



ANNUAL FINANCIAL REPORT

YEAR ENDED AUGUST 31, 2022

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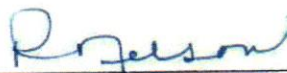
INTRODUCTORY SECTION

BLUEBONNET TRAILS COMMUNITY SERVICES

Certificate of Board Approval

Year Ended August 31, 2022

I, Judge Roxanne Nelson, designated member of the Board of Trustees of Bluebonnet Trails Community Services, do hereby certify that this accompanying audit report for fiscal year ended August 31, 2022, from Scott Singleton Fincher & Co, PC was reviewed and approved at a meeting of the Board of Trustees held on the 23rd day of January, 2023.



Designated Member of the Board of Trustees



January 23, 2023

To the Board of Trustees of Bluebonnet Trails Community Services and Other Interested Parties,

Presented herein is the Annual Financial Report for Bluebonnet Trails Community Mental Health and Mental Retardation Center d/b/a Bluebonnet Trails Community Services (the Center) for the fiscal year ending August 31, 2022. This report provides the Board of Trustees, the State of Texas, the sponsoring county governments of Bastrop, Burnet, Caldwell, Fayette, Lee, Gonzales, Guadalupe, and Williamson Counties, recipients of services, and those interested in the operations of the Center with detailed information concerning the financial condition and services provided by the organization.

The Center's leadership team is responsible for the accuracy of the presented data and the completeness and fairness of the presentation. The Center establishes, implements and adheres to an internal control framework to protect the assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the financial statements in conformity with generally accepted accounting principles (GAAP). This internal control framework is designed to ensure the financial statements of the Center are free of material misstatement. To the best knowledge of the executive managers of the Center, the enclosed data is accurate in all material respects and fairly represents the financial position and results of the operations of the Center. All disclosures necessary to ensure an accurate depiction of the Center's financial affairs have been included. This report is comprised of three parts:

- This transmittal letter.
- A report of the Center's financial operations including a Management and Discussion Analysis (MD&A), basic financial statements, and supplementary and statistical information. In addition to the independent auditors' report on the Center's basic financial statements, the MD&A presents an overview and analysis to complement and explain the financial statements which have been prepared in accordance with the generally accepted accounting principles for governments as prescribed by the Governmental Accounting Standards Board (GASB).
- A statistical report considering the financial environment in which the Center operates.

The Center's financial statements have been audited by Scott, Singleton, Fincher & Company, P.C., a licensed certified public accounting firm. This is the sixth year for the Center to contract with Scott, Singleton, Fincher & Company, P.C. for the annual independent audit.

The purpose of the independent audit is to provide reasonable assurance that the financial statements of the Center for the year beginning September 1, 2021 and ending August 31, 2022, are free of material misstatement. The independent audit has examined, on a test basis, evidence supporting the amounts and disclosures in the financial statements. The audit assessed the accounting procedures utilized by Center management and the veracity of the overall presentation of the financial statements. Based upon the audit, the independent auditor concludes that there is reasonable basis for rendering an unqualified

opinion that the financial statements of the Center for the year ending August 31, 2022 have been fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report. The independent audit of the financial statements of the Center is a part of a broad, federal and state mandated "*single audit*" designed to meet the special needs of grantor agencies. The practice standards governing single audit engagements require the independent auditor to report not only on the fair representation of financial statements, but also on the internal controls and compliance with legal requirements with special emphasis on internal controls and legal requirements involving the administration of local, state and federal funding awards.

History and Vision

Established in 1997 through an interlocal agreement, and amended in 2000, the Center is a unit of local government described in Texas Health and Safety Code Chapter 534.001, governed by a Board of Trustees appointed by the Commissioners' Courts serving a designated eight-county area. Following the 86th Texas Legislative Session (2019), Senate Bill 633 added valued resources to the Board of Trustees by requiring two ad hoc, non-voting representatives from our local Sheriff's Offices. During 2022, a third ad hoc, non-voting representative joined the Sheriffs of Guadalupe and Burnet Counties as representatives. Adding the Williamson County Sheriff results in an eleven-member Center Board, comprised of eight governing Trustees appointed by Commissioners alongside three ad hoc, non-voting members.

Supporting the vision for *healthy and fulfilled lives*, the Center Board and Staff assure access to a comprehensive array of services strengthening individuals and families throughout a lifetime. The majority of the business of the Center consists within multiple service contracts with agencies under the Texas Health and Human Services Commission. These contracts oblige the Center to provide mental health and intellectual and developmental disabilities services for children, adults and families residing within Bastrop, Burnet, Caldwell, Fayette, Gonzales, Guadalupe, Lee and Williamson Counties. For babies and toddlers under the age of 3 years, we offer Early Childhood Intervention (ECI) services in six counties including Bastrop, Burnet, Caldwell, Fayette, Lee and Williamson. For persons experiencing autism, the Center offers a program for persons between 3 to 17 years of age in 10 counties including Bastrop, Burnet, Caldwell, Fayette, Gonzales, Guadalupe, Hays, Lee, Travis and Williamson Counties. Since 2003, the Center serves as the Outreach Screening, Assessment and Referral (OSAR) entity serving persons with substance addictions in thirty counties in Central Texas, within the Health and Human Services Commission Region 7, including Bastrop, Bell, Blanco, Bosque, Brazos, Burleson, Burnet, Caldwell, Coryell, Falls, Fayette, Freestone, Grimes, Hamilton, Hays, Hill, Lampasas, Lee, Leon, Limestone, Llano, Madison, McLennan, Milam, Mills, Robertson, San Saba, Travis, Washington and Williamson Counties. During 2015, the Center was awarded substance use treatment licensure through the Department of State Health Services and now contracts with Texas Health and Human Services Commission to provide outpatient substance use treatment services to adolescents and adults. Substance abuse treatment services are now provided at 18 locations including Bastrop, Bastrop ISD, Burnet ISD, Cedar Park, Elgin ISD, Georgetown, Gonzales, Jarrell ISD, La Grange, Lockhart, Lockhart ISD, Marble Falls, Marble Falls ISD, Round Rock, Taylor, Seguin (2) and Seguin ISD.

Since 2008, the Center has partnered to increase access to integrated healthcare in our communities. The Center works alongside a partnering Federally Qualified Health Center (FQHC) enabling us to provide medical and dental services in conjunction with our service array. During 2020, Bluebonnet Trails was awarded a federal HRSA grant in partnership with Texas A&M School of Nursing (TAM-SON) allowing us to add medical services in our locations in Taylor, Giddings and La Grange. During 2021, we opened integrated health clinics in new facilities in La Grange and at Jarrell ISD. Today, partnering

with TAM-SON and our primary care employees, we are successfully integrating primary health care alongside behavioral health services for children and adults in clinics in Cedar Park, Georgetown, Giddings, Jarrell ISD, La Grange, Marble Falls, Round Rock and Taylor. During 2022, the Center applied for certification as a federal Rural Health Clinic in La Grange. The highly successful certification review resulted in our ability to increase access to primary care in an underserved community; and opened a reimbursement stream sustaining primary care operations through the Center.

Beginning in 2014, the Center began investing resources in school-based services adding strength for prevention and early intervention options in our communities. The Center has enhanced the system of care by intentionally adding programs addressing the unique needs of veterans and their families; children and adolescents with mental health needs at risk of removal from the home; adolescents and young adults experiencing a first episode of psychosis; persons with opioid addictions; and persons with intellectual and developmental disabilities and recovering from mental illness benefitting from employment opportunities in their home community. We have added valued pharmacy services and transportation services supporting the health and independence of those we serve. These programs are interwoven into the practices of the Center offering a seamless system of care regardless of diagnosis or selected entry point for an individual benefitting from care. As the Center fulfills its vision for our communities, we continue to seek and engage local partners in developing a robust system of healthcare supporting *healthy and fulfilled lives*.

During 2022, the Center focused on expanding access to crisis services. The Center was engaged by Williamson County Emergency Services to support 9-1-1 dispatch by adding mental health as an option for callers seeking police, fire or ambulance responses. Supporting law enforcement in the field, a 10-bed Diversion Center opened in partnership with Williamson County Sheriff's Office. This adult unit is partially funded by Williamson County American Rescue Plan Act (ARPA) funding. Generously supported by Williamson County Coronavirus Aid, Relief and Economic Security (CARES) Act and ARPA funding, the Center opened its first 16-bed youth therapeutic respite program in Round Rock, serving young Texans between the ages of 5 through 17. In addition, the Center sought and was awarded funding to advance crisis care for youths and adults living with intellectual and developmental disabilities.

Mission Statement

During each annual retreat, the Board of Trustees reviews the Vision Statement, Mission Statement and Values Statements to guide the Center. We envision *healthy and fulfilled lives*. We are on a mission to *continuously shape and invest in a system of care valued by our communities, designed to improve the health and independence of the persons we serve*.

The Board of Trustees and Staff will know that we are succeeding in our Mission when:

- Our decisions and investment of our resources focus on the persons we serve
- We are accountable to the persons we serve ensuring our operations are integrated, sustainable and responsive to individual and community needs
- We create person-centered options for individuals we serve meeting common human needs for wellness, employment, housing and access to care in their chosen communities
- We actively involve those we serve in designing the system of services and supports
- We develop meaningful partnerships resulting in an innovative system of care meeting or exceeding the expectations of those we serve

- We hold ourselves accountable to the commissioners' courts governing Bastrop, Burnet, Caldwell, Fayette, Gonzales, Guadalupe, Lee and Williamson Counties and work alongside community, state, and national leaders to identify, plan and fulfill health and wellness needs in our communities
- We adapt and continuously improve the quality and spectrum of everything we do for the benefit of those we serve
- We treat those we serve with dignity and respect through trauma-informed practices, culturally competent and linguistically diverse care
- We treat one another with dignity and respect in upholding the Vision and Mission for Bluebonnet Trails Community Services

Office Locations and Infrastructure

The administrative offices of the Center are located at 1009 North Georgetown Street in Round Rock, Texas. During 2022, the Center operated twenty-six office, residential setting, transitional home and program sites located in Bastrop, Burnet, Cedar Park, Elgin, Georgetown, Giddings, Gonzales, La Grange, Liberty Hill, Lockhart, Luling, Marble Falls, Round Rock, Schulenburg, Seguin and Taylor. In planning for the future, the Board of Trustees considers annual investments in infrastructure maintenance and renovation fostering welcoming and up-to-date service locations. During 2022, the Board of Trustees approved an investment of up to 33% of annual revenues exceeding expenses be dedicated to facility updates and renovations. This action is in keeping with the goal to ensure an appropriate, comfortable and healthy environment for persons receiving services, for community members and the staff of Bluebonnet Trails Community Services.

To ensure access to substance use outreach, screening, assessment and referral services in the thirty Central Texas counties in which the Center operates as the OSAR, the Center has agreements with local mental health authorities and partnering entities for office space in Austin, Bryan, Kerrville, Temple and Waco. In addition, the Center leases an office at the Austin State Hospital to provide OSAR services to Travis County residents as well as coordinate care for persons transitioning from this intensive level of care back into the community.

On September 1, 2020, the Center began operating a State Hospital Transition Pilot Program in Georgetown under a three-year contract with the Texas Health and Human Services Commission. In June 2021, the Center received approval to open a second State Hospital Step-Down Program in Seguin, followed quickly by another award in 2022 for a third program in Georgetown. Today, the three programs offer 17 transitional beds, allowing persons to step-down from state hospitals and return to community life surrounded by professional support. This pilot step-down program intentionally opens capacity for state hospitals, enabling them to serve Texans most in need of critical psychiatric care.

Supporting early intervention, the Center partners with our local ISDs and continues to expand our campus-based sites offering mental health services, substance use treatment and primary health care. To date, we now partner with twenty-three ISDs benefitting from accessible crisis and routine services for students, educators and our communities.

Services and Administration

To achieve its mission, the Center offers a vast array of healthcare services for eligible persons designed to reach their healthcare goals. The Center provides therapeutic, developmental, educational, and training

opportunities to allow these individuals to lead independent, fulfilling, and meaningful lives in the communities served by the Center. Supporting the needs of the persons receiving this array of services, the Center reinforces the array with access to expanded healthcare services including our Integrated Healthcare Program, Autism Program, Veterans' Services and Court Programs, Peer Specialist Program, Substance Use Treatment Services, Texas Commission on Offenders with Medical and Mental Impairments (TCOOMMI) programs, Preadmission Screening Resident Review (PASRR) for persons entering nursing facilities, Youth Empowerment Services (YES) Waiver, Community First Choice (CFC) Waiver Program, Coordinated Specialty Care (CSC) and an expanding Crisis Services Program and Mental Health First Aid Training Team. In addition, we offer First Episode of Psychosis (ClearPath) and Employment First programs allowing us to substantially benefit the persons we serve. In FY20, the Center was awarded a pilot program for Intellectual and Developmental Disability – Behavioral Health (IDD-BH) Collaboration. The second phase of the pilot began in November 2020, involving the implementation of Outpatient Behavioral Intervention services for persons with IDD. In addition, the Center was awarded an Outpatient Competency Restoration (OCR) program beginning in April 2021. The Center was also awarded a two-year Certified Community Behavioral Health Clinic (CCBHC) Expansion Grant in February 2021 by the Substance Abuse and Mental Health Services Administration (SAMHSA), and a two-year CMHC grant in September 2021 also from the SAMHSA. During May, HHSC supported diversion from psychiatric hospitalization through Coronavirus Aid, Relief and Economic Security (CARES) Act funding. On August 10, 2021, the Williamson County Commissioner's Court approved the investment of \$15,091,965 in CARES Act and American Rescue Plan Act (ARPA) funding to expand psychiatric services for adults and youths as well as establish 10-bed Diversion Center.

During 2022, we expanded our reach through federal, state and local grant funding. In order to sustain innovative programs serving over 37,000 Central Texas children and adults, the Center was awarded over \$11M through highly competitive applications. The 2022 awards include SAMHSA Certified Community Behavioral Health Clinic Improvement and Advancement Grant (CCBHC-IA); Texas Department of Transportation and CAMPO Rural Transportation Award; SAMHSA Community Mental Health Centers (CMHC) Grant; Department of Veteran Affairs services grant award; Samsung Local Community Investment Award; St. David's Foundation Services award; Health Resources Services Administration Nurse Pipeline award extension, in partnership with Texas A&M University School of Nursing; and Williamson County award funding private psychiatric hospital beds.

Fiscal Year 2022 Strategic Planning. During Fiscal Year 2022, the Board of Trustees and the Center Executive Leadership Team concentrated on advancing as a system of excellence. Our goal is to intentionally sustain the systems developed under temporary federal and state funding programs. Through the eleven years of the Medicaid 1115 Transformation Waiver Delivery System Reform Incentive Program (DRSIP), the Center geometrically increased our reach in meaningful services to those seeking access to care. The Centers for Medicare and Medicaid Services (CMS) tentatively approved a one-year extension of the 1115 Waiver Delivery System Reform Incentive Payment (DSRIP) funding through September 2022. Two new Medicaid 1115 Waiver programs, approved by CMS during 2021, afforded ongoing opportunities to sustain innovative practices that are not otherwise funded. The Directed Payment Program for Behavioral Health Services (DPP-BHS), and the Public Health Provider – Charity Care Pool (PHP-CCP). Recognizing the 1115 Waiver programs allow for short-term funding for long-lasting impact in our communities, we introduced sustainability planning into the project development process. This proactive approach results in our ability to successfully achieve all waiver expectations while purposefully reimagining our continuum of care. A strong element of our 1115 Waiver planning is achievement of the metrics demonstrating the value of Certified Community Behavioral Health Clinics (CCBHCs).

