Fund was \$21,925,214 or 26.7 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 4 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 \$61,640,247 as of August 31, 2025.

A large portion (57 percent) 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 (43 percent) represents unrestricted financial resources available for future operations.

### STATEMENT OF NET POSITION For the Fiscal Year Ended August 31, 2025 and 2024

	<b>Governmental Activities</b>	
	<b>2025</b>	<b>2024</b>
Current and other assets	\$ 31,650,439	\$ 37,282,320
Capital assets, net	41,159,787	31,939,601
<b>Total Assets</b>	<b>72,810,226</b>	<b>69,221,921</b>
Current liabilities	6,701,597	4,067,784
Long-term liabilities	4,468,382	6,353,316
<b>Total Liabilities</b>	<b>11,169,979</b>	<b>10,421,100</b>
Net Position:		
Net investment in capital assets	35,120,443	26,408,512
Unrestricted	26,519,804	32,392,309
<b>Total Net Position</b>	<b>\$ 61,640,247</b>	<b>\$ 58,800,821</b>

Net position of the Center, all of which relate to governmental activities, increased by \$2,839,426. Key elements of the increase are as follows:

**CHANGES IN NET POSITION**  
**For the Fiscal Year Ended August 31, 2025 and 2024**

	<b>Governmental Activities</b>	
	<b>2025</b>	<b>2024</b>
<b>Revenues</b>		
Program revenues:		
Charges for services	\$ 35,476,912	\$ 36,568,129
Operating grants and contributions	31,974,064	32,189,843
General revenues:		
Local income	768,051	768,051
Charity Care Pool	3,945,271	4,125,970
Investment Income	1,243,669	1,490,819
Gain on Fixed Assets Sold	2,065,071	
<b>Total Revenues</b>	<u>75,473,038</u>	<u>75,142,812</u>
<b>Expenses</b>		
Behavioral Health	30,257,643	30,750,533
Intellectual Developmental Disability	29,306,173	29,891,749
Other Services	12,765,816	11,738,767
Interest on long-term debt	303,980	323,964
<b>Total Expenses</b>	<u>72,633,612</u>	<u>72,705,013</u>
<b>Change in Net Position</b>	2,839,426	2,437,799
Net position, beginning	<u>58,800,821</u>	<u>56,363,022</u>
<b>Net Position, Ending</b>	<u><u>\$ 61,640,247</u></u>	<u><u>\$ 58,800,821</u></u>

**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, 2025, the Center's governmental funds, which consist of a general fund, reported an ending fund balance of \$28,215,057 which is a decrease of \$6,295,557 from last year's total of \$34,510,614. 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 26.7 percent of total general fund expenditures.

## GENERAL FUND BUDGETARY HIGHLIGHTS

General Fund operating expenditures in 2025 were budgeted at \$85.3 million, and actual expenditures incurred at August 31, 2025 were \$82.1 million, or 3.7% under 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, 2025 amounts to \$41,159,787 (net of accumulated depreciation and amortization). This investment in capital assets includes land, buildings, improvements, vehicles, furniture and equipment.

### CAPITAL ASSETS SCHEDULE (net of depreciation)

	Governmental Activities	
	2025	2024
Land	\$ 4,614,421	\$ 4,364,459
Construction in Progress	13,277,472	1,201,010
Furniture in Progress	553,251	0
Buildings and improvements	38,663,076	41,430,197
Furniture and equipment	5,299,615	5,401,543
Vehicles	4,244,789	4,553,171
Right of use leased/subsription IT assets	1,840,904	3,511,071
Less: accumulated depreciation/amortization	(27,333,742)	(28,521,851)
<b>Total Capital Assets, Net</b>	<b>\$ 41,159,787</b>	<b>\$ 31,939,601</b>

Additional information on the Center's capital assets can found in Note 3C in the notes to financial statements.

## LONG-TERM LIABILITIES

As of August 31, 2025, the Center had total tax-exempt bonded debt outstanding of \$3,995,000. Interest expense totaled \$213,239 for the 2025 fiscal year on this bonded debt. There were no new bond issues in 2025. These outstanding bonds have maturities ranging from 2026 to 2040.

During the fiscal year, the Center adopted GASB Statement No. 101, *Compensated Absences*. There was not a significant effect on the Center's financial statements as a result of this adoption.

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



## LONG TERM LIABILITIES

	<b>Governmental Activities</b>	
	<b>2025</b>	<b>2024</b>
Bonds	\$ 3,995,000	\$ 4,170,000
Leases	573,627	991,414
Subscription IT	242,352	314,712
Compensated Absences	1,651,385	2,072,696
<b>Total long term liabilities</b>	<b>\$ 6,462,364</b>	<b>\$ 7,548,822</b>

## ECONOMIC FACTORS

- The Center has an employment vacancy rate of 29.4% at August 31, 2025, which is an increase from a rate of 25.5% a year ago.
- The Center voluntarily terminated both the Home and Community Services and Texas Home Living Medicaid waivers as of August 31, 2025 due to unsustainable reimbursement rates.

## 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, 2025**

**EXHIBIT A-1**

	<b>Primary Government</b>	<b>Component Unit</b>
	<b>Governmental Activities</b>	<b>Crossroads Villas September 30, 2025</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 24,411,890	\$ 70,316
Accounts receivable, net	1,401,015	769
Due from other governments	4,929,615	2,270
Prepaid items	75,078	5,248
Deposit - IGT DPP-BHS	780,680	
Inventories, at cost	39,875	
Deposits - other	12,286	3,643
Capital assets not being depreciated	18,445,144	
Capital assets net of accumulated depreciation	21,872,539	1,220,950
Right to Use subscription IT assets, net accumulated amortization	300,143	
Right to Use leased assets, net accumulated amortization	541,961	
<b>Total Assets</b>	<b>72,810,226</b>	<b>1,303,196</b>
<b>Liabilities</b>		
<b>Current Liabilities:</b>		
Accounts payable	1,376,953	14,860
Accrued expenses	2,003,429	23,106
Unearned Revenue	55,000	
Construction retainage Payable	1,228,365	
Accrued interest payable	43,868	
Bonds payable - current	180,000	
SBITA Liability - current	177,545	
Lease liability - current	202,267	
Accrued compensated absences - current	1,434,170	
<b>Total Current Liabilities</b>	<b>6,701,597</b>	<b>37,966</b>
<b>Non-Current Liabilities:</b>		
Bonds payable	3,815,000	
SBITA Liability	64,807	
Lease liability	371,360	
Accrued compensated absences	217,216	
<b>Total Non-Current Liabilities</b>	<b>4,468,383</b>	
<b>Total Liabilities</b>	<b>11,169,980</b>	<b>37,966</b>
<b>Net Position</b>		
Net investment in capital assets	35,120,443	1,220,950
Unrestricted	26,519,803	44,280
<b>Total Net Position</b>	<b>\$ 61,640,246</b>	<b>\$ 1,265,230</b>

See Notes to Financial Statements.

# Texana Center

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2025

Functions/Programs	Expenses		
	Expenses	Administration Allocations	Expenses after Allocation of Administration
<b>Primary Government</b>			
<b>Governmental Activities</b>			
Behavioral Health	\$ 26,691,664	\$ 3,565,979	\$ 30,257,643
Intellectual Developmental Disability	25,852,329	3,453,844	29,306,173
Other Services	11,261,316	1,504,500	12,765,816
Administration	8,524,323	(8,524,323)	
Interest on long-term debt	303,980		303,980
<b>Total Governmental Activities</b>	<u>\$ 72,633,612</u>	<u>\$</u>	<u>\$ 72,633,612</u>
<b>Component Unit</b>			
Crossroads Villas, for the year ended			
September 30, 2025	\$ 170,769	\$	\$ 170,769
<b>Total Component Unit</b>	<u>\$ 170,769</u>	<u>\$</u>	<u>\$ 170,769</u>

See Notes to Financial Statements.