Achieving the CCBHC designation during 2016, Bluebonnet Trails Community Services focuses on the processes, staffing and data management ensuring our success in fulfilling the obligations as a CCBHC. Importantly, our longer-term clinical growth and financial health will be a result of our standing as a CCBHC. To that end, the Center was re-certified by the Texas Health and Human Services Commission as a CCBHC in good standing. Alongside the Texas Council of Community Centers, we support development of a statewide strategy to sustain CCBHC principles as a network of Texas community centers. Bluebonnet Trails Community Services earned 3-year accreditation from the National Committee on Quality Assurance (NCQA) during December 2020. The Center achieved accreditation through the Commission on Accreditation of Rehabilitation Facilities (CARF) during November 2021. Further demonstrating excellence and achieving our goal for sustainable innovative practices, during 2022, the Center was successfully certified as a Rural Health Clinic in La Grange.

Intentionally, our certification and accreditation efforts, hiring efforts, communication and education strategies and program development actively demonstrate the outcomes of the Center's actions esteeming, sustaining and improving a culturally inclusive system of care respecting the needs of all persons. Bluebonnet Trails Community Services continuously and aggressively builds upon a foundation of service by seeking opportunities to serve families in our communities through sustainable initiatives. We recognize the persons we serve typically do not have a need that neatly fall within a single diagnostic category, cultural background, economic status or personal plan for life success. We know that we strengthen wellbeing of persons and our communities when we successfully wrap a meaningful array of services to support multiple healthcare needs over all phases of a lifetime. We know our staff are more successful when they fully understand the interconnectedness of our continuum of care; the specific strengths and needs of individuals served; and their role ensuring persons receive all the services necessary for healthy and fulfilled lives.

Current Demographic Trends

In addition to the tensions of the COVID-19 pandemic, a divided nation was attempting to heal from fractured social unrest. When the nation was divided on issues, Bluebonnet Trails Community Services stood behind our long-held values – and consistently chose to act based upon those values. Reinforced by our value that all persons matter, the Center analyzed the demographics of our communities and staff identifying barriers and opportunities to fortify access to culturally respectful health care. Recognizing our actions give power to words that may fade, we sought and provided education and training to understand perspectives and embedded that understanding in our actions. Recognizing change must continue, we responded with cultural team-building, expanding cultural learning opportunities, identifying gaps in community health, and measuring outcomes based on our enhanced practices. Building upon our foundational value of respect for one another, our response continues to inform the development of our system of care.

The past decade has marked tremendous growth in our communities. The 2020 federal census reporting indicates an overall growth rate of 34.45% for our eight-county service area from 2010 to 2020. During 2022, the population of Central Texans continues to grow resulting in a projected total of 1,105,323 children and adults in the eight-county service area for the Center spanning just over 6,900 square miles. The eight Central Texas counties served by the Center reflect a blend of cultures within the rural, suburban and urban communities. The following table demonstrates the rate of growth within our counties:

County	Population 2020 Census	Estimated Population 2022	Population Growth 2020-2022	Land Area (Square Miles)	Persons per Square Mile 2022
Bastrop	97,216	104,146	7.10%	888.15	117.26
Burnet	49,130	51,285	4.40%	994.26	51.58
Caldwell	45,883	47,434	2.30%	545.26	86.99
Fayette	24,435	24,529	0.40%	950.01	25.82
Gonzales	19,653	19,446	-1.10%	1,066.69	18.23
Guadalupe	172,706	177,449	2.70%	711.3	249.47
Lee	17,478	17,629	0.90%	629.02	28.03
Williamson	609,017	663,405	8.90%	1,118.30	593.23
8-County Total	1,035,518	1,105,323	6.74%	6,902.99	160.12

Bluebonnet Trails Community Services serves a diverse mix of the fastest growing counties in the state as well as rural counties with minimal growth. According to the United States Census Bureau, Williamson County, located on the outskirts of Austin/Travis County, is now the twelfth most populous county in Texas. According to the Texas Demographic Center, overall growth is estimated at 25.60% when combining growth rates for all eight counties from 2020 to 2022. Growth rates for Bastrop and Williamson Counties reflect the highest among the eight counties during this two-year timespan. In comparison, only Gonzales County, has a negative estimated growth rate.

After assessment of the data, we find the rapid population gains in our Central Texas counties are fueled by a wide variety of economic, linguistic and cultural factors including the technology and energy boom, military realignment, Hispanic immigration, student enrollment, mobilization of young families, growing adjacent metro areas, and changing retirement patterns. These factors account for the strategic planning addressing population growth as well as inclusion of diverse individual, family and community needs.

At the end of Fiscal Year 2022, in order to accomplish our mission, Bluebonnet Trails Community Services employed 601 staff members—including 562 full-time employees and 39 part-time employees. In addition, the Center contracted with 182 independent contracted providers of Early Childhood Intervention, Intellectual and Developmental Disabilities, Autism, Substance Addictions and Mental Health Services to expand our outreach and service capacity in the counties we serve. Concerted efforts for recruitment and retention occurred during 2022.

In our recruitment efforts, the Center increased salaries, rewarded employees for referrals, expanded upon opportunities to work remotely and actively participated in job fairs. In order to retain an exceptional staff, the Center awarded a 3% employee salary increase, increased rates for contractors, expanded upon career ladder options with financial incentives, reimbursed licensure costs and supported education leave. In addition, the Board of Trustees approved a requested investment of up to 33% of annual revenues exceeding expenses be dedicated to staff achievement awards. These investments are made recognizing the Center's most valuable resource is our staff.

Operational Response – Fiscal Year 2022

The health, economic and political impact of the multi-year pandemic reverberates throughout the world. On March 13, 2020, the Center's leadership team activated the Bluebonnet Trails Community Services plan to contain the COVID-19 virus. Center leaders transitioned outpatient care to remote access while ensuring crisis services remained available by virtual means as well as in-person. On March 15, 2020, when Governor Abbott issued the statewide emergency order to isolate to contain the spread of COVID-19, this Team's implementation plan was underway. The implementation plan contains a phased return to normal operations when the environment safely permits us to do so. Over the 3 years of the pandemic, our advancing phased plans were communicated to the Team as well as community leaders ensuring internal and external expectations may be achieved.

Throughout Fiscal Year 2022, Bluebonnet Trails Community Services has been flexible and resourceful while making remarkable progress toward achieving our strategic goals. We recognize and value the support of federal and state agencies allowing for flexibilities during these long months of the pandemic. When persons needed the strength of this Team the most, these contractual flexibilities supported our staff by:

- Delivering services by virtual means including by telephone and televideo.
- Shifting our operational hours and practices meeting the needs of others while protecting persons from spreading the virus.
- Enabling a calm and dynamic response as the numbers and intensity of crises escalated – our crisis professionals broadened their scope, partnered with local hospital emergency rooms providing virtual assessments, and did not miss a beat providing extraordinary care.
- Redefining work that may be accomplished remotely – resulting in repurposing office space to meet growing needs for new programs.
- Deploying technology, equipment, personal protective equipment, supplies, valuable communication, financial expertise, training and support, and access to electronic records and data via a strong administrative team – for the sake of meeting the immediate needs of this Team in service to others.
- Imagining and implementing meaningful growth through multiple programs supported through local, state and federal funding resulting from COVID-19 funding.
- Seeking and achieving accreditation through the Commission on Accreditation of Rehabilitation Facilities (CARF) proving our system's ability demonstrate excellence through a chaotic year.

As a result of these efforts, we have expanded our reach and capacity to serve children, adults and families through progressive strategic planning with – and investments from – local, state and federal partners during Fiscal Year 2022. These investments included funding for private psychiatric hospital bed use; support for a Diversion Center; partnership with 911 as well as court- and jail-based services; and funding for youth therapeutic respite programs.

Complicating the successful deployment of new and expanded services has been the lack of a professional workforce to implement the programs. Long before the COVID-19 pandemic, our state faced a critical professional workforce shortage in the area of mental health. COVID-19 further threatened our ability to hire talent. In response, Bluebonnet Trails Community Services refined concrete strategies addressing challenges with recruiting and retaining a diverse and talented staff through remote work and flexible schedules; retention incentives; financial achievement awards

when strategic goals are achieved; career ladders; and other recognition for dedication to excellence in service to others. Then too, access to quality contractors of services has proven to be invaluable when the Center is unable to sustain quality services within the rate of payment for the services. However, due to personal challenges including the ability to work remotely, we experienced a significant decrease in the number of contractors over the last year. Specifically, we contracted with 182 contractors during 2022 – representing 11 fewer contractors than available to us during the previous fiscal year.

Bluebonnet Trails Community Services also considers long-term sustainability of programs understanding the impact and remaining community options should the center consider reduction or elimination of a program. Ongoing conversations with the Bluebonnet Trails Community Services Board of Trustees have addressed the financial risks in continuing specific service lines. At risk during Fiscal Year 2022, due to the rate for services, is the sustainability of the Center's enrichment centers. The enrichment centers provide meaningful community supports, socialization opportunities and day habilitation services for persons living with intellectual and developmental disabilities. Federal legislation requiring changes to physical locations as well as greatly increased staffing result in an inability to provide the services under the state rate. Throughout Texas, the Individualized Skills and Socialization (ISS) services must be implemented by March 1, 2023. On this date, day habilitation services will no longer be funded. As a result, plans are under consideration with families to successfully transition loved ones from day habilitation services in Marble Falls and Lockhart. Working with private providers, the Center's Service Coordinators will plan alongside families to connect and ease the transition for the person in care and the family.

The efforts and transitions during the ongoing tumult of a pandemic are carefully planned and made possible through the talented, compassionate and flexible employees and contractors of Bluebonnet Trails Community Services: The staff at work in our communities ensure we fulfill our vision for *healthy and fulfilled lives*.

Preparation for Texas 88th Legislative Session

On January 10, 2023, the Texas legislature will convene. Alongside our lobbying organization, the Texas Council of Community Centers, we are connecting with legislators related to the matters affecting the persons we serve, our communities and our continuum of care. This session, our initial focus is on sustaining our existing services, enhancing access to crisis services and recognizing the workforce needed to deploy excellent care.

Pre-session filing of bills has resulted in a large number of bills focusing on employment obstacles and obligations. The Texas Council Risk Management Fund, the provider of our liability coverage and legal counsel, is also focusing on conversations ensuring legislators are aware of the potential impact of new legislation creating barriers and adding cost to deliver services.

As of the time of this letter, the Center's legislative priorities before the 88th Texas Legislative Session include:

Maintain Essential Community-Based Services and Investments

- Address severe workforce shortages and operational cost increases.
- Incentivize service in the public system of care through innovation; flexibility of licensure/credentialing requirements; loan forgiveness; expansion of internships and fellowships; opportunities for necessary clinical "supervision" hours for the licensure of

counselors and therapists; and adjusting state salary schedules to account for varying costs of living across the state and for rural areas with difficulty sustaining a workforce.

- Address increased demand on the crisis response system associated with implementation of the national 988 Suicide and Crisis Lifeline.

Advance a Meaningful Continuum of Care for Central Texans

- Invest in an increased capacity to provide core early intervention, mental health, IDD, substance use and autism services for children, youths and families.
- Expand upon adult, youth and school-based programs supporting wellness, mental health and substance-free lives.
- Promote and establish appropriate rates increasing access to specialized interventions including, but not limited to Coordinated Specialty Care (CSC); Multi-Systemic Therapy (MST); youth crisis respite services; and other alternatives to inpatient care for children and adults.
- Expand upon existing competitive application programs (including HB 13 and SB 292 passed into legislation during the 85th Texas Legislative Session) supporting innovative community partnerships requiring local investment as well as state investment.
 - Address gaps in determinants of a healthy community through intentional access to services alongside community partners.
 - Address the criminal justice and mental health, IDD, substance use and autism interface.
 - Incentivize expansion of proven programs including, but not limited to Diversion Centers; Jail-Based Competency Restoration; Outpatient Competency Restoration; Co-responder models with law enforcement and emergency services.
 - Promote co-location and training for 911 operators when receiving calls involving mental health needs.
- Increase access to inpatient care by increasing the investment in locally purchased Private Psychiatric Bed (PPB) Capacity for Adults and Children.
- Promote diversion opportunities from state hospitalization through local options including state hospital and state supported living center step-down programs and expansion of local crisis residential and inpatient facilities.
- Invest in expansion of crisis services including specialized mobile crisis outreach teams for dually diagnosed, IDD, forensically-involved persons and students; and the Outpatient Biopsychosocial Intervention (OBI) program treating individuals with co-existing intellectual and developmental disabilities and mental illness.
- Expand capacity in the IDD Waiver and autism programs to reduce interest/waiting lists and address increased demands on eligibility determinations, enrollment and service delivery.
- Invest in provider rates covering the cost of the delivery of services and care.

Economic Outlook and Financial Condition

The financial status of the Center is dependent on the health of the state and national economy. Of the Center's Fiscal Year 2022 budget of \$71.5M, approximately forty-one percent (34%) of the gross revenues were derived from general revenue allocations from the state and federal government. As in previous fiscal years, this amount does not include funding for specific programs awarded to the Center through state and federal grant dollars—including the Medicaid 1115 Waiver programs and awards received through CMS and SAMHSA.

The Center's finances are dependent upon our ability to strategically, efficiently and expeditiously shift

our resources to address the needs of our communities through new opportunities as well as adhere to the requirements of our contracting agencies. During Fiscal Year 2022, the Center focused great attention and effort in diversifying funding streams through increased efforts and resources supporting our success through Medicaid Managed Care and applications for local, state and federal grant funding, as noted above. We increased focus upon educating, contracting and negotiating with Health Plans and Managed Care Organizations (MCOs). To that end, the Center participates with networks of community centers to shore up the level of expertise and to offer increased options for covered lives for the services to be contracted. The Center continues to partner with the East Texas Behavioral Health Network and the Tejas Health Management Association in partnership with other centers seeking success through innovation and shared costs and expertise.

National trends in health care and human services move increasingly toward models of healthcare emphasizing collaboration with local partners creating greater efficiency and cost containment. State and federal perspectives have begun focusing on collaboration of resources rather than competition to drive a more efficient service delivery system. Although conservative leadership continues to hold the majority, the pendulum has swung during recent local and national elections reflecting a more liberal approach to social services while maintaining a high level of accountability for taxpayer dollars invested in services. As a result, we are attentive to the changes to the federal Health and Human Services Commission (HHSC) and the Centers for Medicare and Medicaid Services (CMS). Our focus continues to be on financial sustainability of critical programs. Our growth as a CCBHC not only strengthens and expands access to care in our communities, our CCBHC status also offers financial sustainability for the growth currently underway as a result of state and federal grant awards. Increasingly, state and federal funded programs require applicants maintain CCBHC status.

Recognizing trends in the delivery and financing of public services, the Center continues to consolidate or eliminate functions that cannot be sustained. During Fiscal Year 2022, the Center worked diligently to continue to reduce non-essential expenses, improve staff productivity and service effectiveness, and reduce unit costs of services in order to strengthen business viability and financial reserves. The result of this action has been greater independence from prospective general revenue allocations—which continues to drive the Center during the upcoming year.

As we plan for Fiscal Year 2023, we recognize the varied challenges and opportunities ahead and in subsequent years. With the strength and talents of our Team, key partnerships and governance by our Board of Trustees, Bluebonnet Trails Community Services is positioned to be successful in the long term.

Fiscal Oversight

Administration: The Budget Process. Each year, a proposed budget plan is prepared by our Chief Financial Officer, Director of Accounting, Director of Financial Planning and Analysis and Accounting Staff in consultation with the Executive Leadership Team and the leadership of each of our programs. The proposed expenditure and revenue estimates comprising the comprehensive Center budget are reviewed with the Board of Trustees for consideration and approval. Once the Board of Trustees approves the budget, it is then submitted to the Texas Health and Human Services Commission (HHSC). A system of extensive cost reporting allows our Center and HHSC clear understanding of our revenues and expenditures.