EXHIBIT A-2

Program Revenues			Net (Expense) Revenue and Changes in Net Position	
Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	Primary Government Governmental Activities	Component Unit Crossroads Villas
\$ 1,558,251	\$ 23,857,541	\$	\$ (4,841,851)	\$
20,145,177	4,500,636		(4,660,360)	
13,773,484	3,615,887		4,623,555	
			(303,980)	
<u>\$ 35,476,912</u>	<u>\$ 31,974,064</u>	<u>\$</u>	<u>(5,182,636)</u>	
\$ 61,250	\$ 54,390	\$		(55,129)
<u>\$ 61,250</u>	<u>\$ 54,390</u>	<u>\$</u>		<u>(55,129)</u>
General Revenues:				
Local income			768,050	1,536
Charity Care Pool			3,945,271	
Investment earnings			1,243,669	
Gain on Fixed Assets Sold			2,065,071	351
Total General Revenues			<u>8,022,061</u>	<u>1,887</u>
Change in Net Position			2,839,425	(53,242)
Net Position, Beginning			58,800,821	1,318,472
Net Position, Ending			<u>\$ 61,640,246</u>	<u>\$ 1,265,230</u>

**Texana Center**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**August 31, 2025**

**EXHIBIT A-3**

	<b>General Fund</b>	<b>Total Governmental Funds</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 24,411,890	\$ 24,411,890
Accounts receivable, net of allowance of \$231,486	1,401,015	1,401,015
Due from other governments	4,929,615	4,929,615
Prepaid items and other	75,078	75,078
Deposit - IGT DPP-BHS	780,680	780,680
Deposits - other	12,286	12,286
Inventories, at cost	39,875	39,875
<b>Total Assets</b>	<b>\$ 31,650,439</b>	<b>\$ 31,650,439</b>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 1,376,953	\$ 1,376,953
Accrued expenses	2,003,429	2,003,429
Unearned Revenue	55,000	55,000
<b>Total Liabilities</b>	<b>3,435,382</b>	<b>3,435,382</b>
<b>Fund Balances:</b>		
Nonspendable:		
Prepaid items and other	75,078	75,078
Inventory	39,875	39,875
Committed	6,174,890	6,174,890
Unassigned	21,925,214	21,925,214
<b>Total Fund Balances</b>	<b>28,215,057</b>	<b>28,215,057</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 31,650,439</b>	<b>\$ 31,650,439</b>

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.	41,159,787
Accrued interest on long-term liabilities is not payable with current financial resources and therefore not reported as a liability in the governmental funds.	(43,868)
Construction retainage payable is not payable with current financial resources and therefore are not reported in the governmental funds.	(1,228,365)
Long-term compensated absences are not due and payable in the current period and therefore are not reported in the governmental funds.	(1,651,386)
SBITAs are not due and payable in the current period and therefore are not reported in the governmental funds.	(242,352)
Leases are not due and payable in the current period and therefore are not reported in the governmental funds.	(573,627)
Bonds payable are not due and payable in the current period and therefore are not reported in the governmental funds.	(3,995,000)
<b>Net Position of Governmental Activities</b>	<b>\$ 61,640,246</b>

# Texana Center

EXHIBIT A-4

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS FOR THE YEAR ENDED AUGUST 31, 2025

	General Fund	Total Governmental Funds
<b>Revenues:</b>		
Local funds	\$ 38,477,870	\$ 38,477,870
State funds	26,474,181	26,474,181
Federal funds	6,951,495	6,951,495
<b>Total Revenues</b>	<b>71,903,546</b>	<b>71,903,546</b>
<b>Expenditures:</b>		
<b>Current:</b>		
Behavioral Health	25,613,593	25,613,593
Intellectual Developmental Disability	25,074,161	25,074,161
Other Services	10,783,786	10,783,786
Administration	6,570,953	6,570,953
<b>Debt Service:</b>		
Principal - Bond	175,000	175,000
Interest - Bond	213,239	213,239
Principal - SBITAs	196,230	196,230
Interest - SBITAs	25,277	25,277
Principal - Leases	594,859	594,859
Interest - Leases	65,464	65,464
<b>Capital Outlay</b>	<b>12,756,976</b>	<b>12,756,976</b>
<b>Total Expenditures</b>	<b>82,069,538</b>	<b>82,069,538</b>
<b>Excess of Revenues over Expenditures</b>	<b>(10,165,992)</b>	<b>(10,165,992)</b>
<b>Other Financing Sources</b>		
<b>Leases ( lessee)</b>	<b>300,943</b>	<b>300,943</b>
<b>Proceeds from Sale of Fixed Assets</b>	<b>3,569,492</b>	<b>3,569,492</b>
<b>Net Change in Fund Balance</b>	<b>(6,295,557)</b>	<b>(6,295,557)</b>
Fund Balance - September 1 (Beginning)	34,510,614	34,510,614
<b>Fund Balance - August 31 (Ending)</b>	<b>\$ 28,215,057</b>	<b>\$ 28,215,057</b>

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, 2025*

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

Net change in fund balance - governmental funds	\$ (6,295,557)
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/amortization (\$3,205,769) exceeded capital outlay \$13,930,378	10,724,609
Construction Retainage payable is not payable with current financial resources and therefore not reported in the governmental funds. This represents the change in the retainage.	(1,173,402)
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.	966,089
Principal receipts on leases are reported as revenues in the governmental funds, but not reported as revenues in the statement of activities - lease proceeds	(300,943)
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 (\$1,741) and accrued compensated absences (\$421,311).	423,050
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, donations) is to decrease net assets by the amount of net book value loss on the government wide	(1,504,421)
<b>Change in Net Position of Governmental Activities</b>	<u><u>\$ 2,839,425</u></u>

# Texana Center

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND FOR THE YEAR ENDED AUGUST 31, 2025

Exhibit A-6

Page 1 of 2

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
<b>REVENUES:</b>				
<b>Local Sources:</b>				
County Tax Funds	\$ 1,080,694	\$ 1,080,694	\$ 1,110,521	\$ 29,827
Patient Fees/Insurance	7,160,341	7,160,341	6,673,044	(487,297)
Managed Care	2,595,130	2,595,130	2,376,387	(218,743)
Miscellaneous Income	454,814	454,814	4,228,529	3,773,715
Donations	669,283	669,283	800,776	131,493
TWC - Rehabilitation	47,998	47,998	45,575	(2,423)
Medicaid	4,568,992	4,568,992	4,266,220	(302,772)
Charity Care Pool	4,125,970	4,125,970	3,945,271	(180,699)
Directed Payment Program (DPP)	1,633,102	1,633,102	1,835,749	202,647
Directed Payment Program (DPP) Reconciliation			202,992	202,992
Title XIX - HCS	11,968,054	11,968,054	10,751,229	(1,216,825)
Title XIX - Texas Home Living Waiver	1,097,125	1,097,125	927,200	(169,925)
Title XIX - ICF-IDD	2,857,546	2,857,546	2,592,604	(264,942)
Title XIX - YES Waiver	1,141	1,141	(2,975)	(4,116)
TCOOMMI Funds	566,669	566,669	624,658	57,989
Contracts	419,736	419,736	425,913	6,177
Interest Income	952,813	952,813	1,243,669	290,856
<b>Total Local Sources</b>	<b>40,199,408</b>	<b>40,199,408</b>	<b>42,047,362</b>	<b>1,847,954</b>
<b>State Programs:</b>				
HHSC - MH	20,672,970	20,672,970	20,705,504	32,534
HHSC - IDD	3,719,028	3,719,028	3,656,830	(62,198)
HHSC - Early Childhood Intervention	1,057,525	1,057,525	1,057,525	
HHSC - Autism	1,269,159	1,269,159	1,047,707	(221,452)
Texas Veterans Commission			6,615	6,615
<b>Total State Programs</b>	<b>26,718,682</b>	<b>26,718,682</b>	<b>26,474,181</b>	<b>(244,501)</b>
<b>Federal Programs:</b>				
Mental Health Block Grant	2,589,560	2,589,560	2,426,280	(163,280)
Title XX Soc. Serv. Block Grant	112,174	112,174	112,173	(1)
Title XX - TANF	238,988	238,988	238,989	1
Coordinated Specialty Care	378,500	378,500	358,031	(20,469)
Early Childhood Intervention	874,717	874,717	879,383	4,666
Medicaid - Administrative Claiming	1,981,498	1,981,498	2,121,844	140,346
HHSC - MFP	798,230	798,230	798,231	1
Other Federal Grants			16,564	16,564
<b>Total Federal Programs</b>	<b>6,973,667</b>	<b>6,973,667</b>	<b>6,951,495</b>	<b>(22,172)</b>
<b>Total Revenues</b>	<b>73,891,757</b>	<b>73,891,757</b>	<b>75,473,038</b>	<b>1,581,281</b>
<b>EXPENDITURES:</b>				
<b>Personnel:</b>				
Salaries	41,882,116	41,882,116	40,071,157	1,810,959
Employee Benefits	11,793,628	11,793,628	11,326,692	466,936
<b>Total Personnel</b>	<b>53,675,744</b>	<b>53,675,744</b>	<b>51,397,849</b>	<b>2,277,895</b>
<b>Travel</b>	<b>415,647</b>	<b>415,647</b>	<b>464,707</b>	<b>(49,060)</b>