Enabling our program teams to operate within the comprehensive budget, individual program budgets

are developed with program leadership capturing expectations for revenues and expenses. On a monthly basis, the status of the individual program budgets is reviewed with the program directors. The program directors provide insight into the needs and opportunities for the service system while the Director of Financial Planning and Analysis provides consultation addressing program needs and managing expenses within available revenues dedicated to the program. On a monthly basis prior to each Board meeting, the Executive Management Team reviews the Center operating statements for accuracy and completeness.

The Board of Trustees reviews the monthly reports of our financial status and performance in actively governing the Center through an informed decision-making process. On a quarterly basis, the budget plan is reviewed by the Board of Trustees to accurately account for the business of the Center.

Administration: Executive Leadership Team. During 2022, the Executive Leadership Team was comprised of the Chief Executive Officer, Chief Medical Officer, Chief Financial Officer, Chief Human Resources Officer, Chief Developmental Services Officer, Chief Health Programs Officer, and Chief Administrative Officer. The executive leaders meet routinely to review, act upon and monitor achievement of Center goals, financial position and strategies. Executive leaders guide progress continuing certification and accreditation while addressing opportunities for our system of care and any pressing operational issues. Consultation to the Executive Leadership Team is provided by a talented team of executive managers offering experience and insights informing and strengthening the collective management and oversight of Bluebonnet Trails Community Services.

The Executive Leadership Team determines, directs and oversees the operating policies, procedures, staffing and service planning from which the budget is derived. The financial reports reviewed during each meeting of the Board of Trustees include all organizational activities and functions for which the Center is financially accountable as defined by the Governmental Accounting Standards Board (GASB).

Acknowledgement

For this annual financial review, the Center appreciates the expertise and professionalism afforded by Scott, Singleton, Fincher & Company, P.C., as our licensed certified public accounting firm conducting the annual audit. Importantly, the Center is indebted to the consistently exceptional work of our Chief Financial Officer and our Director of Accounting, Accounting Staff, Director of Financial Planning and Analysis and our Business Support Staff in preparing, analyzing and providing appropriate oversight of the Center finances. These efforts support the strategic planning of the leadership of Bluebonnet Trails Community Services resulting in our clinical, operational and financial success.

This Center is unable to achieve our goals or meet the expectations of our funders without the encouragement, faith and diligent governance of our exemplary Board of Trustees. I thank our Board members for their desire to maintain high standards of professionalism and for their insistence that quality services be accessible throughout the Bluebonnet Trails Community Services system of care.

Above all else, it is extraordinary what the staff of Bluebonnet Trails Community Services accomplish on a daily basis. My deep appreciation goes to our tremendously talented staff ensuring services are available in our communities. The dedicated employees and contractors selected to serve individuals and our communities do so with intelligence, respect and desire to serve others.

This letter with the following financial review capture the continued success, dedication and tenacity of

Bluebonnet Trails Community Services and the outstanding efforts of our excellent staff, partners and Board Members in service to others.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'AR', with a stylized flourish extending from the end.

Andrea Richardson
Chief Executive Officer

BLUEBONNET TRAILS COMMUNITY SERVICES

Listing of Officials

August 31, 2022

Board of Trustees

Judge Roxanne Nelson
Judge Tom Bonn
Barbara Bogart
Bob Heinrich
Shirley Hester
John Raeke
Judge Michael York
Sheriff Arnold Zwicke
Sheriff Calvin Boyd

Chair
Vice-Chair
Secretary
Trustee
Trustee
Trustee
Trustee
Ex-Officio
Ex-Officio

Executive Staff

Andrea Richardson
Paul Sisler
Dr. Mark Janes
Tiffany Guerrero
Felicia Jeffery
Janet Brunette
Amy Bodkins

Chief Executive Officer
Chief Financial Officer
Chief Medical Director
Director of Behavioral Health Strategy and Design
Director of Behavioral Health Services
Director of Developmental Disability Services
Director of Human Resources

FINANCIAL SECTION

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

CERTIFIED PUBLIC ACCOUNTANTS

4815-A KING STREET
TELEPHONE 903-455-4765
FAX 903-455-5312
GREENVILLE, TEXAS 75401

Member of:
Governmental Audit Quality Center

Members of:
American Institute of
Certified Public Accountants

Texas Society of
Certified Public Accountants

Independent Auditor's Report

To the Board of Trustees
Bluebonnet Trails Community Services

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bluebonnet Trails Community Services, as of and for the year ended August 31, 2022, and the related notes to the financial statements, which collectively comprise Bluebonnet Trails Community Services' basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Bluebonnet Trails Community Services, as of August 31, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Bluebonnet Trails Community Services 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 Bluebonnet Trails Community Services' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Bluebonnet Trails Community Services' 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 Bluebonnet Trails Community Services' ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6-11 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 Bluebonnet Trails Community Services' basic financial statements. The schedule of expenditures of federal and state awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and Texas Grant Management Standards (TxGMS), is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal and state awards 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 our report dated January 23, 2023, on our consideration of Bluebonnet Trails Community Services' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Bluebonnet Trails Community Services' 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 Bluebonnet Trails Community Services' internal control over financial reporting and compliance.

Scott, Singleton, Fincher and Company, PC

Greenville, Texas
January 23, 2023

REQUIRED SUPPLEMENTARY INFORMATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

BLUEBONNET TRAILS COMMUNITY SERVICES
Management Discussion and Analysis
August 31, 2022

As management of Bluebonnet Trails Community Mental Health and Mental Retardation Center dba Bluebonnet Trails Community Services (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 fiscal year ended August 31, 2022. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Financial Highlights

- The assets of the Center exceeded its liabilities at the close of the most recent fiscal year by \$45,969,345 (net position). This compares to the previous year when assets exceeded liabilities by \$41,723,934. Center's total net position (government-wide) increased by \$4,245,411.
- As of the close of the current fiscal year, the Center's governmental funds reported combined ending fund balances of \$24,113,537 an increase from the prior year of \$3,660,465.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$17,524,293 or 25% of General Fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Center's basic financial statements which have 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 these basic financial statements.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Center's finances, in a manner 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 declining.

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, the accrual basis of accounting is used, which is similar to the accounting used by most private-sector companies. Some revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. One such example is earned but unused vacation leave, which is expensed at the time it is accrued, but the cash flow occurs at the time the leave is taken.

In the Statement of Net Position and Statement of Activities, the Center combines its *governmental activities*. Most of the Center's basic services are reported here, including the Developmental Disabilities Program, Mental Health Adult Program, Mental Health Child and Adolescent Program, Physical Care Program, Early Childhood Intervention Program, Substance Abuse Program, and General Administration.

The government-wide financial statements are on pages 13 and 14 of this report.

BLUEBONNET TRAILS COMMUNITY SERVICES
Management Discussion and Analysis
August 31, 2022

Fund financial statements. The fund financial statements provide detailed information about the most significant funds – *not the Center as a whole*. A fund is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The Center, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Center can be divided into two categories: governmental funds and proprietary funds.

- **Governmental funds** – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which requires the recognition of revenue when earned, only so long as the funds are collectible within the period or soon enough afterwards to be used to pay liabilities of the current period.

The governmental fund financial statements provide a detailed short-term view of the Center's general government operations and the basic services it provides. Governmental fund information helps you determine the amount of financial resources that can be spent in the near future to finance the Center's programs.

We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in the reconciliations on page 16 and 18.

Each year the Center adopts a budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget.

The governmental fund financial statements are on pages 15 through 20 of this report.

- **Proprietary funds** – When the Center charges the various programs for the use of fixed assets – these costs are generally reported in a proprietary fund. Proprietary funds are reported in the same way that all activities are reported in the government-wide financial statements. The Center's Internal Service Fund reports the same information as the governmental activities in the government-wide financial statements, but provides more detail and additional information such as cash flow statements. The Center operates an Internal Service Fund to purchase and replenish fixed assets for the Center's various programs. Additionally, the Internal Service Fund is used to account for capital assets and any related debt. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

The proprietary fund financial statements are on pages 21 through 23 of this report.

Notes to the financial statements. The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 24 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain *supplementary information* that is required by the Texas Health and Human Services Commission's *Guidelines for Annual Compliance Audits of Community MHMR Centers*. The supplementary information can be found in the Statistical Section beginning on page 38 of this report.

BLUEBONNET TRAILS COMMUNITY SERVICES

Management Discussion and Analysis

August 31, 2022

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Center's assets exceeded liabilities by \$45,969,345 at the close of the most recent fiscal year, which is an increase of \$4,245,411 over last year's net position of \$41,723,934.

The largest portion of the Center's net position (57%) represents its investment in capital assets, net of related debt (e.g., land, buildings, furniture and equipment, computers, vehicles and leasehold improvements).

The remaining balance of the Center's net position (43%) represents the unrestricted financial resources available for future operations.

Statement of Net Position Government-Wide

	<u>2022</u>	<u>2021</u>
Current and other assets	\$ 30,302,232	\$ 24,497,704
Capital assets, net	<u>28,249,630</u>	<u>25,186,785</u>
Total assets	<u>58,551,862</u>	<u>49,684,489</u>
Current and other liabilities	6,100,123	3,738,392
Long-term liabilities	<u>6,482,394</u>	<u>4,222,163</u>
Total liabilities	<u>12,582,517</u>	<u>7,960,555</u>
Net investment in capital assets	26,370,740	25,186,785
Unrestricted	<u>19,598,605</u>	<u>16,537,149</u>
Total net position	<u>\$ 45,969,345</u>	<u>\$ 41,723,934</u>

BLUEBONNET TRAILS COMMUNITY SERVICES

Management Discussion and Analysis

August 31, 2022

Governmental activities increased the Center's net position by \$4,245,411. Key elements of this increase are as follows:

Statement of Activities			
Government-Wide			
		2022	2021
Revenues			
Program revenues			
Charges for services	\$	27,776,037	\$ 13,766,431
Operating grants and contributions		44,334,213	49,196,545
Capital grants and contributions		1,800,000	300,000
General revenues			
Unrestricted investment earnings		115,241	66,489
Total revenues		<u>74,025,491</u>	<u>63,329,465</u>
Expenses			
Mental Health Adult		38,160,609	31,350,858
Mental Health Child		13,625,554	12,179,622
Physical Care		1,982,416	1,622,610
Developmental Disabilities		7,632,407	6,907,854
Early Childhood Intervention		4,470,247	4,160,352
Substance Abuse		3,845,082	2,702,108
Interest		63,765	-
Total expenses		<u>69,780,080</u>	<u>58,923,404</u>
Change in net position		4,245,411	4,406,061
Net position, beginning		41,723,934	37,317,873
Net position, ending	\$	<u>45,969,345</u>	\$ <u>41,723,934</u>

Governmental Fund Financial Analysis

As noted earlier, the Center uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the Center's governmental funds is to provide information on near-term inflows, outflows, and balances of resources available for spending. Such information is useful in assessing the Center's financing requirements.

Revenues for the Center's governmental fund were \$74,025,491 while total expenditures and other financing uses were \$70,365,026. The change in fund balance was an increase of \$3,660,465.

In particular, unassigned fund balance may serve as a useful measure of the Center's net resources available for spending at the end of the fiscal year. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$17,524,293 while total fund balance was \$24,113,537. 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 25% of total General Fund expenditures.

BLUEBONNET TRAILS COMMUNITY SERVICES
Management Discussion and Analysis
August 31, 2022

General Fund Budgetary Highlights

Differences between the original budget and final budget can be briefly summarized as follows:

- Although salaries and benefits expense increased over the prior year, the final budget amount was reduced with the difficulty experienced in recruiting and retaining staff.
- Contracted residential expenses increased with the opening of the new therapeutic youth respite program as well as the expansion of the state hospital step down program.
- Expenses in the Other Services category increased related to advertising costs from recruitment efforts.
- Medicaid 1115 Waiver DSRIP revenue decreased as program funding came to an end during the year.

Capital Assets and Debt Administration

Capital Assets

The Center's investment in capital assets for its governmental activities as of August 31, 2022 is \$28,249,630 net of accumulated depreciation and amortization. This investment in capital assets includes land, buildings, leasehold improvements, furniture and equipment, computer equipment, vehicles.

Capital Assets
(net of accumulated depreciation)

	<u>2022</u>	<u>2021</u>
Land	\$ 2,141,148	\$ 2,189,935
Construction in progress	2,231,888	516,129
Buildings	26,377,455	26,363,500
Leasehold improvements	2,666,208	2,026,272
Furniture, fixtures, and equipment	650,964	646,214
Computer hardware and software	2,289,360	3,423,977
Vehicles	2,839,760	3,234,712
Telecommunications equipment	79,862	482,283
Leased buildings*	1,435,403	-
Leased equipment*	157,422	-
Leased vehicles*	1,038,073	-
Less: accumulated depreciation/amortization*	<u>(13,657,913)</u>	<u>(13,696,237)</u>
Total capital assets, net	<u>\$ 28,249,630</u>	<u>\$ 25,186,785</u>

*FY2022 balances reflect adoption of GASB Statement No. 87, *Leases*.

BLUEBONNET TRAILS COMMUNITY SERVICES
Management Discussion and Analysis
August 31, 2022

Long-term Obligations

Long-term obligations consist of accrued compensated absences, lease obligations, and an estimated Medicaid Administrative Claiming recoupment. A summary of outstanding obligations at year end follows:

Long-Term Obligations		
	2022	2021
Lease obligations*	\$ 1,878,890	\$ 2,082,875
Estimated MAC Recoupment	1,373,941	1,373,941
Compensated absences	3,229,563	2,848,222
	<u>\$ 6,482,394</u>	<u>\$ 6,305,038</u>

*Reflects adoption of GASB Statement No. 87, *Leases*.

Economic Factors and Next Year's Budgets and Rates

The Center's finances are dependent upon the health of the state and national economy as approximately thirty-four percent (34%) of the gross revenues financing Center operations are derived from general revenue allocations from the state and federal government.

The Center's sustainability planning focuses on maintaining our standing as a Certified Community Behavioral Health Clinic (CCBHC). This status is a key factor in receiving state and federal grant program funding, allowing for the diversity of funding streams and growth in programs and services to persons in our communities. The Center is working with the Texas Council of Community Centers to develop a statewide strategy to sustain CCBHC principles and methodologies through a network of Texas community centers. The CBHC designation allows community centers to participate in the Directed Payment Program for Behavioral Health Services (DPP-BHS), a vital program for strengthening and expanding access to care and offering sustainability of valuable services supporting our communities.

Request for Information

This financial report is designed to provide a general overview of Center's finances and accountability of the money it receives. If you have questions about this report or need additional financial information, contact Bluebonnet Trails Community Services, Attn: Director of Accounting Services, 1009 N. Georgetown St., Round Rock, Texas 78664. Or you may email your request to cara.mehrens@bbtrails.org.

BASIC FINANCIAL STATEMENTS

BLUEBONNET TRAILS COMMUNITY SERVICES

Statement of Net Position

August 31, 2022

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 17,760,623
Investments	727,869
Accounts receivable, net	2,045,616
Receivables from other governments	6,408,444
Prepaid expenses	994,543
Advances for Intergovernmental Transfers	2,064,081
Deposits	42,837
Investment in Tejas	258,220
Capital assets, net:	
Nondepreciable	4,373,036
Depreciable	23,876,594
Total Assets	58,551,862
LIABILITIES	
Accounts payable	1,739,390
Accrued payroll	2,089,564
Accrued expenses	1,766,695
Unearned revenue	504,474
Compensated absences - due in one year	807,391
Lease obligations - due in one year	800,385
Compensated absences - due in more than one year	2,422,172
Lease obligations - due in more than one year	1,078,505
Estimated MAC recoupment	1,373,941
Total Liabilities	12,582,517
NET POSITION	
Net investment in capital assets	26,370,740
Unrestricted	19,598,605
Total Net Position	\$ 45,969,345

BLUEBONNET TRAILS COMMUNITY SERVICES
Statement of Activities
Year Ended August 31, 2022

Function / Programs	Expenses			Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Administration Allocation	Expenses after Allocation of Administration	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:							
Mental Health Adult	\$ 32,654,862	\$ 5,505,747	\$ 38,160,609	\$ 12,812,955	28,677,929	38,149	\$ 3,368,424
Mental Health - Child and Adolescent	11,659,682	1,965,872	13,625,554	8,732,968	6,101,256	1,761,851	2,970,521
Primary Care	1,696,396	286,020	1,982,416	235,789	742,604		(1,004,023)
Developmental Disabilities	6,531,216	1,101,191	7,632,407	2,708,665	4,355,238		(568,504)
Early Childhood Intervention	3,825,287	644,960	4,470,247	2,561,915	2,188,454		280,122
Substance Abuse	3,290,320	554,762	3,845,082	723,745	2,268,732		(852,605)
Administration	10,058,552	(10,058,552)					
Interest	63,765		63,765				(63,765)
Total Governmental Activities	\$ 69,780,080	\$ -	\$ 69,780,080	\$ 27,776,037	\$ 44,334,213	\$ 1,800,000	4,130,170
General Revenues							
Investment earnings				115,241			
Total General Revenues				115,241			
Change in Net Position							
Net Position - Beginning				4,245,411			
Net Position - Ending				41,723,934			
				\$ 45,969,345			

BLUEBONNET TRAILS COMMUNITY SERVICES
Balance Sheet - Governmental Funds
August 31, 2022

	<u>General</u>	<u>Total Governmental Funds</u>
ASSETS		
Cash and cash equivalents	\$ 17,417,986	\$ 17,417,986
Investments	727,869	727,869
Accounts receivable, net	2,045,616	2,045,616
Receivables from other governments	6,408,444	6,408,444
Prepaid items	994,543	994,543
Advances for Intergovernmental Transfers	2,064,081	2,064,081
Deposits	42,837	42,837
Investment in Tejas	<u>258,220</u>	<u>258,220</u>
Total Assets	\$ <u>29,959,595</u>	\$ <u>29,959,595</u>
LIABILITIES		
Accounts payable	1,485,325	1,485,325
Accrued payroll	2,089,564	2,089,564
Accrued expenses	1,766,695	1,766,695
Unearned revenue	<u>504,474</u>	<u>504,474</u>
Total Liabilities	<u>5,846,058</u>	<u>5,846,058</u>
FUND BALANCES		
Nonspendable:		
Prepaid items	3,058,624	3,058,624
Deposits	42,837	42,837
Investment in Tejas	258,220	258,220
Assigned:		
Compensated absences	3,229,563	3,229,563
Unassigned	<u>17,524,293</u>	<u>17,524,293</u>
Total Fund Balances	<u>24,113,537</u>	<u>24,113,537</u>
Total Liabilities and Fund Balances	\$ <u>29,959,595</u>	\$ <u>29,959,595</u>

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

BLUEBONNET TRAILS COMMUNITY SERVICES
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
August 31, 2022

Total Fund Balances	\$ 24,113,537
Amounts reported for governmental activities in the statement of net position are different because:	
Long-term liabilities, such as accrued compensated absences, are not due and payable in the current period and therefore are not reported in the governmental funds.	(3,229,563)
Long-term liabilities, such as the estimated MAC recoupment, are not due and payable in the current period and therefore are not reported in the governmental funds.	(1,373,941)
Long-term leased assets, net \$1,878,890 and long-term liabilities related to lease obligations (\$1,878,890) are not due and payable in the current period and therefore are not reported in the governmental funds.	-
An internal service fund is used by management to charge the costs of capital assets to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.	<u>26,459,312</u>
Net position - governmental activities	\$ <u><u>45,969,345</u></u>

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

BLUEBONNET TRAILS COMMUNITY SERVICES
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds
Year Ended August 31, 2022

	<u>General</u>	<u>Total Governmental Funds</u>
REVENUES		
Local funds	\$ 27,572,502	\$ 27,572,502
State programs	24,424,020	24,424,020
Federal programs	21,913,728	21,913,728
Investment earnings	115,241	115,241
	<u>74,025,491</u>	<u>74,025,491</u>
Total Revenues		
EXPENDITURES		
Current:		
Mental Health Adult	32,243,749	32,243,749
Mental Health - Child and Adolescent	11,357,549	11,357,549
Primary Care	1,683,430	1,683,430
Developmental Disabilities	6,471,449	6,471,449
Early Childhood Intervention	3,785,998	3,785,998
Substance Abuse	3,271,430	3,271,430
Administration	9,735,648	9,735,648
Capital Outlay	548,023	548,023
Debt service - principal	752,008	752,008
Debt service - interest	63,765	63,765
	<u>69,913,049</u>	<u>69,913,049</u>
Total Expenditures		
Excess of Revenues Over Expenditures	4,112,442	4,112,442
Other Financing Sources (Uses)		
Transfers out	(1,000,000)	(1,000,000)
Issuance of lease obligations	548,023	548,023
	<u>(451,977)</u>	<u>(451,977)</u>
Total Other Financing Sources		
Net Change in Fund Balance	3,660,465	3,660,465
Fund Balance, September 1	<u>20,453,072</u>	<u>20,453,072</u>
Fund Balance, August 31	<u>\$ 24,113,537</u>	<u>\$ 24,113,537</u>

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

BLUEBONNET TRAILS COMMUNITY SERVICES
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of
Governmental Funds to the Statement of Activities
Year Ended August 31, 2022

Net change in fund balances - total governmental funds	\$ 3,660,465
Amounts reported for governmental activities in the statement of activities are different because:	
Payment of long-term liabilities is an expenditure in the governmental funds, while increases are only recorded as an increase to long-term liabilities in the statement of net position. This is the net increase in accrued compensated absences.	(381,341)
An internal service fund is used by management to charge the costs of capital assets to individual funds. The change in net position of the internal service fund is reported with governmental activities in the statement of activities.	966,287
The issuance of long-term liabilities for lease obligations provide current resources in governmental funds but are recorded as a liability in the statement of net position. The change in net position is the difference between the liabilities issued (\$548,023) less the principal paid for the year \$752,008.	203,985
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is capitalized and depreciated over their useful lives. Thus, net position is decreased by the amount by which amortization (\$752,008) exceeded capital outlay \$548,023 in the current period.	(203,985)
Change in net position of governmental activities	\$ <u><u>4,245,411</u></u>

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

BLUEBONNET TRAILS COMMUNITY SERVICES
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
Year Ended August 31, 2022

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final Budget
LOCAL REVENUES				
City and County Governments	\$ 994,264	\$ 994,264	\$ 994,264	\$ -
Patient Fees	932,893	932,893	904,707	(28,186)
Contract Revenue	2,694,387	2,702,867	3,338,404	635,537
Medicare	168,260	168,260	168,054	(206)
Medicaid	7,545,977	6,868,074	7,550,377	682,303
YES Waiver	783,200	930,782	1,015,882	85,100
Medicaid 1115 Waiver	14,140,472	8,960,549	12,870,643	3,910,094
Miscellaneous Income and Contributions	630,133	526,133	730,171	204,038
Total Local Revenues	27,889,586	22,083,822	27,572,502	5,488,680
STATE PROGRAM REVENUES				
General Revenue - Mental Health Adult	15,729,107	15,729,110	15,817,755	88,645
General Revenue - Mental Health Child	1,198,423	1,198,423	1,198,423	-
General Revenue - Developmental Disabilities	3,070,294	3,070,294	3,086,020	15,726
Early Childhood Intervention	1,036,372	1,036,372	1,036,372	-
Autism Services	389,705	316,422	241,303	(75,119)
Substance Abuse Programs - state portion	337,283	337,283	337,283	-
Community Mental Health Grant Program (HB13)	1,191,771	1,191,771	1,191,771	-
Mental Health Grant Program for Justice-Involved Individuals (SB292)	511,929	511,929	511,929	-
TCOOMMI	740,000	683,771	703,164	19,393
IDD Outpatient MH Services Learning Collaborative	300,000	300,000	300,000	-
Total State Program Revenues	24,504,884	24,375,375	24,424,020	48,645
FEDERAL PROGRAM REVENUES				
Mental Health Block Grants	7,186,364	7,186,364	7,186,364	-
Social Services Block Grant	141,166	141,166	141,166	-
Temporary Assistance for Needy Families	349,403	509,392	836,866	327,474
Early Childhood Intervention	1,251,091	1,022,345	965,723	(56,622)
Medical Assistance Program (MAC)	1,437,543	1,437,543	1,846,482	408,939
Substance Abuse Block Grants	2,646,743	2,071,918	1,775,307	(296,611)
Money Follows the Person	149,066	149,066	156,519	7,453
Opioid STR	65,000	65,000	65,000	-
Transportation Grants	116,096	116,096	231,243	115,147
Promoting Integration of Primary and Behavioral Health Care (PIPBHC)	599,846	599,846	592,868	(6,978)
SAMHSA	2,525,000	2,000,000	2,048,803	48,803
Community Development Block Grant	30,719	30,719	30,590	(129)
Coronavirus Relief Funds	-	2,261,151	2,822,000	560,849
Coronavirus State and Local Fiscal Recovery Funds	-	1,733,569	1,733,569	-
Provider Relief Funds	-	561,095	561,095	-
Nurse Education, Practice Quality & Retention Grant	91,018	91,018	103,921	12,903
Crisis Counseling Program (ISP/RSP)	-	-	91,801	91,801
FCC Telehealth	-	-	724,411	724,411
Total Federal Program Revenues	16,589,055	19,976,288	21,913,728	1,937,440
Investment Earnings	76,814	76,814	115,241	38,427
Total Revenues	\$ 69,060,339	\$ 66,512,299	\$ 74,025,491	\$ 7,513,192

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

BLUEBONNET TRAILS COMMUNITY SERVICES
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
Year Ended August 31, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final</u>
EXPENDITURES				Budget
Current				
Salaries	\$ 36,393,596	\$ 35,317,050	\$ 35,102,405	\$ 214,645
Fringe Benefits	9,506,148	9,226,534	8,518,199	708,335
Contracted and Professional Fees	11,277,935	11,594,027	14,141,720	(2,547,693)
Travel	250,000	250,000	189,370	60,630
Building/Equipment Rental and Leasing	807,600	20,014	50,384	(30,370)
Repairs and Maintenance	797,885	937,901	989,975	(52,074)
Equipment	1,195,168	1,824,294	2,398,590	(574,296)
Drugs and Medications	550,000	550,000	417,982	132,018
Utilities	612,000	750,000	821,301	(71,301)
Telephone	1,000,000	1,040,000	1,009,140	30,860
Gas and Oil	150,000	150,000	81,801	68,199
Supplies	480,566	667,760	392,832	274,928
Client Support	560,715	720,704	1,282,853	(562,149)
Household Supplies and Groceries	1,630	1,630	1,630	-
Fees and Premiums	828,116	924,073	803,731	120,342
Capital Use Fees	1,039,883	1,077,883	1,279,430	(201,547)
Other	380,000	681,284	1,067,910	(386,626)
Capital outlay	-	-	548,023	(548,023)
Debt service principal	380,000	681,284	752,008	(70,724)
Debt service interest	-	-	63,765	(63,765)
Total Expenditures	66,211,242	66,414,438	69,913,049	(3,498,611)
Excess of Revenues Over Expenditures	2,849,097	97,861	4,112,442	4,014,581
Other Financing Sources (Uses)				
Transfers out	-	-	(1,000,000)	(1,000,000)
Issuance of lease obligations	-	-	548,023	548,023
Total Other Financing Sources	-	-	(451,977)	(451,977)
Net Change in Fund Balance	2,849,097	97,861	3,660,465	3,562,604
Fund Balance, September 1	20,453,072	20,453,072	20,453,072	-
Fund Balance, August 31	\$ 23,302,169	\$ 20,550,933	\$ 24,113,537	\$ 3,562,604

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

BLUEBONNET TRAILS COMMUNITY SERVICES
Statement of Net Position - Proprietary Fund
August 31, 2022

	Governmental Activities Internal Service Fund
ASSETS	
Current assets	
Cash and cash equivalents	\$ 342,637
Total current assets	<u>342,637</u>
Noncurrent assets	
Capital assets, net:	
Nondepreciable	4,373,036
Depreciable	<u>21,997,704</u>
Total noncurrent assets	<u>26,370,740</u>
Total Assets	<u>26,713,377</u>
LIABILITIES	
Current liabilities:	
Accounts payable	<u>254,065</u>
Total current liabilities	<u>254,065</u>
Total Liabilities	<u>254,065</u>
NET POSITION	
Investment in capital assets	26,370,740
Unrestricted	<u>88,572</u>
Total Net Position	<u>\$ 26,459,312</u>

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

BLUEBONNET TRAILS COMMUNITY SERVICES
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Fund
Year Ended August 31, 2022

	Governmental Activities Internal Service Fund
OPERATING REVENUES	
Charges for services/user fees	\$ 1,279,430
Total operating revenues	<u>1,279,430</u>
OPERATING EXPENSES	
Depreciation	<u>1,279,430</u>
Total operating expenses	<u>1,279,430</u>
Operating income	-
NONOPERATING EXPENSES	
Loss on sale of capital assets	<u>(33,713)</u>
Net income before transfers	(33,713)
Transfers in	<u>1,000,000</u>
Change in net position	966,287
Net position - beginning	<u>25,493,025</u>
Net position - ending	\$ <u><u>26,459,312</u></u>

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

BLUEBONNET TRAILS COMMUNITY SERVICES
Statement of Cash Flows - Proprietary Fund
Year Ended August 31, 2022

	Governmental Activities Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from user fees charged to the General Fund	\$ 1,279,430
Payments to vendors	<u>163,194</u>
Net cash provided by operating activities	<u>1,442,624</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers in from the General Fund	<u>1,000,000</u>
Net cash used by noncapital financing activities	<u>1,000,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	(2,650,374)
Proceeds from the sale of capital assets	<u>153,276</u>
Net cash used by capital and related financing activities	<u>(2,497,098)</u>
Net change in cash and cash equivalents	(54,474)
Cash and cash equivalents - beginning	<u>397,111</u>
Cash and cash equivalents - ending	\$ <u><u>342,637</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ -
Adjustments to reconcile operating income to net cash provided by operating activities:	
Increase (Decrease) in accounts payable	163,194
Depreciation	<u>1,279,430</u>
Net cash provided by operating activities	\$ <u><u>1,442,624</u></u>

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

BLUEBONNET TRAILS COMMUNITY SERVICES

Notes to the Financial Statements Year Ended August 31, 2022

Note 1: Reporting Entity

Bluebonnet Trails Community MHMR Center dba Bluebonnet Trails Community Services (the Center) is a tax-exempt agency of the State of Texas, and a unit of local government as defined in Chapters 101 and 102 of the Texas Civil Practice and Remedies Code (the Texas Tort Claims Act) and a local government, as defined by section 791.003, of the Texas Government Code. The Center is designated as the local mental retardation authority under Texas Health and Safety Code, Section 534.001. Initial funding for the Center began in November, 1996. In September of 1997, the Texas Department of Mental Health and Mental Retardation (TDMHMR) designated the Center as the local mental health and mental retardation authority for Bastrop, Burnet, Caldwell, Fayette, Lee and Williamson Counties. On September 1, 2000, TDMHMR designated the Center the local mental health and mental retardation authority for Guadalupe and Gonzales Counties as well. An independent Board of Trustees governs the Center. The Commissioners Court of each county served by the Center appoints one Trustee to the eight member Board in order to provide local stewardship over the resources and the activities of the Center.

In determining how to define the financial reporting entity, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth in the Governmental Accounting Standards Board Statements No. 14, 39, and 61. These statements define the reporting entity as the primary government and those component units for which the primary governments is financially accountable. In addition, component units may be included in the reporting entity based on the nature and significance of the relationship with the primary government, or based on being closely related or financially integrated with the primary government. Based on this criteria, there are no component units required to be included with the Center's financial statements.

Note 2: Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. 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 to external users. The Center does not have any business-type activities.

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

Separate financial statements are provided for governmental and proprietary funds.