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, 2025

Exhibit A-6

Page 2 of 2

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b>EXPENDITURES (Continued):</b>				
<b>Consumable Items:</b>				
Drugs	149,609	149,609	139,510	10,099
Food	395,327	395,327	367,292	28,035
Other	954,384	954,384	838,516	115,868
<b>Total Consumable Items</b>	<b>1,499,320</b>	<b>1,499,320</b>	<b>1,345,318</b>	<b>154,002</b>
<b>Client Assistance Funds</b>	<b>371,329</b>	<b>371,329</b>	<b>344,175</b>	<b>27,154</b>
<b>Equipment and Furniture:</b>				
Rental	128,035	128,035	83,377	44,658
Repairs & Maintenance	2,000	2,000	425	1,575
<b>Total Equip. &amp; Furniture</b>	<b>130,035</b>	<b>130,035</b>	<b>83,802</b>	<b>46,233</b>
<b>Building:</b>				
Lease	221,570	221,570	36,021	185,549
Repairs and Maintenance	1,272,248	1,272,248	1,087,046	185,202
<b>Total Building</b>	<b>1,493,818</b>	<b>1,493,818</b>	<b>1,123,067</b>	<b>370,751</b>
<b>Vehicle:</b>				
Operating & Maintenance	690,647	690,647	242,179	448,468
<b>Total Vehicle</b>	<b>690,647</b>	<b>690,647</b>	<b>242,179</b>	<b>448,468</b>
<b>Consultant/Contracts with</b>				
<b>Service Agencies:</b>	<b>9,488,047</b>	<b>9,488,047</b>	<b>9,020,422</b>	<b>467,625</b>
<b>Other:</b>				
Telephone	790,909	790,909	802,751	(11,842)
Utilities	568,193	568,193	632,853	(64,660)
Insurance	828,963	828,963	892,572	(63,609)
Information Services	2,006,179	2,006,179	1,470,948	535,231
Miscellaneous	228,582	228,582	221,849	6,733
<b>Total Other</b>	<b>4,422,826</b>	<b>4,422,826</b>	<b>4,020,973</b>	<b>401,853</b>
<b>Debt Service</b>	<b>476,668</b>	<b>476,668</b>	<b>1,270,070</b>	<b>(793,402)</b>
<b>Capital Outlay</b>	<b>12,595,781</b>	<b>12,595,781</b>	<b>12,756,976</b>	<b>(161,195)</b>
<b>Total Expenditures</b>	<b>85,259,862</b>	<b>85,259,862</b>	<b>82,069,538</b>	<b>3,190,324</b>
<b>Revenues (Under) Expenditures</b>	<b>(11,368,105)</b>	<b>(11,368,105)</b>	<b>(6,596,500)</b>	<b>4,771,605</b>
<b>Other Financing Sources - Leases</b>			<b>300,943</b>	<b>300,943</b>
<b>Change in Fund Balance</b>	<b>(11,368,105)</b>	<b>(11,368,105)</b>	<b>(6,295,557)</b>	<b>5,072,548</b>
Fund Balance - Beginning	34,510,614	34,510,614	34,510,614	
<b>Fund Balance - Ending</b>	<b>\$ 23,142,509</b>	<b>\$ 23,142,509</b>	<b>\$ 28,215,057</b>	<b>\$ 5,072,548</b>

See Notes to Financial Statements.

**Texana Center****STATEMENT OF FIDUCIARY NET POSITION***August 31, 2025***EXHIBIT A-7**

	<b><u>Custodial Fund</u></b>
<b>Assets</b>	
Cash and cash equivalents	<u>\$ 75,073</u>
<b>Total Assets</b>	<u><u>\$ 75,073</u></u>
<b>Net Position</b>	
Restricted for clients	<u>\$ 75,073</u>
<b>Total Net Position</b>	<u><u>\$ 75,073</u></u>

See Notes to Financial Statements.

## Texana Center

EXHIBIT A-8

### STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FOR THE YEAR ENDED AUGUST 31, 2025

	<u>Custodial Fund</u>
<b>ADDITIONS</b>	
Client Contributions	\$ 647,793
<b>Total Additions</b>	<u>647,793</u>
<b>DEDUCTIONS</b>	
Distributions to Clients	<u>673,115</u>
<b>Total Deductions</b>	<u>673,115</u>
Change in Fiduciary Net Position	(25,322)
Net Position - Beginning	<u>100,395</u>
Net Position - Ending	<u>\$ 75,073</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, autism and intellectual developmental disability (IDD) services to the residents of Austin, Colorado, Fort Bend, Matagorda, Waller and Wharton Counties. The Center is governed by a board of trustees.

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 separate 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, 2025. 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. Net position consists of unrestricted balances and net investments in capital assets (capital assets less related debt).

**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.

**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, 2025, 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, 2025, accounts receivable due from non-medicaid insurance carriers net of the allowance amounted to \$445,694.

## **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, 2025 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:

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

Right to use leased assets are recognized at the lease commencement date and represent Texana Center's right to use an underlying asset for the lease term. Right to use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the lease asset into service. Right to use leased assets are amortized the lease term using the straight-line method. The amortization period varies from 3 to 5 years.

Right to use subscription IT assets are recognized at the subscription commencement date and represent Texana Center's right to use the underlying IT asset for the subscription term. Right to use subscription IT assets are measured at the initial value of the subscription liability plus any payments made to the vendor at the commencement of the subscription term, less any subscription incentives received from the vendor at or before the commencement of the subscription term, plus any capitalizable initial implementation costs necessary to place the subscription asset into service. Right to use subscription IT assets are amortized over the shorter of the subscription term or useful live of the underlying asset using the straight-line method. The amortization period varies from 3 to 5 years

## **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.

Lease Liabilities represent Texana Center's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments expected to be made during the lease term. The present value of lease payments are discounted based on a borrowing rate determined by Texana Center.

Subscription Liabilities represent Texana Center's obligation to make subscription payments arising from the subscription contract. Subscription liabilities are recognized at the subscription commencement date based on the present value of future subscription payments expected to be made during the subscription term. The present value of subscription payments are discounted based on a borrowing rate determined by Texana Center.

**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 compensated absences was \$1,651,385 at August 31, 2025.

**9. Adoption of New Standard**

As of September 1, 2024, Texana Center adopted GASB Statement No. 101, *Compensated Absences*. The provision of this standard modernize the types of leave that are considered a compensated absence and provides guidance for a consistent recognition and measurement of the compensated absence liability. There was not a significant effect on the Center's financial statements as a result of the implementation of this standard.

As of September 1, 2024, the Center adopted GASB Statement No. 102, *Certain Risk Disclosures*, which requires management to evaluate whether there are risks related to a government's vulnerabilities due to certain considerations or constraints that require disclosure. The disclosure requirements required by the standard are disclosed in Note 3-I.

**10. 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.

**11. 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.

**12. 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.

**13. 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.

**14. Health Insurance Coverage**

Center employees are covered by a self-insurance medical plan (the plan) effective September 1, 2022. The company contributes on average \$912 per employee per month. Employees were provided an option of three (3) plans. Those choosing the plans with lower deductibles and co-pays reimbursed a premium per pay period through payroll deduction. Also, employees at their option, authorized payroll withholdings to pay contributions for dependents. Contributions for plan expenses were deposited into the plan bank account at Prosperity Bank in Wharton, Texas. The portion of contributions pertaining to plan administration was forwarded to the claims administrator Blue Cross and Blue Shield of Texas. The plan was documented by contractual agreement.

The contract between the Center and its third-party administrator is renewable September 1, 2025. The terms of coverage and administrative costs are included in the contractual provisions. The Center was protected against unanticipated catastrophic individual or aggregate loss by stop-loss coverage carried through QBE Insurance Company. The commercial insurer is licensed or eligible to do business in Texas, in accordance with the Texas Insurance Code. Stop-loss coverage generally was in effect for individual claims exceeding \$175,000 through August 2025, and for aggregate loss of approximately \$5,849,142. The Self-Funded Health Insurance Deposit account reflects a total health claim payable and claims incurred but not reported (IBNR) liability in the amount of \$481,348 at August 31, 2025. The Center does not discount its claims liabilities.

**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.

At August 31, 2025 actual expenditures were below budgeted expenditures by \$3,190,324.

### **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, 2025 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 classified as cash equivalents were as follows:

	<b>Amortized Cost</b>	<b>Weighted Average Maturity (Days)</b>
LOGIC	\$ 146,115	51
TexPool	36,665	43
TexPool Prime	21,269,495	52
<b>Total Investments</b>	<u>21,452,274</u>	
Investments classified as cash equivalents	<u>(21,452,274)</u>	
<b>Total Investments per Statement of Position</b>	<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, 2025, 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 Hilltop Securities 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:

	<b><u>Amount</u></b>
<b>Local Funds</b>	
HCS / TxHmL	\$ 811,722
ICF-IDD	610,823
Fort Bend County	154,889
Texas Children's Health Plan DPP	101,716
Molina DPP	18,545
Commonwealth Land and Title Insurance	641,587
Spindletop	40,000
Pecan Valley	22,605
<b>State Funds</b>	
HHSC - Autism	177,969
HHSC - SB 292	50,722
HHSC - Early Childhood Intervention	160,134
HHSC - PASRR	14,721
TCOOMMI	131,040
<b>Federal Funds</b>	
HHSC - Coordinated Specialty Care	70,443
HHSC - MHFA Outreach Worker	16,608
HHSC - Transition Support Specialist	114,247
Medicaid Administrative Claiming	<u>1,791,844</u>
Total	<u><u>\$ 4,929,615</u></u>

**Texana Center**  
NOTES TO FINANCIAL STATEMENTS

**Exhibit A-9**

**C. Capital Assets**

A summary of changes in the primary government's capital assets for the year ended August 31, 2025, is as follows:

	Primary Government		
	Balance Sept. 1, 2024	Increases	Balance Aug. 31, 2025
<b>Governmental Activities:</b>			
Non-depreciable Assets:			
Land	\$ 4,364,459	\$ 273,400	\$ (23,438) \$ 4,614,421
Construction in Progress	1,201,010	12,149,925	(73,463) 13,277,472
Furniture in Progress		553,251	553,251
<b>Total Non-depreciable Assets</b>	<b>5,565,469</b>	<b>12,976,576</b>	<b>(96,901) 18,445,144</b>
Depreciable Assets:			
Buildings and improvements	41,430,197	355,226	(3,122,347) 38,663,076
Furniture and equipment	5,401,543	134,328	(236,256) 5,299,615
Vehicles	4,553,171	236,768	(545,150) 4,244,789
<b>Total Depreciable Assets</b>	<b>51,384,911</b>	<b>726,322</b>	<b>(3,903,753) 48,207,480</b>
Less accumulated depreciation:			
Buildings and improvements	(19,042,838)	(1,726,940)	2,027,948 (18,741,830)
Furniture and equipment	(3,707,222)	(301,713)	69,820 (3,939,115)
Vehicles	(3,886,318)	(310,014)	542,335 (3,653,997)
Total Accum. Depreciation	(26,636,378)	(2,338,667)	2,640,103 (26,334,942)
<b>Total Depreciable Assets, Net</b>	<b>24,748,533</b>	<b>(1,612,345)</b>	<b>(1,263,650) 21,872,538</b>
Right of use (ROU) Leased Assets Being Amortized			
ROU leased building	962,443	31,998	(40,637) 953,804
ROU leased equipment	166,248	145,074	(37,139) 274,183
ROU leased vehicles	761,887		(761,887)
Total ROU assets being amortized	1,890,578	177,072	(839,663) 1,227,987
Less accumulated amortization:			
ROU leased building	(437,832)	(148,038)	40,637 (545,233)
ROU leased equipment	(121,420)	(56,512)	37,139 (140,793)
ROU leased vehicles	(359,736)	(184,818)	544,554
Total accumulated amortization	(918,988)	(389,368)	622,330 (686,026)
<b>Total Right of use leased assets, Net</b>	<b>971,590</b>	<b>(212,296)</b>	<b>(217,333) 541,961</b>
Right of use (ROU) Subscription IT Assets Being Amortized	1,620,493	123,870	(1,131,446) 612,917
Less accumulated amortization	(966,485)	(477,735)	1,131,446 (312,774)
<b>Total Right of use IT subscription assets, Net</b>	<b>654,008</b>	<b>(353,865)</b>	<b>300,143</b>
<b>Total Capital Assets, Net</b>	<b>\$ 31,939,601</b>	<b>\$ 10,798,070</b>	<b>\$ (1,577,884) \$ 41,159,787</b>

**Texana Center**  
**NOTES TO FINANCIAL STATEMENTS**

**Exhibit A-9**

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

**Governmental Activities:**

Behavioral Health Services	\$	1,078,071
Intellectual Developmental Disability Services		779,910
Specialized Services		654,603
Administration		693,186
		<u>693,186</u>

**Total Governmental Activities**

<b>Depreciation/Amortization Expense</b>	<b>\$</b>	<b>3,205,770</b>
		<u><u>3,205,770</u></u>

A summary of changes in the discretely presented component unit (Crossroads Villas) capital assets for the year ended September 30, 2025, is as follows:

	<b>Discretely Presented Component Unit</b>			
	<b>Balance Oct. 1, 2024</b>	<b>Increases</b>	<b>(Decreases)</b>	<b>Balance Sep. 30, 2025</b>
<b>Component Unit:</b>				
Depreciable Assets:				
Buildings and improvements	\$ 1,711,317	\$	\$	\$ 1,711,317
Furniture and equipment	28,351			28,351
Total Depreciable Assets	<u>1,739,668</u>			<u>1,739,668</u>
Less accumulated depreciation	<u>(474,232)</u>	<u>(44,486)</u>		<u>(518,718)</u>
<b>Totals</b>	<u>\$ 1,265,436</u>	<u>\$ (44,486)</u>	<u>\$</u>	<u>\$ 1,220,950</u>

**D. Long-Term Liabilities**

The following is a summary of changes in long-term liabilities of the Center for the year ended August 31, 2025:

	<b>Balance Sept. 1, 2024</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance August 31, 2025</b>	<b>Amounts Due within One Year</b>
Bonds payable	4,170,000		(175,000)	3,995,000	180,000
Leases	991,414	177,073	(594,860)	573,627	202,267
Subscription IT	314,712	123,870	(196,230)	242,352	177,545
Compensated absences	2,072,696		(421,311)	1,651,385	1,434,170
<b>Total</b>	<u>\$ 7,548,822</u>	<u>\$ 300,943</u>	<u>\$ (1,387,401)</u>	<u>\$ 6,462,364</u>	<u>\$ 1,993,982</u>

The roll-forward schedule only reports the net change in compensated absences liability as allowed under GASB 101, *Compensated Absences*.

Bonds and leases payable at August 31, 2025, 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, 2025, the outstanding principal on the bonds is \$3,995,000.

The annual requirements for repayment of principal and interest on the bonds, leases and subscription IT payable outstanding as of August 31, 2025, are as follows:

Year Ending August 31,	Revenue Bonds		Leases		Subscription IT	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	180,000	204,098	202,267	39,911	177,545	20,679
2027	190,000	194,570	165,371	25,018	40,010	5,214
2028	200,000	184,528	162,903	10,917	24,798	1,931
2029	210,000	173,970	43,086	768		
2030	225,000	162,769				
2031-2035	1,305,000	620,944				
2035-2040	1,685,000	229,820				
	<u>\$ 3,995,000</u>	<u>\$ 1,770,698</u>	<u>\$ 573,627</u>	<u>\$ 76,614</u>	<u>242,353</u>	<u>27,824</u>

#### **E. 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, 2025, contributions from the employer and employees were \$1,767,482 and \$1,178,321 respectively. Total plan assets, including loans, as of August 31, 2025 are \$36,635,139.

#### **F. 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.

**G. 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.

**H. 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.

**I. 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	\$10,751,229	14%
HHSC – GR- MH and IDD	24,362,334	32%

**J. Committed and Restricted Funds**

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

Health Insurance Plan	410,860
Facility Improvements	450,000
Technology	1,289,085
Rosenberg Clinic Construction	1,363,179
BH Facilities	2,661,766
	<u>\$ 6,174,890</u>

**K. 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 \$8,450,613. 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.

**L. Medicaid 1115 Waiver Programs – Charity Care Pool and Directed Payment Program**

The Center is participating in both the Charity Care Pool (CCP) and the Directed Payment Program (DPP) which have replaced the DSRIP programs. The Center received \$3,945,271 for CCP based on the cost report submitted in the Fall of 2024.

The Center also recorded \$2,038,741 of DPP revenue and has \$780,680 remaining in IGT deposit related to DPP.

## **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, 2025*

## EXHIBIT B-1

### **Governmental Funds Capital Assets:**

Land	\$ 4,614,421
Construction in Progress	13,830,723
Buildings and improvements	39,616,880
Furniture and equipment	6,186,715
Vehicles	4,244,789
<b>Total Governmental Funds Capital Assets</b>	<b><u><u>\$ 68,493,528</u></u></b>

### **Investment in Governmental Funds Capital Assets by Source:**

General Fund	\$ 68,493,528
<b>Total Investment in Governmental Funds Capital Assets</b>	<b><u><u>\$ 68,493,528</u></u></b>

**Texana Center****EXHIBIT B-2**

*CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
SCHEDULE BY FUNCTION AND ACTIVITY  
AUGUST 31, 2025*

<b>Function</b>	<b>Land</b>	<b>Construction and Furniture in Progress</b>	<b>Buildings and Improvements</b>	<b>Furniture and Equipment</b>	<b>Vehicles</b>	<b>Total</b>
<b>Behavioral Health</b>	\$ 2,469,328	\$ 13,830,723	\$ 15,035,757	\$ 1,511,283	\$ 2,387,303	\$ 35,234,394
<b>Developmental Disability</b>	347,096		8,444,768	98,382	945,481	9,835,727
<b>Specialized Services</b>	1,797,997		11,534,929	776,466	508,458	14,617,850
<b>Administrative</b>			4,601,426	3,800,586	403,546	8,805,558
<b>Total Governmental Capital Assets</b>	<u>\$ 4,614,421</u>	<u>\$ 13,830,723</u>	<u>\$ 39,616,880</u>	<u>\$ 6,186,717</u>	<u>\$ 4,244,788</u>	<u>\$ 68,493,528</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, 2025*