BLUEBONNET TRAILS COMMUNITY SERVICES

Notes to the Financial Statements

Year Ended August 31, 2022

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary 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.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 150 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred under accrual accounting. However, debt service expenditures, as well as expenditures related to 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. Grant revenue, patient fees and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Center.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Center's internal service fund are fees charged to the General Fund for use of capital assets. Operating expenses include cost of services and depreciation expense on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The Center reports the following major governmental fund:

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

Additionally, the Center reports the following fund type:

The *internal service fund* is a proprietary fund type used by management to charge the costs of capital assets to individual funds.

BLUEBONNET TRAILS COMMUNITY SERVICES
Notes to the Financial Statements
Year Ended August 31, 2022

Note 4: Assets, Liabilities and Net Position or Equity

Cash and cash equivalents – For purposes of the statement of cash flows, cash equivalents include amounts in demand deposits as well as short-term investments (certificates of deposit) with a maturity date of three months or less when acquired by the Center.

Investments – Investments are stated at fair value. The investments in local government investment pools are stated at net asset value per share which approximates fair value.

Interfund Receivables and Payables – Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to / from other funds” (i.e. the current portion of interfund loans) or “advances to / from other funds” (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to / from other funds”.

Accounts Receivable – Accounts receivable from patients and insurance companies for services rendered are reduced by the amount of such billings deemed by management to be ultimately uncollectible. The Center provides for an amount of uncollectible patient fees using the reserve method based on past history. The allowance for uncollectible accounts in the General Fund as of August 31, 2022, is \$1,005,592. Accounts receivable from cost reimbursement contracts are determined to be 100% collectible based on past collection history from various granting agencies.

Advances and Prepaid Items – Advances for intergovernmental transfer represent advance payments of funds that will be used to furnish matching funds for the 1115 direct payment program that will be received in future periods. Prepaids represent payments to vendors for costs applicable to future accounting periods. Prepaid are similarly reported in both government-wide and governmental fund financial statements.

Deferred Inflows/Outflows of Resources – Deferred inflows of resources represent the acquisition of resources that apply to a future period and so will not be recognized as an inflow of resources (revenue) until that time. Deferred outflows of resources represent a consumption of resources that applies to a future period and so will not be recognized as an outflow of resources (expense) until that time. The Center has no items considered to be deferred inflows or deferred outflows of resources at year-end.

Joint Venture – Investment in Tejas represents an equity interest in Tejas Behavioral Health Management Association (Tejas), an independent managed care company. Tejas was formed through an interlocal agreement with Austin Travis County Integral Care and The Center for Health Care Services. The carrying amount represents the Center’s investment in the joint venture at August 31, 2022. Tejas reported net income of \$1,090,614 for the year ending August 31, 2022. Member contributions to Tejas totaled \$-0- during FY 2022. Financial statements for Tejas may be obtained from the Director of Business Operations, 893 N IH 35, Suite 130, Round Rock, Texas, 78664.

Capital Assets – Capital assets, which include property, plant and equipment, are reported in the government-wide and proprietary fund 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. Donated capital assets are recorded at estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

BLUEBONNET TRAILS COMMUNITY SERVICES
Notes to the Financial Statements
Year Ended August 31, 2022

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

Property, plant, and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

Building and improvements	10-40 years
Furniture and equipment	7 - 20 years
Vehicles	4 years

Compensated Absences – The Center provides compensated absence or vacation benefits to its employees. Compensated absences may be accumulated up to a maximum of 376 hours, depending on the employees' length of service. Compensated absences are vested and, upon termination, paid at the current salary. Actual compensated absences benefits paid during the year are recorded as expenditures in the general fund. The Center records its liability for accrued compensated absences as a liability in the governmental activities column of the statement of net position.

Line of Credit – The Center maintains a \$3,000,000 line of credit which matures on March 16, 2023, and carries an interest rate of 3.50%. The Center did not utilize this line of credit during the year.

Fund Balance – In the fund financial statements, governmental funds reported the following classifications of fund balance:

Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. All amounts reported as nonspendable at August 31, 2022 are nonspendable in form. The Center has not reported any amounts that are legally or contractually required to be maintained intact.

Restricted – this includes amounts that can be spent only for specific purposes due to constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments. The Center has no restricted fund balances at year-end.

Committed – includes amounts that can be used only for specific purposes determined by a formal action of the Board of Trustees. The Board of Trustees is the highest level of decision making authority for the Center. Commitments may be established, modified, or rescinded only through a formal resolution of the Board of Trustees.

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

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

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

BLUEBONNET TRAILS COMMUNITY SERVICES
Notes to the Financial Statements
Year Ended August 31, 2022

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

Minimum fund balance policy – The Board of Trustees directs that fiscal policies should achieve and maintain an unassigned fund balance in the General Fund for at least four and up to six months of operations.

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 the individual patient service reimbursements are reported as local funds.

Tax-Exempt Status – The Internal Revenue Service has issued a determination letter dated December 6, 2006, stating that the Center qualifies as an organization described in Section 501(c)(3) of the Internal Revenue Code and, accordingly, is exempt from federal income taxes.

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

Note 5: Stewardship, Compliance, and Accountability

The Center's annual budget for the General Fund is prepared based on estimated expenditures provided on a unit basis summarized by program category. The budget is submitted to the Board of Trustees. The budget must have the Board of Trustees' approval and that of the Texas Health and Human Services Commission (HHSC) for services relating to mental health and for services relating to developmental disabilities. All annual appropriations lapse at fiscal year-end.

Contract/budget negotiations are scheduled by HHSC at which time contract performance measures and funding amounts are negotiated. The contract and/or budget is revised to incorporate any modifications agreed upon and is resubmitted to HHSC. The final budget is approved by HHSC.

The budget for the General Fund is prepared using the current financial resources measurement focus and the modified accrual basis of accounting consistent with generally accepted accounting principles for a governmental fund. Budgetary control is maintained at the program level. The Center's management may transfer budgeted amounts within and among programs according to budgeting and expenditure guidelines of HHSC for Community Mental Health and Mental Retardation Centers.

Note 6: Deposits and Investments

Cash and time deposits

Custodial credit risk – deposits. The Center's cash deposits were fully secured at August 31, 2022, by federal deposit insurance and by pledged securities held by the Center's agent in the Center's name. Such total collateralization and insurance coverage is required by the Rules of the Commissioner of the Health and Human Services Commission (HHSC) and the Board of Trustees of the Center.

BLUEBONNET TRAILS COMMUNITY SERVICES
Notes to the Financial Statements
Year Ended August 31, 2022

Note 6: Deposits and Investments - continued

Investments

The Center's investment policies and types of investments are governed by the Public Funds Investment Act (PFIA). These policies authorize the Center to invest in 1) certificates of deposit; 2) obligations of the United States, its agencies and instrumentalities; 3) repurchase agreements; 4) commercial paper; 5) money market or other mutual funds; and 6) investment pools. The Center may not invest in the aggregate more than 80 percent of its monthly average fund balance, excluding bond proceeds, reserves and other funds held for debt service, in money market mutual funds.

As August 31, 2022, the Center had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Percentage of Total</u>	<u>Credit Rating</u>	<u>Weighted Avg Days to Maturity</u>
TexPool	194,817	26.77%	AAAm	22 days
TexPool Prime	533,052	73.23%	AAAm	12 days
	<u>\$ 727,869</u>	<u>100.00%</u>		

Interest rate risk – This is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the Center manages its exposure to declines in fair values by limiting the maximum allowable stated maturity of any individual investment owned by the Center to two years unless approved by the Board of Trustees.

Credit risk – This is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. State law and Center policy limits investments in public funds investment pools and money market mutual funds to those rated no lower than AAA or AAAm or an equivalent rating by at least one nationally recognized rating service. TexPool manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to 90 days. At August 31, 2022, the Center was not significantly exposed to credit risk. The Center's investments are rated as to credit quality as shown in the above table.

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

Under the TexPool Participation Agreement, administrative and investment services to TexPool are provided by Federated Investors, Inc. through an agreement with the State of Texas Comptroller of Public Accounts. The State Comptroller is the sole officer, director, and shareholder of the Texas Treasury Safekeeping Trust Company authorized to operate TexPool. 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.

BLUEBONNET TRAILS COMMUNITY SERVICES
Notes to the Financial Statements
Year Ended August 31, 2022

Note 6: Deposits and Investments - continued

Investments – continued

Investments, when applicable, are stated at fair value 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. Throughout the year and at year-end, the Center had no investments subject to the fair market value hierarchy required by generally accepted accounting principles.

Note 7: Receivables from Other Governments

Receivables from other governments are for reimbursement of expenditures and fees for service provided under various programs and grants. All amounts are expected to be collected within the next year. A summary of these receivables as of August 31, 2022, are as follows:

	<u>Amount</u>
Austin-Travis Integral Care	\$ 21,385
Bastrop County	120,249
Burke Center	72,263
Capital Metropolitan Transportation Authority	30,758
Central Counties Center for MHMR Services	9,880
Community Health Centers	4,050
Georgetown Health Foundation	75,800
HHSC - Autism Services	24,181
HHSC - Disability Services	27,983
HHSC - Early Childhood Intervention	106,221
HHSC - Hospital Transition Pilot Program	573,993
HHSC - Mental Health Programs	1,679,941
HHSC - Substance Use Disorder Programs	194,231
Other Counties	25,350
Medicaid Administrative Claiming	1,409,389
Metrocare Services	4,735
Independent School Districts (Prairie Lea and Round Rock)	37,405
Rock Springs	98,642
SAMHSA	335,112
Texas Department of Criminal Justice	196,163
Texas Department of Transportation	9,314
Texas A&M University	18,185
Williamson County	1,333,214
Receivables from Other Governments	<u>\$ 6,408,444</u>

BLUEBONNET TRAILS COMMUNITY SERVICES
Notes to the Financial Statements
Year Ended August 31, 2022

Note 8: Capital Assets

Capital asset activity is recorded in the government-wide financial statements and the internal service fund. A summary of changes in capital asset balances for the year ended August 31, 2022, is as follows:

Governmental Activities:	Beginning Balance	Additions	Deletions	Reclass	Ending Balance
Nondepreciable assets:					
Land	\$ 2,189,935	\$ -	\$ (48,787)	\$ -	\$ 2,141,148
Construction in progress	516,129	2,316,116		(600,357)	2,231,888
Total nondepreciable assets	<u>2,706,064</u>	<u>2,316,116</u>	<u>(48,787)</u>	<u>(600,357)</u>	<u>4,373,036</u>
Depreciable/amortizable assets:					
Buildings	26,363,500	13,955			26,377,455
Leasehold improvements	2,026,272	39,579		600,357	2,666,208
Furniture, fixtures, and equipment	646,214	261,150	(256,400)		650,964
Computer hardware and software	3,423,977		(1,134,617)		2,289,360
Vehicles	3,234,712		(394,952)		2,839,760
Telecommunications equipment	482,283	19,575	(421,996)		79,862
Leased buildings*	1,435,403				1,435,403
Leased equipment*	157,422				157,422
Leased vehicles*	490,050	548,023			1,038,073
Total depreciable assets	<u>38,259,833</u>	<u>882,282</u>	<u>(2,207,965)</u>	<u>600,357</u>	<u>37,534,507</u>
Less accumulated depreciation/amortization:					
Buildings	6,658,520	631,092			7,289,612
Leasehold improvements	812,054	179,481			991,535
Furniture, fixtures, and equipment	430,525	41,028		(227,950)	243,603
Computer hardware and software	2,595,807	353,059		(1,117,110)	1,831,756
Vehicles	2,808,182	36,297		(355,367)	2,489,112
Telecommunications equipment	391,149	38,474		(369,336)	60,287
Leased buildings*	-	539,082			539,082
Leased equipment*	-	42,108			42,108
Leased vehicles*	-	170,818			170,818
Total	<u>13,696,237</u>	<u>2,031,439</u>	<u>-</u>	<u>(2,069,763)</u>	<u>13,657,913</u>
Total capital assets, net	\$ <u>27,269,660</u>	\$ <u>1,166,959</u>	\$ <u>(2,256,752)</u>	\$ <u>2,069,763</u>	\$ <u>28,249,630</u>

Gross amount of leased assets above \$2,630,898, less amortization \$752,008, resulting net book value \$1,878,890.

*Beginning balances and current year activity reflected in accordance with adoption of GASB 87.

BLUEBONNET TRAILS COMMUNITY SERVICES
Notes to the Financial Statements
Year Ended August 31, 2022

Note 8: Capital Assets - continued

In the government-wide financial statements, depreciation expense of \$1,279,431 and amortization expense of \$752,008 was charged to the Center's programs as follows:

Governmental Activities:	
Mental Health Adult	\$ 681,941
Mental Health - Child and Adolescent	504,168
Developmental Disabilities	220,836
Early Childhood Intervention	55,907
Substance Abuse	28,007
Administration	<u>540,580</u>
Total depreciation and amortization expense	<u>\$ 2,031,439</u>

Note 9: Long-Term Liabilities

Long-term liability activity is recorded in the government-wide financial statements. Retirements of compensated absences are typically paid out of the general fund. A summary of changes in long-term liabilities for the year ended August 31, 2022, is as follows:

Governmental Activities:	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Direct Borrowing:					
Lease obligations*	\$ 2,082,875	\$ 548,023	\$ 752,008	\$ 1,878,890	\$ 800,385
Other:					
Estimated MAC Recoupment	1,373,941	-	-	1,373,941	-
Compensated absences	<u>2,848,222</u>	<u>857,503</u>	<u>476,162</u>	<u>3,229,563</u>	<u>807,391</u>
Total long-term liabilities	<u>\$ 6,305,038</u>	<u>\$ 1,405,526</u>	<u>\$ 1,228,170</u>	<u>\$ 6,482,394</u>	<u>\$ 1,607,776</u>

*Beginning balances and current year activity reflected in accordance with adoption of GASB 87.

Following is a summary of future debt service requirements, including lease obligations at year-end:

Year Ending	Direct Borrowing		Total
	Principal	Interest	
2023	\$ 800,385	\$ 74,037	\$ 874,422
2024	428,205	46,769	474,974
2025	349,011	25,727	374,738
2026	212,526	12,307	224,833
2027	<u>88,763</u>	<u>2,397</u>	<u>91,160</u>
Total	<u>\$ 1,878,890</u>	<u>\$ 161,237</u>	<u>\$ 2,040,127</u>

BLUEBONNET TRAILS COMMUNITY SERVICES
Notes to the Financial Statements
Year Ended August 31, 2022

Note 9: Long-Term Liabilities – Continued

The Center has entered into lease agreements for real estate with total combined monthly payments ranging from \$4,800 to \$48,146 per month over the next four fiscal years, with an estimated incremental borrowing rate of 3.25%. Terms of existing agreements expire on various dates over the next four fiscal years.

The Center has entered into lease agreements for vehicles with total combined monthly payments ranging from \$9,970 to \$38,059 per month over the next five fiscal years, with an estimated incremental borrowing rate of 3.25% to 3.5%. Terms of existing agreements expire on various dates over the next five fiscal years.

The Center has entered into lease agreements for equipment with total combined monthly payments of \$3,883 per month over the next five fiscal years, with an estimated incremental borrowing rate of 3.5%. Terms of existing agreements expire on in March 2025.

There were no material variable payments that were not included in the measurement of the lease liability. There are no material residual value guarantees or termination penalties that were not previously included in the measurement of the lease liability.

The future minimum lease payments under operating leases as of August 31, 2022, are as follows:

Year Ending	Direct Borrowing		Total
	Principal	Interest	
2023	\$ 800,385	\$ 74,037	\$ 874,422
2024	428,205	46,769	474,974
2025	349,011	25,727	374,738
2026	212,526	12,307	224,833
2027	88,763	2,397	91,160
Total	\$ 1,878,890	\$ 161,237	\$ 2,040,127

Note 10: Interfund Transfers

Transfers were made to use unrestricted revenues collected in the General Fund for the acquisition and maintenance of capital additions accounted for in the Internal Service Fund in accordance with budgetary authorizations. For the year ending August 31, 2022, the General Fund transferred \$1,000,000 to the Internal Service Fund for that purpose.