<b>Function</b>	<b>Governmental Funds Capital Assets September 1, 2024</b>	<b>Additions and Transfers</b>	<b>Retirements and Transfers</b>	<b>Governmental Funds Capital Assets August 31, 2025</b>
<b>Behavioral Health</b>	\$ 22,707,299	\$ 13,283,641	\$ (756,546)	\$ 35,234,394
<b>Developmental Disability</b>	14,498,519	73,839	(4,736,631)	9,835,727
<b>Specialized Services</b>	14,434,745	201,185	(18,080)	14,617,850
<b>Administrative</b>	<u>8,820,888</u>	<u>445,175</u>	<u>(460,506)</u>	<u>8,805,557</u>
<b>Total Governmental Funds Capital Assets</b>	<u>\$ 60,461,451</u>	<u>\$ 14,003,840</u>	<u>\$ (5,971,763)</u>	<u>\$ 68,493,528</u>

## **STATISTICAL SECTION**

# Texana Center

EXHIBIT C-1

## SCHEDULE OF REVENUE AND EXPENDITURES BY SOURCE OF FUNDS

### GENERAL FUND

FOR THE YEAR ENDED AUGUST 31, 2025

(UNAUDITED)

Fund Source	Total Revenue	Total BH Adult Expend.	Total BH C&A Expend.	Total BH Other Expend.	Total IDD Expend.	Total Other Expend.	Total Center Expend.	Excess Rev. Over Expend.
<b>Objects of Expense:</b>								
Personnel	\$ 36,312,390	\$ 7,709,485	\$ 2,156,481	\$ 4,621,336	\$ 14,411,758	\$ 7,413,330	\$ 36,312,390	\$
Employee Benefits	10,309,692	2,020,692	566,034	1,239,046	4,326,097	2,157,823	10,309,692	
Professional Contract Services	8,985,258	546,810	170,514	4,173,020	3,865,296	229,618	8,985,258	
Training and Travel	412,381	61,821	20,587	20,569	143,078	166,326	412,381	
Debt Service	1,194,055	127,415	38,190	7,424	822,185	198,841	1,194,055	
Capital Outlay	12,283,285	806,246	243,157	95,570	185,199	10,953,113	12,283,285	
Non-Capitalized Equipment	31,109	3,204	581	4,730	22,169	425	31,109	
Pharmaceutical Expense	123,783	105,331		18,452			123,783	
PAP Expense	8,450,613	8,450,613					8,450,613	
Other Operating Expense	5,273,720	1,239,721	382,998	530,183	2,305,764	815,054	5,273,720	
Allocation of G&A	6,842,923	625,274	327,287	1,498,905	2,402,962	1,988,495	6,842,923	
<b>Total Expenditures</b>	<b>\$ 90,219,209</b>	<b>\$ 21,696,612</b>	<b>\$ 3,905,829</b>	<b>\$ 12,209,235</b>	<b>\$ 28,484,508</b>	<b>\$ 23,923,025</b>	<b>\$ 90,219,209</b>	
<b>Method of Finance:</b>								
General Revenue								
HHSC - BH	\$ 20,364,222	\$ 9,483,152	\$ 2,202,954	\$ 8,678,116	\$	\$	\$ 20,364,222	\$
HHSC - IDD	3,433,870				3,433,870		3,433,870	
Mental Health Block Grant	970,413	773,321	197,092				970,413	
Title XX Soc. Serv. Block Grant	112,173	66,904		45,269			112,173	
Title XX - TANF	238,989	35,812	203,177				238,989	
Medicaid Programs	29,016,521	768,110	776,634	1,400,438	18,939,140	7,132,199	29,016,521	
Other Federal Funds	2,612,129		69,768	1,744,130	798,231		2,612,129	
Other State Agencies	4,242,268	16,564		341,282	268,535	3,615,887	4,242,268	
Required Local Match	2,567,160	2,101,083	191,236		274,841		2,567,160	
PAP Medications	8,450,613	8,450,613					8,450,613	
Additional Local Sources	11,915,294	1,053	264,968		4,769,891	13,174,939	18,210,851	(6,295,557)
<b>Total Expended Sources</b>	<b>\$ 83,923,652</b>	<b>\$ 21,696,612</b>	<b>\$ 3,905,829</b>	<b>\$ 12,209,235</b>	<b>\$ 28,484,508</b>	<b>\$ 23,923,025</b>	<b>\$ 90,219,209</b>	<b>\$ (6,295,557)</b>

# Texana Center

## RECONCILIATION OF TOTAL REVENUES TO FOURTH QUARTER FINANCIAL REPORT FOR THE YEAR ENDED AUGUST 31, 2025 (UNAUDITED)

Exhibit C-2

Page 1 of 2

	Revenues			Audited Financial Statements
	Care Report III	Additions	Deletions	
<b>Local Sources:</b>				
County Tax Funds	\$ 1,110,521	\$	\$	\$ 1,110,521
Patient Fees/Insurance	6,673,044			6,673,044
Managed Care	2,376,387			2,376,387
Miscellaneous Income	6,698,887			6,698,887
Patient Assistance Program	8,450,613		(8,450,613) (a)	
TWC - Rehab	45,575			45,575
TCOOMMI Funds	624,658			624,658
Medicaid 1115 Waiver	5,984,012			5,984,012
Medicaid	4,266,220			4,266,220
Title XIX - HCS	10,751,229			10,751,229
Title XIX - Texas Home Living Waiver	927,200			927,200
Title XIX - ICF	2,592,604			2,592,604
YES Waiver	(2,975)			(2,975)
Transfer from Reserves	6,295,558		(6,295,558) (b)	
<b>Total Local Sources</b>	<b>56,793,533</b>		<b>(14,746,171)</b>	<b>42,047,362</b>
<b>State Programs:</b>				
HHSC - BH	20,705,504			20,705,504
HHSC - IDD	3,574,716			3,574,716
HHSC - Early Childhood Intervention	1,936,908		(879,383) (c)	1,057,525
HHSC - Autism	1,047,707			1,047,707
HHSC - IDD Apprenticeship	82,114			82,114
Texas Veterans Commission	6,615			6,615
<b>Total State Programs</b>	<b>27,353,564</b>		<b>(879,383)</b>	<b>26,474,181</b>
<b>Federal Programs:</b>				
Mental Health Block Grant	2,784,311			2,784,311
Title XX Soc Seivces Block Grant	112,173			112,173
Title XX - TANF	238,989			238,989
Money Follows the Person	798,231			798,231
Medicaid Administrative Claiming	2,121,844			2,121,844
Early Childhood Intervention		879,383 (c)		879,383
Other Federal	16,564			16,564
<b>Total Federal Programs</b>	<b>6,072,112</b>	<b>879,383</b>		<b>6,951,495</b>
<b>Total Revenues</b>	<b>\$ 90,219,209</b>	<b>\$ 879,383</b>	<b>\$ (15,625,554)</b>	<b>\$ 75,473,038</b>

(a) Remove PAP Contributions

(b) Remove Transfers from Reserve

(c) To allocate based on state allocations received



# Texana Center

## RECONCILIATION OF TOTAL EXPENDITURES TO FOURTH QUARTER FINANCIAL REPORT FOR THE YEAR ENDED AUGUST 31, 2024 (UNAUDITED)

Exhibit C-2  
Page 2 of 2

Function	Expenditures			Audited Financial Statements
	Care Report III	Additions	Deletions	
Personnel	\$ 40,071,157	\$	\$	\$ 40,071,157
Employee Benefits	11,326,692			11,326,692
Professional Contract Services	9,020,422			9,020,422
Training and Travel	464,707			464,707
Debt Service	1,270,070			1,270,070
Capital Outlay	12,456,033	300,943 (b)		12,756,976
Non-Capitalized Equipment	31,837			31,837
Pharmaceutical Expense	139,510			139,510
Patient Assistance Program Expense	8,450,613		(8,450,613) (a)	
Other Operating Expenses	6,988,168		(1) (c)	6,988,167
<b>Total Expenditures</b>	<u>\$ 90,219,209</u>	<u>\$ 300,943</u>	<u>\$ (8,450,614)</u>	<u>\$ 82,069,538</u>

(a) Remove PAP Contributions

(b) Capital Outlay Right of Use Lease Assets

(c) Rounding

**Texana Center****EXHIBIT C-3**

*SCHEDULE OF INDIRECT COSTS  
FOR THE YEAR ENDED AUGUST 31, 2025  
(UNAUDITED)*

	<b>Total Costs</b>	<b>Non- Allowable Costs</b>	<b>Depreciation/ Amortization</b>	<b>Total Adjusted Costs</b>	<b>Direct Costs</b>	<b>Indirect Costs</b>
Salaries	\$ 40,071,157	\$	\$	\$ 40,071,157	\$ 36,312,411	\$ 3,758,746
Employee Benefits	11,326,692			11,326,692	10,309,697	1,016,995
Capital Outlay	12,456,033	(12,456,033)				
Debt Service - Principal	966,089	(966,089)				
Depreciation			3,205,769	3,205,769	2,512,583	693,186
Other Operating Expend.	16,948,624	(113,811)		16,834,813	14,989,648	1,845,165
<b>Total Expenditures</b>	<b>\$ 81,768,595</b>	<b>\$ (13,535,933)</b>	<b>\$ 3,205,769</b>	<b>\$ 71,438,431</b>	<b>\$ 64,124,339</b>	<b>\$ 7,314,092</b>