Note 11: Retirement Plan

The Center maintains a 401(a) defined contribution retirement plan that is administered by ISC Group, Inc. The name of the plan is the Bluebonnet Trails Community Center Retirement Plan. All salaried employees are eligible for the plan after 90 days of employment. The Center contributes 7% of the employee's salary to the plan each year. Participants start to vest in the employer's contribution at the completion of two years of service with 100% vesting occurring after five years. Forfeited contributions are used to reduce Center contributions. For the year ended August 31, 2022, the Center contributed \$1,608,363 net of forfeitures of \$133,426 to the plan. Employer contributions in the amount of \$93,342 were due to the plan at year end.

BLUEBONNET TRAILS COMMUNITY SERVICES
Notes to the Financial Statements
Year Ended August 31, 2022

Note 11: Retirement Plan – continued

The Center offers a Section 403(b) tax sheltered annuity program for its employees. Employees may enter the program at any time but must contribute a minimum of 3% up to the maximum allowed by law. Employees contributed \$289,192 to the plan for the year ended August 31, 2022. The plan is administered by the ISC Group, Inc. Eligible employees must be at least 18 years of age and achieve six months of service to be eligible to participate in the plan.

Note 12: Deferred Compensation Plan

The Center has a Section 457 deferred compensation plan that is administered by ISC Group, Inc. Vesting in the plan is immediate. Participating employees must make a minimum contribution of 5% of their salary. Loans are not available in the plan. Employees made contributions of \$1,436,563 to the plan for the year ended August 31, 2022.

Note 13: Concentrations of Credit Risk

The Center enters into contracts with the Texas Health and Human Services Commission (HHSC) for the delivery of mental health services, disability services, substance use disorder services and early childhood services. These contracts represent a significant portion of the Center's total revenues. At year-end, these contracts have been continued through August 31, 2023. The Center's overall exposure to credit risk is contingent upon future funding by the State.

Note 14: Risk Management

The Center is exposed to various risks of loss related to general liability, torts, theft of, damage to and destruction of assets, errors and omissions, injuries to employees, doctors' malpractice and natural disasters. The Center's workers compensation, property, liability and automobile physical damage losses are covered under a partially self-funded insurance pool managed by the Texas Council Risk Management Fund (TCRMF). Under these policies, the Center could be assessed for additional premiums if losses exceed specified amounts. Management estimates that any additional assessments for these claims would not be material to the financial statements. The Center has not accrued any estimated liabilities for this contingency in the accompanying financial statements. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding the maximum amounts to be paid by the pool in any of the past three fiscal years.

Note 15: Commitments and Contingencies

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

BLUEBONNET TRAILS COMMUNITY SERVICES
Notes to the Financial Statements
Year Ended August 31, 2022

Note 15: Commitments and Contingencies - continued

During 2019, the Center implemented a new electronic health record billing system. As a result of this change, management identified an error in the calculation of the Medicaid enrollment percentage used to prepare reimbursement invoices submitted to HHSC for Medicaid Administrative Claiming (MAC). The new billing system calculated a lower Medicaid enrollment percentage than the previous system. Center staff, at the direction of management, performed a more detailed review of the calculation by service code and determined that the percentage calculated by the new billing system was correct. Following this determination, management notified HHSC of the error in August of 2019, and submitted a schedule of the changes in the Medicaid percentage for each quarterly MAC claim reimbursement beginning in 2012 up through the current year. MAC claims are submitted through a state-wide system for all community centers using software known as Fairbanks.

Management requested that HHSC apply the new Medicaid percentage through the Fairbanks system in order to determine any amount that may need to be repaid. Management has been in discussion with HHSC about the matter, but as of the report date, no resolution has taken place. HHSC has not provided information related to any amount that may be due.

Management has estimated a contingency amount that may due back to HHSC in the amount of \$1,373,941 based on applying the change in the Medicaid percentage back to 2012. Since HHSC has not provided any information on when this amount will be resolved, management considers this contingency to be long-term in nature at this time. Accordingly, this liability is reflected in the government-wide full accrual financial statements. Management's estimate of this contingency is expected to change upon final resolution with HHSC.

Note 16: Patient Assistance Program

Consumers periodically receive prescription medications through a program known as the Patient Assistance Program (PAP). These prescriptions are provided at no cost to the consumer. These items do not meet the criteria for recognition on the Center's financial statements; however, they do provide significant assistance to the consumers the Center serves. Management estimates that consumers received prescription medications through this program valued at approximately \$2,088,275 during the year ending August 31, 2022.

Note 17: Clinic Facility – Seguin, Texas

The Center, along with Community Health Centers of South Central Texas, Inc. (CHCSCT), a Federally Qualified Health Center, operate a joint project to provide physical and mental health services in one location at a clinic facility located in Seguin, Texas. The clinic facility was constructed with a federal grant award in the amount of 5 million dollars made to Community Health Centers of South Central Texas, Inc. by the U.S. Department of Health and Human Services - Health Resources and Services Administration (HRSA). The facility was constructed on land owned by the Center prior to the grant award. Title to the land contains a deed restriction stating that the property will always be used to serve individuals with mental and intellectual developmental disabilities. The notice of federal award to CHCSCT provides for a federal continuing interest in the property which has been reflected on the public record in Guadalupe County, Texas. This continuing interest in the property specifies that the property may not be: 1) used for any purpose inconsistent with the federal statute or program regulations governing the grant award to CHCSCT; 2) mortgaged or otherwise used as collateral without the written permission of HRSA or its designee; or 3) sold or transferred to another party without the written permission of HRSA or its designee.

BLUEBONNET TRAILS COMMUNITY SERVICES
Notes to the Financial Statements
Year Ended August 31, 2022

Note 17: Clinic Facility – Seguin, Texas – continued

The Center and CHCSCT have entered into a memorandum of understanding (MOU) that specifies that the clinic facility is co-owned by the two entities. The MOU further specifies that should either entity decide to leave the facility, the remaining entity shall retain full ownership of the facility and shall abide by the warranty deed restrictions for the acreage upon which the facility resides. The Center carries the value of this property at cost, which consists of the cost basis of the land.

Note 18: Medicaid Cost Report Reconciliation – DPP Program

In FY 2022, Community Centers statewide began participation in a Medicaid 1115 waiver program identified as the Direct Payment Program (DPP). As a part of the DPP program, Centers file a cost report based on the cost of the program and the services provided. The Center's cost report will be considered as a part of a statewide reconciliation process for the cost of DPP services. The cost report reconciliation will result in a settlement of an amount due to the Center or an amount due back to the program. The results of the final reconciliation will not be known for several months after the report date. Due to the uncertainty associated with this amount, no provision has been made in the financial statements for any settlement.

Note 19: Adoption of New Accounting Standard

Effective September 1, 2021, the Center adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. The objective of this statement is to improve the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement requires the recognition of certain lease assets and liabilities that were previously classified as operating leases. It established a single model for lease accounting based on the fundamental principle that leases represent financing of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about a government's leasing activities. The adoption of GASB 87 did not require any restatement of opening equity for the Center.

STATISTICAL SECTION (UNAUDITED)

BLUEBONNET TRAILS COMMUNITY SERVICES
Schedule of Revenue and Expenditures by Source of Funds (Unaudited)
General Fund
Year Ended August 31, 2022

Fund Source	Total					Total Developmental Disabilities Expenditures	Total Other Services Expenditures	Total Center Expenditures	Excess Revenue over Expenditures
	Total Revenue	Total Health Adult Expenditures	Total Health Child and Adolescent Expenditures	Total Mental Health Crisis Expenditures	Total Mental Health Crisis Expenditures				
Objects of Expense:									
Salaries	\$ 35,483,746	\$ 9,234,159	\$ 6,318,618	\$ 5,271,013	\$ 3,914,693	\$ 10,745,264	\$ 35,483,746	\$ -	\$ -
Employee Benefits	8,518,199	2,278,428	1,563,194	981,685	1,038,330	2,656,562	8,518,199	-	-
Professional and Consultant Services	14,141,720	967,220	1,457,943	9,355,697	684,387	1,676,474	14,141,720	-	-
Training and Travel	189,370	41,739	26,536	39,884	15,512	65,699	189,370	-	-
Capital Outlay	2,634,740	103,884	15,814	210,385	243,998	2,060,659	2,634,740	-	-
Non-Capitalized Equipment	2,398,590	470,966	332,611	587,937	190,327	816,749	2,398,590	-	-
Pharmaceutical Expense	417,982	371,496	4,097	-	-	42,389	417,982	-	-
Pharmaceutical Expenses (PAP Only)	2,088,275	1,876,739	211,536	-	-	2,088,275	2,088,275	-	-
Other Operating Expense	7,317,330	1,713,658	902,178	1,466,756	936,897	2,297,841	7,317,330	-	-
Total Expenditures	\$ 73,189,952	\$ 17,058,287	\$ 10,832,527	\$ 17,913,357	\$ 7,024,143	\$ 20,361,638	\$ 73,189,952	\$ -	\$ -
Method of Finance:									
General Revenue - MH	\$ 11,947,638	\$ 9,206,449	\$ 1,198,423	\$ 1,542,766	\$ -	\$ -	\$ 11,947,638	\$ -	\$ -
General Revenue - MR	2,557,082	-	-	-	2,557,082	-	2,557,082	-	-
Permanency Planning	21,433	-	-	-	21,433	-	21,433	-	-
OBRA Funds - DSHS - Mental Health	7,625	7,625	-	-	-	-	7,625	-	-
OBRA Funds - DADS - Mental Retardation	208,110	-	-	-	208,110	-	208,110	-	-
Crisis and behavioral Support (CIS)	256,209	-	-	-	256,209	-	256,209	-	-
Behavioral Crisis Respite I/Out of Home	3,507,674	-	-	3,507,674	-	-	3,507,674	-	-
Crisis Services	1,768,700	65,000	-	1,703,700	-	-	1,768,700	-	-
Other General Revenue - MH	1,560,866	-	-	1,560,866	-	-	1,560,866	-	-
Project Private Beds	208,237	49,977	158,260	-	-	-	208,237	-	-
TANF	141,166	141,166	-	-	-	-	141,166	-	-
Title XX - Social Services Block Grant	7,119,219	3,444,216	3,576,680	98,323	-	-	7,119,219	-	-
Mental Health Block Grant	5,788,554	-	6,963	-	814,654	4,966,937	5,788,554	-	-
Other State Agencies	32,695,645	2,267,115	5,680,665	8,457,829	3,073,698	13,216,338	32,695,645	-	-
Other Federal Funds	2,097,137	1,876,739	211,536	8,862	-	-	2,097,137	-	-
Required local match	3,304,657	-	-	1,033,337	92,957	2,178,363	3,304,657	-	-
Total Expended Sources	\$ 73,189,952	\$ 17,058,287	\$ 10,832,527	\$ 17,913,357	\$ 7,024,143	\$ 20,361,638	\$ 73,189,952	\$ -	\$ -

BLUEBONNET TRAILS COMMUNITY SERVICES
Reconciliation of Total Revenues to Fourth Quarter Financial Report (Unaudited)
Year Ended August 31, 2022

	Revenues			Audited Financial Statements
	Care Report III	Additions	Deletions	
LOCAL REVENUES				
City and County Governments	\$ 994,264	\$ -	\$ -	\$ 994,264
Patient Fees, Insurance, Reimbursements	1,072,761		(168,054) (f)	904,707
Contract Revenue	3,338,404			3,338,404
Title XVII - Medicare	168,054			168,054
YES Waiver	1,015,882			1,015,882
Title XIX - Medicaid	7,608,462		(58,085) (f)	7,550,377
Medicaid 1115 Waiver	12,870,643			12,870,643
Transfers from reserves	7,770		(7,770) (g)	-
Pharmaceutical Expense (PAP only)	2,088,275		(2,088,275) (a)	-
Miscellaneous income, contributions, interest	831,902	2 (e)	(101,733) (f)	730,171
Total Local Revenues	<u>29,996,417</u>	<u>2</u>	<u>(2,423,917)</u>	<u>27,572,502</u>
STATE PROGRAM REVENUES				
General Revenue - Mental Health Adult	17,594,080		(1,776,325) (e)(f)	15,817,755
General Revenue - Mental Health Child	1,198,423			1,198,423
General Revenue - Developmental Disabilities	3,391,905		(305,885) (f)	3,086,020
Early Childhood Intervention	2,084,039		(1,047,667) (f)	1,036,372
Autism Services	241,303			241,303
Substance Abuse Programs	2,179,734	1 (e)	(1,842,452) (f)	337,283
Community Mental Health Grant Program	-	1,191,771 (f)		1,191,771
Mental Health Grant Program for Justice-Involved Individuals	-	511,929 (f)		511,929
TCOOMMI	703,164			703,164
IDD Outpatient MH Services Learning Collaborative	-	300,000 (f)		300,000
Tx Dept of Transportation	231,243		(231,243)	-
Total State Program Revenues	<u>27,623,891</u>	<u>2,003,701</u>	<u>(5,203,572)</u>	<u>24,424,020</u>
FEDERAL PROGRAM REVENUES				
Mental Health Block Grant	7,119,219	67,145 (f)		7,186,364
Social Services Block Grant-Title XX	141,166			141,166
Temporary Assistance for Needy Families	208,237	628,629 (f)		836,866
Early Childhood Intervention	-	1,047,668 (e)(f)	(81,945) (f)	965,723
Medicaid Administrative Claiming	1,620,345	226,139 (f)	(2) (e)	1,846,482
Substance Abuse Programs	-	1,775,307 (f)		1,775,307
Money Follows the Person	156,519			156,519
Opioid STR	-	65,000 (f)		65,000
Transportation Grants	-	231,243 (f)		231,243
Promoting Integration of Primary and Behavioral Health Care	-	592,868 (f)		592,868
Substance Abuse and Mental Health Services Administration	-	2,048,803 (f)		2,048,803
Community Development Block Grant	-	30,590 (f)		30,590
Coronavirus Relief Finds	-	2,822,000 (f)		2,822,000
Coronavirus State and Local Fiscal Recovery Funds	-	1,733,569 (f)		1,733,569
Provider Relief Funds	-	561,095 (f)		561,095
Nurse Education, Practice Quality & Retention Grant	-	103,921 (f)		103,921
Crisis Counseling Program (ISP/RSP)	-	91,801 (f)		91,801
FCC Telehealth	-	724,411 (f)		724,411
Other Federal Programs	9,255,742		(9,255,742) (f)	-
Total Federal Program Revenues	<u>18,501,228</u>	<u>12,750,189</u>	<u>(9,337,689)</u>	<u>21,913,728</u>
Investment Earnings	-	115,241.00		115,241.00
Total Revenues	<u>\$ 76,121,536</u>	<u>\$ 14,869,133</u>	<u>\$ (16,965,178)</u>	<u>\$ 74,025,491</u>

BLUEBONNET TRAILS COMMUNITY SERVICES
Reconciliation of Total Expenditures to Fourth Quarter Financial Report (Unaudited)
Year Ended August 31, 2022

Function	Expenditures			Audited Financial Statements
	Care Report III	Additions	Deletions	
Personnel	\$ 35,483,746	\$ -	\$ (381,341) (c)	\$ 35,102,405
Employee Benefits	8,518,199			8,518,199
Professional and Consultant Services	14,141,720			14,141,720
Training and Travel	189,370			189,370
Capital Outlay	2,634,740		(2,634,740) (b)	-
Non-Capitalized Equipment	2,398,590			2,398,590
Pharmaceutical Expense	417,982			417,982
Pharmaceutical Expense (PAP only)	2,088,275		(2,088,275) (a)	-
Capital Use Fees		1,279,430 (b)		1,279,430
Other Operating Expense	7,317,330	548,023 (c)		7,865,353
Total Expenditures	\$ <u>73,189,952</u>	\$ <u>1,827,453</u>	\$ <u>(5,104,356)</u>	\$ <u>69,913,049</u>

(a) Free medicine used

(b) Capital assets are maintained in an internal service fund on the audited financial statements. A capital use fee is charged to the General Fund, which is not included in Report III, for recording depreciation and debt service expenditures.