**Computation of Indirect Cost Rate for the Year Ended August 31, 2025**

Indirect Costs	7,314,092
Direct Costs	64,124,339
<b>Indirect Cost Rate</b>	<b>11.41%</b>

**Texana Center**

*SCHEDULE OF LEASES  
FOR THE YEAR ENDED AUGUST 31, 2025  
(UNAUDITED)*

**EXHIBIT C-4****Page 1 of 2**

Lessor or Other Part to Contract	Location	Monthly Amount	Period Covered	
			Start Date	End Date
<b><u>Group Homes</u></b>				
Wharton ARC	509 1/2 Sunset, Wharton	\$ 1,500	9/1/2021	8/31/2025
ARC of Fort Bend County	7919 Summerdale, Rosenberg	1,250	11/1/2022	3/31/2025
<b><u>Texana Facilities</u></b>				
Wharton ARC	1017 1/2 Alabama Rd., Wharton	\$ 1,200	9/1/2018	8/31/2025
130 Industrial L.P.	130 Industrial Ste 200, Sugar Land	11,823	7/1/2017	11/30/2028
Colorado County	1003 Old Altair Road, Altair	1,500	10/1/2016	9/31/2024
104 Industrial L.P.	140 Industrial Blvd Ste 106, Sugar Land	1,425	9/1/2022	8/31/2026
Extra Space Storage-Annual	5208 Reading Road Unit # A166	430	6/11/2022	4/10/2026
Extra Space Storage-Annual	5208 Reading Road Unit # D127 & D128	464	3/3/2022	4/10/2026
<b><u>Copy Machines</u></b>				
Canon Financial Services	5311 Avenue N, Rosenberg (MCOT)	\$ 224	9/25/2020	9/25/2024
Canon Financial Services	5311 Avenue N, Rosenberg (Nurse Station)	270	9/25/2020	9/25/2024
Canon Financial Services	123 W First St, El Campo	140	9/25/2020	9/25/2024
Canon Financial Services	HWY 90, Eagle Lake	140	11/1/2020	11/1/2024
Canon Financial Services	400 Ave F, Bay City	140	11/1/2020	11/1/2024
Canon Financial Services	4910 Airport Ave Bldg A, Rosenberg, Mailroom	64	11/1/2020	11/1/2024
Canon Financial Services	7440 FM 359 RD S, Fulshear	98	5/30/2021	5/29/2025
Canon Financial Services	3007 N Richmond Rd, Wharton	187	5/1/2022	5/1/2026
Canon Financial Services	3007 N Richmond Rd, Wharton	187	5/1/2022	5/1/2026
Canon Financial Services	3007 N Richmond Rd, Wharton	187	5/1/2022	5/1/2026
Canon Financial Services	535 FM359 S, Brookshire	187	5/1/2022	5/1/2026
Canon Financial Services	1460 Walnut, Columbus	187	7/1/2022	7/1/2026
Canon Financial Services	4706 Airport Ave Bldg A (Downstairs)	312	8/10/2022	8/10/2026
Canon Financial Services	2535 Graeber Rd, Rosenberg - HR DEPT	312	8/10/2022	8/10/2026
Canon Financial Services	4910 Airport Ave Bldg F, Rosenberg	103	9/30/2022	9/30/2026
Canon Financial Services	4706 Airport Ave Bldg A (ECI)	187	5/1/2022	5/1/2026
Canon Financial Services	130 Industrial Blvd, Sugar Land	312	9/15/2022	9/15/2026
Canon Financial Services	1017 1/2 Alabama Road, Wharton	163	9/27/2023	9/27/2027
Canon Financial Services	4706 Airport Ave, Bldg B-Learning Center	240	9/27/2023	9/27/2027
Canon Financial Services	4706 Airport Ave, Bldg A-Upstairs	179	9/26/2023	9/28/2027
Canon Financial Services	2535 Cordes Drive, Sugar Land	190	10/13/2023	10/13/2027
Canon Financial Services	4706 Airport Ave, Bldg A, Rosenberg	191	10/13/2023	10/13/2027
Canon Financial Services	4706 Airport Ave, Bldg A-Upstairs	192	10/13/2023	10/13/2027
Canon Financial Services	4910 Airport Ave, Bldg A, Rosenberg	157	12/1/2023	12/1/2027
Canon Financial Services	4910 Airport Ave, Bldg A, Rosenberg	157	12/1/2023	12/1/2027
Canon Financial Services	4910 Airport Ave, Bldg A, Rosenberg	228	12/1/2023	12/1/2027
Canon Financial Services	4910 Airport Ave, Bldg D, Upstairs	165	10/18/2023	12/7/2027
Canon Financial Services	1818 Collins Road, Richmond	263	11/29/2023	12/7/2027
Canon Financial Services	4706 Airport Ave, Bldg C, Rosenberg	264	11/29/2023	12/7/2027
Canon Financial Services	2535 Cordes Drive, Sugar Land	158	3/12/2024	3/12/2028
Canon Financial Services	2330 Graeber Rd, Rosenberg	360	5/1/2024	5/1/2028
Canon Financial Services	4706 Airport Avenue, Rosenberg - Building A	228	7/26/2024	7/26/2028
Canon Financial Services	4910 Airport Avenue, Rosenberg - Building D	228	7/31/2024	7/31/2028
Canon Financial Services	4910 Airport Avenue, Rosenberg - Building B	187	7/31/2024	7/31/2028
Canon Financial Services	400 Avenue F, Bay City	187	8/29/2024	8/29/2028
Canon Financial Services	708 Avenue I, El Campo	129	8/29/2024	8/29/2028
Canon Financial Services	4910 Airport Avenue, Rosenberg - Building F	237	9/20/2024	9/20/2028
Canon Financial Services	4706 Airport Avenue, Rosenberg - Building A	164	9/27/2024	9/27/2028
Canon Financial Services	400 Ave F, Bay City Texas	187	10/1/2024	10/1/2028
Canon Financial Services	4910 Airport Ave, Bldg C, Rosenberg, Texas	47	3/1/2025	3/1/2029
Canon Financial Services	123 W 1st Street, El Campo, Tx	140	3/18/2025	3/18/2029
Canon Financial Services	400 Ave F, Bay City	140	3/18/2025	3/18/2029
Canon Financial Services	5311 Ave N (MCOT) Rosenberg Texas	225	7/18/2025	7/18/2029
Canon Financial Services	5311 Ave N , Rosenberg Texas	260	7/18/2025	7/18/2029
Canon Financial Services	4910 Airport Ave, Buidling A Rosenberg TX	45	7/18/2025	7/18/2029
Canon Financial Services	5310 Airport Ave, Rosenberg TX	45	7/18/2025	7/18/2029

**Texana Center**  
**SCHEDULE OF LEASES**  
**FOR THE YEAR ENDED AUGUST 31, 2025**  
**(UNAUDITED)**

**EXHIBIT C-4**  
**Page 2 of 2**

Lessor or Other Part to Contract	Location	Monthly Amount	Period Covered	
			Start Date	End Date
<b><u>Mailing Equipment</u></b>				
Pitney Bowes	4910 Airport, Bldg. D, Rosenberg, Texas	\$ 261	3/30/2023	3/30/2028
<b><u>Automobiles</u></b>				
Enterprise FM Trust	2019 Toyota Sienna Van L 5TDZZ3DC1KS989624	532	12/14/2018	11/20/2024
Enterprise FM Trust	2019 Toyota Sienna Van L 5TDZZ3DC9KS016586	504	5/10/2019	11/20/2024
Enterprise FM Trust	2019 Toyota Sienna Van L 5TDZZ3DCXKS992117	503	6/13/2019	11/20/2024
Enterprise FM Trust	2019 Nissan Kicks 3N1CP5CU9KL538063	327	8/12/2019	11/20/2024
Enterprise FM Trust	2019 Toyota Sienna Van L 5TDZZ3DC3KS977474	533	11/30/2018	11/30/2024
Enterprise FM Trust	2019 Toyota Sienna Van L 5TDZZ3DC9KS982906	533	11/30/2018	11/30/2024
Enterprise FM Trust	2020 Toyota Sienna Van L 5TDZZ3DC5LS077256	458	8/11/2020	8/11/2024
Enterprise FM Trust	2020 Toyota Sienna Van L 5TDZZ3DC6LS077055	504	8/11/2020	8/11/2024
Enterprise FM Trust	2020 Toyota Sienna Van L 5TDZZ3DC7LS077534	458	8/11/2020	8/11/2024
Enterprise FM Trust	2021 Toyota Sienna LE 8 Pass 5TDKRKEC2MS020332	362	3/2/2021	3/31/2025
Enterprise FM Trust	2021 Toyota Sienna LE 8 Pass 5TDKRKEC1MS019253	362	3/2/2021	3/31/2025
Enterprise FM Trust	2021 Toyota Sienna LE 8 Pass 5TDKRKEC3MS023871	364	3/19/2021	3/31/2025
Enterprise FM Trust	2021 Toyota Sienna LE 8 Pass 5TDKRKEC1MS018815	362	3/2/2021	3/31/2025
Enterprise FM Trust	2021 Toyota Sienna LE 8 Pass 5TDKRKEC2MS019973	362	3/2/2021	3/31/2025
Enterprise FM Trust	2021 Toyota Sienna LE 8 Pass 5TDKRKEC4MS019635	362	3/8/2021	3/31/2025
Enterprise FM Trust	2021 Nissan Kicks SV 3N1CP5CV4ML482240	270	4/29/2021	4/29/2025
Enterprise FM Trust	2020 Nissan Kicks SV 4dr 3N1CP5CV1LL577787	384	3/29/2021	3/29/2025
Enterprise FM Trust	2020 Nissan Kicks SV 4dr 3N1CP5CV6LL580040	393	3/29/2021	3/29/2025
Enterprise FM Trust	2020 Nissan Kicks SV 4dr 3N1CP5CV8LL580136	384	3/29/2021	3/29/2025
Enterprise FM Trust	2020 Nissan Kicks SV 4dr 3N1CP5CV8ML481978	389	3/29/2021	3/29/2025
Enterprise FM Trust	2021 Jeep Cherokee Latitude Plus 1C4PJLLB0MD189595	338	10/26/2021	8/31/2025
Enterprise FM Trust	2022 Ford Escape S 4dr 1FMCU0F67NUA00411	342	1/22/2022	8/31/2025
Enterprise FM Trust	2022 Ford Escape S 4dr 1FMCU0F69NUA00278	342	1/22/2022	8/31/2025
Enterprise FM Trust	2021 Toyota Sienna LE Van 5TDKRKEC5MS062591	1,064	4/29/2022	8/31/2025
Enterprise FM Trust	2020 Ford Transit-350 Passenger 1FBAX2Y88LKA24436	1,116	6/30/2022	8/31/2025
Enterprise FM Trust	2020 Chrysler Voyager 2C4RC1DG6LR182566	656	6/30/2022	8/31/2025
Enterprise FM Trust	2022 Chrysler Voyager 2C4RC1CG9NR204354	783	11/30/2022	8/31/2025
Enterprise FM Trust	2023 Nissan Kicks 3N1CP5BV3PL494773	474	2/28/2023	8/31/2025
Enterprise FM Trust	2023 Nissan Kicks 3N1CP5BV7PL494839	474	2/28/2023	8/31/2025
Enterprise FM Trust	2020 Ford Transit-350 Passenger 1FBAX2CGXLKA75273	1405	3/31/2023	8/31/2025
Enterprise FM Trust	2023 Nissan Kicks 3N1CP5BV5PL491339	478	3/31/2023	8/31/2025
Enterprise FM Trust	2023 Nissan Kicks 3N1CP5CV9PL517049	593	5/31/2023	8/31/2025
Enterprise FM Trust	2023 Ford Transit-350 Passenger 1FBVU4X82PKA29676	2304	6/30/2023	8/31/2025
Enterprise FM Trust	2019 Ford Transit-350 Cutaway 1FDES6PM8KKB40831	1925	6/30/2023	8/31/2025
Enterprise FM Trust	2024 Nissan Sentra 3N1AB8CV0RY213637	523	1/19/2024	8/31/2025
Enterprise FM Trust	2024 Nissan Sentra 3N1AB8CV0RY258187	523	1/19/2024	8/31/2025
Enterprise FM Trust	2024 Nissan Sentra 3N1AB8CV0RY213329	526	1/19/2024	8/31/2025
Enterprise FM Trust	2024 Nissan Kicks 3N1CP5CV3RL494418	550	1/24/2024	8/31/2025
Enterprise FM Trust	2025 Chrysler Pacifica 2C4RC1BG3SR501214	920	10/25/24	8/31/2025
Enterprise FM Trust	2025 Chrysler Pacifica 2C4RC1BG9SR50122C	920	10/22/24	8/31/2025
Enterprise FM Trust	2025 Chrysler Pacifica 2C4RC1BG2SR501222	920	10/25/24	8/31/2025
Enterprise FM Trust	2025 Chrysler Pacifica 2C4RC1BG0SR50121E	920	10/28/24	8/31/2025
Enterprise FM Trust	2025 Chrysler Pacifica 2C4RC1BGXSR50122E	920	10/25/24	8/31/2025
Enterprise FM Trust	2025 Chrysler Pacifica 2C4RC1BG4SR501223	920	10/24/24	8/31/2025
Enterprise FM Trust	2025 Chrysler Pacifica 2C4RC1BG1SR501213	920	10/23/24	8/31/2025
Enterprise FM Trust	2025 Chrysler Pacifica 2C4RC1BG5SR501215	920	10/28/24	8/31/2025
Enterprise FM Trust	2025 Chrysler Pacifica 2C4RC1BG7SR501216	920	10/28/24	8/31/2025
Enterprise FM Trust	2025 Chrysler Pacifica 2C4RC1BG0SR501221	920	10/23/24	8/31/2025
Enterprise FM Trust	2025 Chrysler Pacifica 2C4RC1BG1SR501227	920	10/24/24	8/31/2025
Enterprise FM Trust	2025 Chevy Trax KL77LFEP1SC145402	441	01/03/25	8/31/2025
Enterprise FM Trust	2025 Chevy Trax KL77LFEP6SC145539	441	01/03/25	8/31/2025
Enterprise FM Trust	2025 Chevy Trax KL77LFEP7SC145517	441	01/03/25	8/31/2025
Enterprise FM Trust	2025 Chevy Trax KL77LFEP8SC143016	441	01/03/25	8/31/2025
Enterprise FM Trust	2025 Chevy Trax KL77LFEP8SC145462	441	01/06/25	8/31/2025
Enterprise FM Trust	2025 Chrysler Pacifica 2C4RC1BG2SR501215	920	10/23/24	8/31/2025
Enterprise FM Trust	2025 Chevy Trax KL77LFEP1SC143021	441	01/03/25	8/31/2025
Enterprise FM Trust	2025 Chevy Trax KL77LFEP2SC145523	441	01/03/25	8/31/2025
Enterprise FM Trust	2025 Chrysler Pacifica 2C4RC1BG6SR501224	920	11/01/24	8/31/2025
Enterprise FM Trust	2025 Chrysler Pacifica 2C4RC1BG79R501217	920	10/28/24	8/31/2025
Enterprise FM Trust	2025 Chrysler Pacifica 2C4RC1BG8SR501225	920	10/24/24	8/31/2025
Enterprise FM Trust	2025 Chevy Trax KL77LFEP5SC145435	441	01/03/25	8/31/2025
Enterprise FM Trust	2025 Chevy Trax KL77LFEP6SC145489	441	01/03/25	8/31/2025
Enterprise FM Trust	2025 Chevy Trax KL77LFEP8SC143002	441	01/03/25	8/31/2025

## Texana Center

EXHIBIT C-5

*SCHEDULE OF INSURANCE IN FORCE  
FOR THE YEAR ENDED AUGUST 31, 2025  
(UNAUDITED)*

### **General Liability**

Insurer: Texas Council Risk Management Fund

Policy Period: 09/01/24 - 08/31/25

Coverage:

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

### **Automobile Liability**

Insurer: Texas Council Risk Management Fund

Policy Period: 09/01/24 - 08/31/25

Coverage:

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

### **Professional Liability**

Insurer: Texas Council Risk Management Fund

Policy Period: 09/01/24 - 08/31/25

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: 09/01/24 - 08/31/25

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: 09/01/24 - 08/31/25

Coverage:

Blanket Limit Each Occurrence	72,243,563
Blanket Per Occurrence Deductible	5,000

### **Automobile Physical Damage**

Insurer: Texas Council Risk Management Fund

Policy Period: 09/01/24 - 08/31/25

Coverage Basis is Scheduled; Deductible Varies by Vehicles

### **Crime Coverage**

Insurer: Texas Council Risk Management Fund

Policy Period: 09/01/24 - 08/31/25

Per Occurrence Limit of Liability

Deductible	Varies
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### **Workers Compensation**

Insurer: Texas Municipal League

Policy Period: 10/01/24 - 09/30/25

Coverage: Statutory

### **Windstorm and Hail**

Insurer: Texas Windstorm Insurance Association

Policy Period: 12/08/24 - 12/08/25

Coverage	1,006,000
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Deductible	10,060
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### **Information Security and Privacy Insurance with Breach Response Services**