(c) Change in compensated absence accrual included in Care Report III, but not recorded in the General Fund statements (government-wide entry only).

(d) Issuance of new lease obligations (non-cash transaction) not reported on Report III.

BLUEBONNET TRAILS COMMUNITY SERVICES

Schedule of Indirect Costs (Unaudited)

Year Ended August 31, 2022

	<u>Total Costs</u>	<u>Non - allowable Costs</u>	<u>Depreciation</u>	<u>Total Adjusted Costs</u>	<u>Direct Costs</u>	<u>Indirect Costs</u>
Personnel	\$ 35,102,405	\$ -	\$ -	\$ 35,102,405	\$ 31,435,989	\$ 3,666,416
Fringe benefits	8,518,199	-	-	8,518,199	7,691,810	826,389
Professional and Consultant Services	14,141,720	-	-	14,141,720	13,655,434	486,286
Training and Travel	189,370	-	-	189,370	175,520	13,850
Capital Usage Fees	1,279,430	(1,279,430)	-	-	-	-
Depreciation	-	-	1,279,430	1,279,430	820,343	459,087
Non-capitalized equipment	2,398,590	-	-	2,398,590	1,056,917	1,341,673
Pharmaceutical expense	417,982	-	-	417,982	417,982	-
Other operating expenses	7,865,353	(164,111)	-	7,701,242	6,857,796	843,446
					-	
Total expenses	<u>\$ 69,913,049</u>	<u>\$ (1,443,541)</u>	<u>\$ 1,279,430</u>	<u>\$ 69,748,938</u>	<u>\$ 62,111,791</u>	<u>\$ 7,637,147</u>
Indirect costs						7,637,147
Direct costs						62,111,791
Indirect cost rate						12.30%

BLUEBONNET TRAILS COMMUNITY SERVICES

Schedule of Leases in Effect (Unaudited)

Year Ended August 31, 2022

<u>Lessor</u>	<u>Location</u>	<u>Termination</u>	<u>Monthly Amount</u>
Georgetown Healthcare Foundation	711 North College, Georgetown	Monthly	\$ 24,050
Fayette County Commission for MR, Inc.	401 Bucek St, Schulenburg	10/31/2022	990
Candace Buzan	404 Carlos Parker Blvd., Taylor	4/30/2023	4,000
JR Texas Development, LLC	1401 Medical Parkway, Cedar Park	3/31/2026	19,927
Heart of Texas Region MHMR	1200 Clifton St., Waco	Monthly	304
HHSC	Bulding 785, Austin State Hospital	Monthly	180
HHSC	Lease 781, Austin State Hospital	Monthly	49
John Cannan	110 Golden Oaks, Georgetown	6/30/2023	2,400
John Cannan	112 Golden Oaks, Georgetown	6/30/2023	2,400
High Meadow Assisted Living, LLC	211 Meadow Lake, Seguin	7/31/2023	4,800
Enterprise fleet Management Trust. LLC	P. O. Box 80089, Kansas City, MO	Various	23,391

BLUEBONNET TRAILS COMMUNITY SERVICES
Schedule of Space Occupied in a State-Owned Facility (Unaudited)
Year Ended August 31, 2022

Location	Building Utilization	Cost	
		Monthly	Annual
None			

BLUEBONNET TRAILS COMMUNITY SERVICES

Schedule of Insurance in Force (Unaudited)

Year Ended August 31, 2022

<u>Insurer</u>	<u>Policy Period</u>	<u>Coverage</u>	<u>Limits or Amounts</u>
Texas Council Risk Management Fund	9-1-20 to 9-1-22	Automobile Liability Physical Damage	\$ 1,000,000 per occurrence
Texas Council Risk Management Fund	9-1-20 to 9-1-22	Workers' Compensation	Statutory
Texas Council Risk Management Fund	9-1-20 to 9-1-22	Errors and Omissions	1,000,000
Texas Council Risk Management Fund	9-1-20 to 9-1-22	General Liability	1,000,000
Texas Council Risk Management Fund	9-1-20 to 9-1-22	Excess Liability	2,000,000
Texas Council Risk Management Fund	9-1-20 to 9-1-22	Professional Liability	3,000,000 aggregate
Texas Council Risk Management Fund	9-1-20 to 9-1-22	Property includes Boiler and Machinery	34,785,091
Texas Council Risk Management Fund	9-1-20 to 9-1-22	Sexual or Physical Abuse or Molestation	300,000
Texas Council Risk Management Fund	9-1-20 to 9-1-22	Crime	10,000
ASSURANT			
American Bankers Insurance Company of Florida	01-22 to 01-23	Flood	\$ 2,000,000
Admiral Insurance Group	12-21 to 12-22	Primary care	3,000,000 aggregate

BLUEBONNET TRAILS COMMUNITY SERVICES

Schedule of Bond Coverage (Unaudited)

Year Ended August 31, 2022

<u>Title</u>	<u>Surety Company</u>	<u>Scope of Coverage</u>	<u>Bond Amount</u>
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None

BLUEBONNET TRAILS COMMUNITY SERVICES
Schedules of Professional and Consulting Fees (Unaudited)
Year Ended August 31, 2022

Name	Type of Service	Amount
ABA San Marcos LLC	Contracted Admin Training	\$ 700
Access Nurse PM, LLC	Contr. Clin. Nursing	8,650
Advantage Behavioral Services, Inc	Contr. Clin. Day Hab.	1,338
Breka Lashay Aldredge	Contr. Clin. SHL	544
Breka Lashay Aldredge	Contracted Respite	795
Valeria T Williams	Contr. Clin. Day Hab.	45,474
Valeria T Williams	Contracted Respite	910
Amarachi Anabaronye	Contracted Respite	1,560
Maria E Anaya	Contracted Respite	660
Ascension Seton	Contracted Residential	28,750
Austin Lakes	Contracted Residential	222,175
Austin Oaks Hospital	Contracted Residential	11,250
Avail Solutions Inc.	Contr. Clin. Crisis OC	164,400
Veronica Bedillo	Contracted Respite	742
Tizbeth Baez	Contracted Respite	1,500
Brenda Baggett	Contracted Respite	525
Bastrop County	Contr. Clin. Crisis OC	170,120
Bastrop Medical Clininc	Contracted Admin Miscellaneous	840
Beloved And Beyond	Contracted Respite	925
Rhonda S Black	Contracted Admin Training	2,000
Martha Young	Contr. Clin. Day Hab.	9,390
Joseph M Bousselot	Contracted Respite	450
Meredith Brand	Contr. Clin. Speech	325
Falon Bridwell	Contr. Clin. Rec. Thx	41,159
Brown & Brown Absence Services Group, LLC	Contracted Admin Miscellaneous	15,000
Lakeisha Brown	Contr. Clin. Crisis OC	22,063
Burnet County	Contr. Clin. Crisis OC	104,316
Camp Blessing Texas	Contracted Respite	5,200
Camp C.A.M.P.	Contracted Respite	13,500
Camp Cummins Activity Center	Contr. Clin. Day Hab.	356
Camp Drive	Contracted Respite	7,050
Camp Summit	Contracted Respite	905
Sara Camporeale	Contracted Respite	1,680
Canyon Creek Hospital	Contracted Residential	233,000
Sally Bell	Contr. Clin. Day Hab.	7,855
Cedar Creek Hospital	Contracted Residential	548,125
Central Counties Center	Contracted Admin Miscellaneous	7,786
City of Round Rock	Contracted Respite	2,145
Chantel Clarke	Contr. Clin. Rec. Thx	4,485
Cold Shower Design, LLC	Contracted Admin IT Svcs	6,874
Communication By Hand	Contr. Clin. Interpreter	27,697
Communities for Recovery	Contr. Clin. SUD Svcs	1,728
Community Health Centers of South Central Texas	Contr. Clin. Prim Care	154,618
Community Resource Center	Contracted Admin Miscellaneous	70,008
Kierdis Contreras	Contracted Respite	1,480
Clinical Pathology Laboratories, Inc.	Contracted Lab Services	4,948
Critical Health Connection, LLC	Contr. Clin. Nursing	56,502
Cross Creek Hopsital	Contracted Residential	538,750
Stacey Cunningham	Contracted Admin Miscellaneous	800
Vanessa R Da Paz	Contracted Respite	490

BLUEBONNET TRAILS COMMUNITY SERVICES
Schedules of Professional and Consulting Fees (Unaudited)
Year Ended August 31, 2022

Name	Type of Service	Amount
Monica M Davis	Contracted Respite	\$ 1,500
Leonel De La Garza	Contracted Admin Miscellaneous	4,876
Victor D. De Luna	Contracted Respite	815
Stephanie Degrate	Contracted Admin Miscellaneous	1,800
DISA Global Solutions, Inc	Contr. Lab Srvc Drug Screen	3,429
Donald L Mooney Enterprises, LLC	Contr. Clin. Nursing	74,239
Janelle E Dolphin	Contracted Respite	650
Beate Donnelly Hinze	Contr. Clin. SHL	2,250
Beate Donnelly Hinze	Contracted Respite	6,780
Down Home Ranch	Contr. Clin. Day Hab.	12,344
Down Home Ranch	Contracted Respite	13,170
Jara D'Souza	Contracted Respite	110
East Texas Behavioral Health Network	Contracted Admin Miscellaneous	36,708
East Texas Behavioral Health Network	Contr. Clin. Psych.	194,150
Eddie East	Contr. Clin. SHL	400
David T Eaton III	Contr. Clin. Animal Thx	75,272
Cecil Estrada Perez	Contracted Admin Miscellaneous	119
Donna Fagan	Contracted Admin Training	375
Terry Falcomata	Contracted Admin Miscellaneous	1,200
FasPsych LLC	Contr. Clin. Nursing	9,896
FasPsych LLC	Contr. Clin. Psych.	101,538
Fayette County	Contr. Clin. Crisis OC	50,035
Sarah Fry	Contr. Clin. Psych.	148,005
Jessica Gentry	Contracted Admin Miscellaneous	4,648
Georgetown Behavioral Health Institute	Contracted Residential	3,647,500
Georgetown Palace	Contracted Respite	180
Cynthia Giesen	Contracted Respite	800
Frances M Gordon	Contr. Clin. Psychologist	11,200
GTX Pediatric Speech Therapy	Contr. Clin. Speech	5,005
Guadalupe County	Contr. Clin. Crisis OC	348,000
Guadalupe Regional Medical Center	Contracted Lab Services	5,566
Irene Guerrero	Contracted Respite	50
HARTH Foundation	Contr. Clin. Animal Thx	10,648
Texas A&M Health Science Center	Contr. Clin. Prim Care	22,500
Dianne K Henline	Contracted Respite	600
Ma Del Hernandez	Contracted Respite	930
Higginbotham Insurance Company	Contracted Admin Miscellaneous	25,581
Amber Hillanbrand	Contracted Admin Miscellaneous	1,410
Jessica Hipolito	Contracted Respite	760
Honey Bee Therapies	Contr. Clin. Rec. Thx	74,943
Annabelle M. Icaro	Contracted Respite	400
Imagine Art	Contr. Clin. Day Hab.	1,036
Inclusion Therapies	Contr. Clin. Rec. Thx	70,231
Diana Marie Ingroum	Contr. Clin. SHL	282
Diana Marie Ingroum	Contracted Respite	2,347
International Interpreters	Contr. Clin. Interpreter	960
Angela Jackson	Contracted Admin Miscellaneous	21,475
Arturo Kalifa	Contr. Clin. SHL	7,610
Arturo Kalifa	Contracted Respite	5,925
Lisa Kalifa	Contr. Clin. SHL	4,425

BLUEBONNET TRAILS COMMUNITY SERVICES
Schedules of Professional and Consulting Fees (Unaudited)
Year Ended August 31, 2022

Name	Type of Service	Amount
Lisa Kalifa	Contracted Respite	\$ 2,595
King & Spalding LLP	Contracted Admin Legal	7,178
Klaeger Consulting	Contracted Admin Miscellaneous	2,800
Jennifer M Knotts	Contr. Clin. SHL	67,530
Trenton Kowalczuk	Contr. Clin. Rec. Thx	67,044
Jessica Langford	Contracted Respite	140
Langlois Consultants	Contracted Admin Miscellaneous	750
Language Line	Contr. Clin. Interpreter	85,152
Laurel Ridge Treatment Center	Contracted Residential	166,532
Lifetime Living	Contr. Clin. Day Hab.	10,177
Leslie Lindholm	Contracted Admin Training	129
Amanda C Linn	Contracted Respite	780
Krystal Loftin	Contracted Admin Training	7,700
Jennifer Lopez	Contr. Clin. BHS. Supp.	31,508
Norvell Luke	Contracted Respite	1,010
Brittany Lundeen	Contr. Clin. Rec. Thx	41,878
Christi MacWilliams	Contr. Clin. Rec. Thx	19,980
Jean Mankowski	Contracted Admin Training	500
Maxim Health Care Staffing	Contr. Clin. Nursing	214,898
Leigh Lessenberry McCann	Contr. Clin. BHS. Supp.	131
Leigh Lessenberry McCann	Contr. Clin. Psychologist	18,869
Stephen McClanahan	Contracted Respite	1,750
Katie McCormick	Contracted Admin Training	150
Haynette Miller	Contracted Respite	1,510
Kristine Miller	Contracted Admin Miscellaneous	1,200
Dalia Miranda	Contracted Respite	2,000
MLW Consulting	Contracted Admin IT Svcs	14,300
Music Therapy Service	Contr. Clin. Music	1,123
New Roads Psychological & Wellness Services	Contr. Clin. Psychologist	8,400
Oceans Healthcare	Contracted Residential	71,975
Christopher Orton	Contracted Admin Miscellaneous	622
Sherry Pedersen	Contracted Respite	1,780
Pioneer Day Hab	Contr. Clin. Day Hab.	49,406
Powderhorn Consulting	Contracted Admin Miscellaneous	2,125
Amy Priestly	Contracted Respite	955
Rosa Elena Puentes	Contracted Respite	450
Quest Diagnostics	Contracted Lab Services	20,676
Victoria Rankin	Contracted Respite	95
Relias Learning, LLC	Contracted Admin Training	73,197
Respite Haus, LLC	Contr. Clin. SHL	1,700
Respite Haus, LLC	Contracted Respite	2,150
Restorative Hope	Contr. Clin. Animal Thx	697
Lauren Reynaga	Contr. Clin. Rec. Thx	8,518
Freda Kay Rhodes	Contracted Respite	790
Richard Griffin LLC	Contracted Admin Training	5,000
Chris L Ricketson	Contracted Respite	850
Walter Ricketts	Contracted Respite	1,200
Julia Ann Marie Rios	Contr. Clin. SHL	830
Jeffrey P Ripple	Contracted Admin Miscellaneous	23,675
Jamilet Rivera Figueroa	Contracted Respite	1,350

BLUEBONNET TRAILS COMMUNITY SERVICES
Schedules of Professional and Consulting Fees (Unaudited)
Year Ended August 31, 2022