Insurer: Corvus Insurance Agency, LLC

Policy Period: 05/28/24 - 05/28/25

Coverage:

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

**Texana Center****EXHIBIT C-6**

*SCHEDULE OF PROFESSIONAL AND CONSULTING FEES  
FOR THE YEAR ENDED AUGUST 31, 2025  
(UNAUDITED)*

<b>Name</b>	<b>City</b>	<b>Type of Service</b>	<b>Amount</b>
Alina Telehealth	Alvin, TX	Medical	\$ 204,670
BSA Architects, Inc.	Sugar Land, TX	Architectural	163,811
Consilium Staffing	Irving, TX	Medical	88,670
Eide Bailly LLP	Abilene, TX	Financial Audit	52,165
Gildardo Ceballos, MD	Richmond, TX	Medical	8,000
Rafael Guerra, MD	Katy, TX	Medical	6,300

**Texana Center****EXHIBIT C-7***SCHEDULE OF LEGAL SERVICES**FOR THE YEAR ENDED AUGUST 31, 2025**(UNAUDITED)*

<b>Name</b>	<b>City</b>	<b>Type of Service</b>	<b>Amount</b>
Showalter, Colgin & Davis, PLLC	Richmond, TX	Legal	1,500

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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 (Government Audit Standards), 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, 2025, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements, and have issued our report thereon dated January 6, 2026.

**Report on Internal Control Over Financial Reporting**

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

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

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

## **Report on Compliance and Other Matters**

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

## **Purpose of this Report**

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

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Abilene, Texas  
January 6, 2026



**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 Texas Grant Management Standards**

To the Board of Trustees  
Texana Center  
Rosenberg, Texas

**Report on Compliance for Each Major Federal and State Program**

***Opinion on Each Major Federal and State Program***

We have audited Texana Center's (the Center) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* and *Texas Grant Management Standards (TxGMS)* that could have a direct and material effect on each of the Center's major federal and state programs for the year ended August 31, 2025. The Center's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Center complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended August 31, 2025.

***Basis for Opinion on Each Major Federal and State Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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) and the *Texas Grant Management Standards*. Our responsibilities under those standards and the Uniform Guidance and TxGMS are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Center and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of the Center's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

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

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Center's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and TxGMS will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Center's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and TxGMS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Center's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Center's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and TSAC, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control over compliance. Accordingly, no such opinion is expressed.

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

## Report on Internal Control over Compliance

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

The image shows a handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Abilene, Texas  
January 6, 2026

# 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/Porgam or Cluster Title	Pass-Through Entity Identifying Number	Expenditures
<b>State Awards:</b>		
<b><i>Texas Health &amp; Human Services Commission - MH</i></b>		
General Revenue - Mental Health Adult	HHS001324500032	\$ 9,061,566
General Revenue - Mental Health Child	HHS001324500032	1,987,589
General Revenue - Crisis Services	HHS001324500032	1,808,741
General Revenue - Psychiatric Emergency Service Center	HHS001324500032	1,526,303
General Revenue - Discharge Meds	HHS001324500032	8,175
General Revenue - Private Psychiatric Beds	HHS001324500032	4,396,000
General Revenue - Crisis Facility	HHS001324500032	1,500,000
General Revenue - Mental Health First Aid	HHS001335500032	75,848
Senate Bill 292	HHS000134400012	<u>341,282</u>
<b>Total HHSC - MH</b>		<u>20,705,504</u>
<b><i>Texas Health &amp; Human Services Commission - IDD</i></b>		
General Revenue - IDD	HHS001333300032	2,498,555
Permanency Planning	HHS001333300032	62,650
CLOIP	HHS001333300032	417,338
IDD Crisis Intervention Specialists	HHS001333300032	208,110
IDD Crisis Respite Services	HHS001333300032	247,217
Nursing Facility PASRR Specialized Services - Form 1048	HHS001333300032	140,846
Employment Apprenticeship Pilot Services	HHS001444100001	<u>82,114</u>
<b>Total HHSC - IDD</b>		<u>3,656,830</u>
<b><i>Texas Health &amp; Human Services Commission - ECI</i></b>		
Division for Early Childhood Intervention - Intervention	HHS000640200001	1,048,155
Division for Early Childhood Intervention - Respite	HHS000640200001	<u>9,370</u>
<b>Total HHSC - ECI</b>		<u>1,057,525</u>
<b><i>Texas Health &amp; Human Services Commission - Autism</i></b>		
	HHS000693900002	<u>1,047,707</u>
<b>Total Texas Health &amp; Human Services Commission</b>		26,467,566
<b><i>Texas Veterans Commission - Veterans Mental Health Peer Support Services</i></b>		
	VMH25-P-018	<u>6,615</u>
<b>Total Texas Veterans Commission</b>		<u>6,615</u>
<b>Total State Awards</b>		<u>26,474,181</u>



# Texana Center

SCHEDULE OF EXPENDITURES OF STATE AND FEDERAL AWARDS  
YEAR ENDED AUGUST 31, 2025

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
<b>Federal Awards:</b>			
U.S. Department of Health and Human Services			
<i><b>Passed through Texas Health &amp; Human Services Commission</b></i>			
Block Grants for Community Mental Health Services	93.958	+	HHS001324500032 753,084
Block Grants for Community Mental Health Services (Supported Housing)	93.958	+	HHS001324500032 217,329
Block Grants for Community Mental Health Services ( MHFA Outreach Worker )	93.958	+	HHS001335500032 95,375
Block Grants for Community Mental Health Services ( Coordinated Specialty Care)	93.958	+	HHS001329300018 358,031
Block Grants for Community Mental Health Services ( Transition Support Specialist)	93.958	+	HHS001546000008 114,247
Covid 19 Block Grants for Community Mental Health Services (Outpatient Capacity Expansion)	93.958	+	HHS001108400031 730,470
Covid 19 Block Grants for Community Mental Health Services (Crisis Response and Diversion)	93.958	+	HHS001108400031 447,245
Covid 19 Block Grants for Community Mental Health Services (Crisis Hotline and MCOT)	93.958	+	HHS001108400031 68,530
Title XX Social Services Block Grant	93.667		HHS001324500032 112,173
Temporary Assistance for Needy Families (TANF) - BH	93.558	*	HHS001324500032 238,989
Temporary Assistance for Needy Families (TANF) - ECI	93.558	*	HHS000640200001 70,712
Every Student Succeeds/Preschool Development Grants	93.434		HHS000640200001 8,832
Block Grants for Prevention and Treatment of Substance Abuse	93.959		HHS001040100038 16,564
Medicaid Administrative Claiming ECI - Medicaid Cluster	93.778	#	HHS000537900323 177,143
Medicaid Administrative Claiming MH-IDD - Medicaid Cluster	93.778	#	HHS000537900323 1,944,701
PAC 344 Title XVIII	93.791		HHS001333300032 798,231
Total passed through Texas Health & Human Services Commission			<u>6,151,656</u>
Total U.S. Department of Health and Human Services			<u>6,151,656</u>
U.S. Department of Education - Office of Special Education			
and Rehabilitative Services			
<i><b>Passed through Texas Health &amp; Human Services Commission</b></i>			
Grants for Infants and Families with Disabilities	84.181		HHS000640200001 736,838
Grants to States - Special Education Cluster (IDEA)	84.027		HHS000640200001 63,001
Total U.S. Department of Education			<u>799,839</u>
<b>Total Federal Financial Assistance</b>			<u>6,951,495</u>
<b>Total State and Federal Awards</b>			\$ <u><u>33,425,676</u></u>

\* Total Expenditures for TANF 477 Cluster CFDA #93.558 is \$309,701

# Total Expenditures for Medicaid Cluster CFDA #93.778 is \$2,121,844

+ Total Expenditures for Block Grant for Community Mental Health Services #93.958 is \$2,784,311

## **Texana Center**

### ***NOTES TO SCHEDULE OF EXPENDITURES OF STATE AND FEDERAL AWARDS YEAR ENDED AUGUST 31, 2025***

#### **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 Texas 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. 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 *Texas Grant Management Standards*.

### **Program or Award Amounts**

Amounts include contract/award amounts plus any additional reimbursement monies received in fiscal year 2025.

### **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 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, 2025*

#### **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
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Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance 2 CFR 200.516(a)	No
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Identification of Major Programs:

<b><u>Name of Federal Program</u></b>	<b><u>CFDA Number</u></b>
Block Grants for Community Mental Health Service	93.958

<b><u>Name of State Program</u></b>	
General Revenue – Behavioral Health	N/A
General Revenue – IDD	N/A

Dollar threshold for distinguishing Type A and B programs:	\$750,000 - federal \$794,225 - state
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Auditee qualified as a low-risk auditee?	Yes
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## **Texana Center**

*SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED AUGUST 31, 2025*

### **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, 2025*

No prior year federal or state award findings were reported.