Name	Type of Service	Amount
Lisa Rivers	Contr. Clin. Animal Thx	\$ 10,377
Necole Rivers	Contr. Clin. Psychologist	16,100
RNB Consulting, LLC	Contracted Admin Miscellaneous	90,300
Dan H Roberts	Contr. Clin. Psychologist	4,500
Rock Springs Hospital	Contracted Residential	645,388
Kaelin Rubenzer	Contr. Clin. SHL	840
Kaelin Rubenzer	Contracted Respite	280
San Antonio Behavioral Health	Contracted Residential	36,875
Margie Saucedo	Contr. Clin. SHL	2,435
Margie Saucedo	Contracted Respite	600
Tara Schubert	Contr. Clin. Rec. Thx	4,356
Schwartz Services	Contracted Transportation	189,782
Scott, Singleton, Fincher & Co, PC	Contracted Admin Audit	38,500
Sea Camp	Contracted Respite	1,015
Victoria Shaefer	Contracted Respite	1,500
Judy M. Smith	Contr. Clin. SHL	158
South Texas Liberty Alliance Group, Inc.	Contr. Clin. SHL	9,250
Southwestern Music Therapy, LLC	Contr. Clin. Animal Thx	29,292
Cherri Storey	Contr. Clin. Day Hab.	24
Cherri Storey	Contr. Clin. SHL	6,298
Cherri Storey	Contracted Respite	3,285
Substance Use Therapy	Contracted Admin Training	850
Texas Council Risk Management Fund	Contracted Admin Miscellaneous	173
Tejas Behavioral Health	Contracted Admin IT Svcs	68,031
Texas Department of Public Safety	Contracted Admin Miscellaneous	1,057
The ARC of the Capital Area	Contr. Clin. Day Hab.	5,879
The Hope Project of Central Texas	Contr. Clin. SHL	23,810
Perla Toledo	Contracted Respite	435
Corinne Turmelle	Contracted Admin Miscellaneous	9,325
Carrie Turner-Gray	Contracted Respite	750
Texas Counseling, PLLC	Contracted Admin Miscellaneous	938
United Way for Greater Austin	Contracted Admin Misc	566,918
The University of Texas at Austin	Contr. Clin. Prim Care	74,021
Christin Vanderkamp	Contracted Respite	1,165
Jazmin Vegasantiago	Contracted Respite	1,990
Wanda Washington	Contr. Clin. Day Hab.	388
Bruce Weinheimer	Contr. Clin. Psychologist	25,000
Bruce Weinheimer	Contracted Admin Training	3,000

BLUEBONNET TRAILS COMMUNITY SERVICES

Schedule of Legal Services (Unaudited)

Year Ended August 31, 2022

<u>Name</u>	<u>City</u>	<u>Type of Service</u>	<u>Amount</u>
King and Spalding, LLP	Atlanta, GA	General Counsel	\$ 7,178

SINGLE AUDIT SECTION

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

CERTIFIED PUBLIC ACCOUNTANTS

4815-A KING STREET
TELEPHONE 903-455-4765
FAX 903-455-5312
GREENVILLE, TEXAS 75401

Member of:
Governmental Audit Quality Center

Members of:
American Institute of
Certified Public Accountants

Texas Society of
Certified Public Accountants

Independent Auditor's Report 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
Bluebonnet Trails Community Services

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bluebonnet Trails Community Services, as of and for the year ended August 31, 2022, and the related notes to the financial statements, which collectively comprise Bluebonnet Trails Community Services' basic financial statements, and have issued our report thereon dated January 23, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Bluebonnet Trails Community Services' 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 Bluebonnet Trails Community Services' internal control. Accordingly, we do not express an opinion on the effectiveness of Bluebonnet Trails Community Services' internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Scott, Singleton, Fincher and Company, PC

Greenville, Texas
January 23, 2023

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

CERTIFIED PUBLIC ACCOUNTANTS

4815-A KING STREET
TELEPHONE 903-455-4765
FAX 903-455-5312
GREENVILLE, TEXAS 75401

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Certified Public Accountants

Texas Society of
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Independent Auditor's Report on Compliance For Each Major Program And on Internal Control Over Compliance Required by the Uniform Guidance and Texas Grant Management Standards

To the Board of Trustees
Bluebonnet Trails Community Services

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited Bluebonnet Trails Community Services' compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement*, Texas Grant Management Standards (TxGMS) and the Texas Health and Human Services Commission's *Guidelines for Annual Financial and Compliance Audits of Community MHMR Centers* that could have a direct and material effect on each of Bluebonnet Trails Community Services' major federal and state programs for the year ended August 31, 2022. Bluebonnet Trails Community Services' 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, Bluebonnet Trails Community Services complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended August 31, 2022.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); Texas Grant Management Standards; and the Texas Health and Human Services Commission's *Guidelines for Annual Financial and Compliance Audits of Community MHMR Centers*. Our responsibilities under those standards, the Uniform Guidance, TxGMS, and the Texas Health and Human Services Commission's *Guidelines for Annual Financial and Compliance Audits of Community MHMR Centers* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Bluebonnet Trails Community Services 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 Bluebonnet Trails Community Services' 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 Bluebonnet Trails Community Services' 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 Bluebonnet Trails Community Services' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, TxGMS, and the Texas Health and Human Services Commission's *Guidelines for Annual Financial and Compliance Audits of Community MHMR Centers* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Bluebonnet Trails Community Services' compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, TxGMS, and the Texas Health and Human Services Commission's *Guidelines for Annual Financial and Compliance Audits of Community MHMR Centers* we:

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

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance, Texas Grant Management Standards, and the *Guidelines for Annual Financial and Compliance Audits of Community MHMR Centers*. Accordingly, this report is not suitable for any other purpose.

Scott, Singleton, Fincher and Company, PC

Greenville, Texas
January 23, 2023

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

BLUEBONNET TRAILS COMMUNITY SERVICES
Schedule of Expenditures of Federal and State Awards
Year Ended August 31, 2022

State Awards	Pass-through Entity Identifying Number	Expenditures
Texas Health and Human Services Commission (HHSC)		
General Revenue - Mental Health Adult	HHS001022200005	\$ 10,184,540
Crisis Services	HHS001022200005	1,651,932
Veterans Support Services	HHS001022200005	99,286
Veterans Counselor Program	HHS001022200005	100,000
Supportive Housing	HHS001022200005	344,489
Psychiatric Emergency Service Center	HHS001022200005	1,855,742
Private Psychiatric Beds	HHS001022200005	1,560,866
Total General Revenue - Mental Health Adult	(1)	15,796,855
General Revenue - Mental Health Child	HHS001022200005	1,198,423
Mental Health First Aid Grant Program	HHS000176600001	20,900
IDD Outpatient Mental Health Services Learning Collaborative	HHS000776900001	300,000
Community Mental Health Grant Program	HHS000477100029	1,191,771
Mental Health Grant Program for Justice-Involved Individuals	HHS000406600001	511,929
General Revenue - Developmental Disabilities	HHS000994300001	2,557,082
Permanency Planning	HHS000994300001	21,433
IDD Crisis Intervention Specialists	HHS000994300001	208,110
IDD Crisis Respite Services	HHS000994300001	256,209
Nursing Facility Specialized Services	HHS000994300001	43,186
Total General Revenue - Intellectual & Developmental Disabilities		3,086,020
General Revenue - Substance Abuse (SA/TRA)	HHS000663700045	64,000
General Revenue - Substance Abuse (SA/TRA)	HHS000663700177	16,000
General Revenue - Substance Abuse (SA/TRF)	HHS000663700239	48,172
General Revenue - Substance Abuse (SA/OSR)	HHS000782500013	209,111
Early Childhood Intervention Comprehensive Services	HHS000640200023	1,030,372
Early Childhood Intervention Respite Services	HHS000640200023	6,000
Children's Autism Grant Program	HHS000693900010	223,186
Children's Autism Grant Program	HHS000693900017	18,117
Total Texas Health and Human Services Commission		23,720,856
Total Expenditures of State Awards		\$ 23,720,856

(1) Received \$9,604 for PDMCC, expended \$-0-

BLUEBONNET TRAILS COMMUNITY SERVICES
Schedule of Expenditures of Federal and State Awards
Year Ended August 31, 2022

	<u>Federal ALN/CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Total Center Expenditures</u>	<u>Total Subrecipient Expenditures</u>
Federal Awards				
U.S. Department of Education				
Passed through Texas Health and Human Services Commission:				
Special Education - Grants for Infants and Families	84.181	HHS000640200023	\$ 807,687	
Special Education - Grants to States (IDEA, Part B)	84.027	HHS000640200023	110,520	
Total U.S. Department of Education			918,207	
U.S. Department of Agriculture				
Passed through Texas Health and Human Services Commission:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	HHS000640200023	47,516	
Total U.S. Department of Agriculture			47,516	
U.S. Department of Health and Human Services				
Direct Awards				
COVID-19 Provider Relief Fund and American Rescue Plan (ARP)	93.498	Direct Award	302,275	
Rural Distribution				
Section 223 Demonstration Programs to Improve Community Mental Health Services	93.829	Direct Award	2,048,803	
Block Grants for Community Mental Health Services (CMHC Service Restoration)	93.958	Direct Award (2)	1,846,310	
Total Direct Awards			4,197,388	
Passed through Texas Health and Human Services Commission				
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	HHS000363100001	592,868	
Temporary Assistance for Needy Families (TANF)	93.558	HHS001022200005	208,237	
COVID-19 Temporary Assistance for Needy Families (TANF PEA)	93.558	HHS001120200002	546,684	
Temporary Assistance for Needy Families (TANF)	93.558	HHS000640200023	81,945	
Social Services Block Grant	93.667	HHS001022200005	141,166	
Medicaid Administrative Claiming - Medical Assistance Program	93.778	HHS000537900308	1,420,814	
Medicaid Administrative Claiming - Medical Assistance Program (ECI)	93.778	HHS000537900308	199,530	
Habilitation Coordination - Medical Assistance Program	93.778	HHS000994300001	226,138	
Opioid STR (SA/OSR)	93.788	HHS000782500013	65,000	
Money Follows the Person Rebalancing Demonstration	93.791	HHS000994300001	156,519	
Block Grants for Community Mental Health Services	93.958	HHS000866900001	2,552,038	
Block Grants for Community Mental Health Services	93.958	HHS001022200005 (3)	640,251	
Block Grants for Community Mental Health Services	93.958	2016-049419-001 A5	969,423	
COVID-19 Block Grants for Community Mental Health Services (CSC/FEP)	93.958	2016-049419-001 A5	98,278	
Block Grants for Community Mental Health Services	93.958	HHS000176600001	117,050	
Block Grants for Community Mental Health Services	93.958	HHS000663700125	1,286	
Block Grants for Community Mental Health Services	93.958	HHS000663700211	857	
Block Grants for Community Mental Health Services	93.958	HHS001222700001	98,323	
COVID-19 Block Grants for Community Mental Health Services (MH/COVID)	93.958	HHS001108400005	862,548	
Block Grants for Prevention and Treatment of Substance Abuse (SA/COPSD)	93.959	HHS000663700125	48,323	
Block Grants for Prevention and Treatment of Substance Abuse (SA/COPSD)	93.959	HHS000663700211	14,191	
Block Grants for Prevention and Treatment of Substance Abuse (SA/OSR)	93.959	HHS000782500013	1,135,090	
Block Grants for Prevention and Treatment of Substance Abuse (SA/TRF)	93.959	HHS000663700220	28,122	
Block Grants for Prevention and Treatment of Substance Abuse (SA/TRF)	93.959	HHS000663700239	94,849	
Block Grants for Prevention and Treatment of Substance Abuse (SA/TRA)	93.959	HHS000663700045	257,381	
Block Grants for Prevention and Treatment of Substance Abuse (SA/TRA)	93.959	HHS000663700177	87,256	
Block Grants for Prevention and Treatment of Substance Abuse (SA/TRY)	93.959	HHS001040100002	11,000	
Block Grants for Prevention and Treatment of Substance Abuse (SA/TRY)	93.959	HHS000663700229	99,095	
Mental Health Disaster Assistance and Emergency Mental Health	93.982	HHS000434500034	91,801	
Total Passed through HHSC			10,846,063	
Passed through Texas A&M University Health Science Center				
Nurse Education, Practice Quality and Retention Grants	93.359	M2002385	103,921	
Total Passed through Texas A&M University Health Science Center			103,921	
Total U.S. Department of Health and Human Services			\$ 15,147,372	\$ -

(2) Received \$2,018,379, expended \$1,846,310

(3) Received \$675,311, expended \$640,251

See the accompanying notes to the Schedule of Expenditures of Federal and State Awards.

BLUEBONNET TRAILS COMMUNITY SERVICES
Schedule of Expenditures of Federal and State Awards
Year Ended August 31, 2022

	<u>Federal ALN/CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Total Center Expenditures</u>	<u>Total Subrecipient Expenditures</u>
Federal Awards - CONTINUED				
U.S. Department of Transportation				
Passed through Texas Department of Transportation:				
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	51016011422	\$ 134,525	
Passed through Capital Metropolitan Transit Authority:				
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	TX-2019-048-BBT	1,826	
Passed through Capital Metropolitan Transit Authority:				
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	TX-2022-008-BBT	94,892	
Total U.S. Department of Transportation			<u>231,243</u>	
U.S. Department of Housing and Urban Development				
Passed through Williamson County, Texas				
Community Development Block Grants/Entitlement Grants	14.218	B-20-UC-48-0502	30,590	
Total U.S. Department of Housing and Urban Development			<u>30,590</u>	
U.S. Department of the Treasury				
Passed through Williamson County, Texas				
COVID-19 Coronavirus Relief Fund	21.019		2,822,000	
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027		1,733,569	516,537
Total United States Department of the Treasury			<u>4,555,569</u>	<u>516,537</u>
U.S. Federal Communications Commission				
COVID-19 Telehealth Program	32.006	Direct Award	724,411	
Total U.S. Federal Communications Commission			<u>724,411</u>	
Total Expenditures of Federal Awards			<u>21,654,908</u>	<u>516,537</u>
Total Expenditures of Federal and State Awards			<u>\$ 45,375,764</u>	<u>\$ 516,537</u>
ALN/CFDA 93.558 - \$836,866				
ALN/CFDA 93.778 - \$1,846,482				
ALN/CFDA 93.958 - \$7,186,364				
ALN/CFDA 93.959 - \$1,775,307				
ALN/CFDA 20.513 - \$231,243				

See the accompanying notes to the Schedule of Expenditures of Federal and State Awards.

BLUEBONNET TRAILS COMMUNITY SERVICES
Notes to the Schedule of Expenditures of Federal and State Awards
Year Ended August 31, 2022

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards (the "Schedule") includes the federal and state award activity of Bluebonnet Trails Community Services (the "Center") under programs of the federal and state governments for the year ended August 31, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Texas Grant Management Standards (TxGMS). Because the Schedule presents only a selected portion of the operations of the Center, it is not intended to and does not present the financial position, changes in financial position, or cash flows of the Center.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, the cost principles contained in the Uniform Guidance and Texas Grant Management Standards (TxGMS), wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of the financial statements.

Expenditures reported for the Medical Assistance Program (Medicaid; Title XIX) ALN/CFDA 93.778 represent expenditures incurred during the audit period that the Center anticipates will be reimbursed through invoices submitted to the Texas Health and Human Services Commission. Due to the timing of the submission of these invoices, actual reimbursements received during the year will differ from these amounts.

3. INDIRECT COST RATE

The Center has contracted with the respective granting agencies for indirect cost rates. Allowable indirect costs for each award are determined by the related terms and conditions developed by the awarding agency for each program. The Center did not elect to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

4. NATURE OF ACTIVITIES

The Center receives various grants to cover costs of specified programs. Final determination of eligibility of costs will be made by the grantors. Should any costs be found ineligible, the Center will be responsible for reimbursing the grantors for these amounts.

5. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

Federal and state award programs are reported in the Center's basic financial statements in the General Fund. State award programs presented in the accompanying Schedule of Federal and State Awards do not include funds received from the Texas Correctional Office on Offenders with Medical or Mental Impairments (TCOOMMI) in the amount of \$703,164. These revenues have been excluded from the Schedule of Expenditures of Federal and State Awards by specific request of the funding agency. These revenues are included in total state program revenues in the basic financial statements. These state programs excluded from the accompanying schedule are not considered financial assistance as defined in Texas Grant Management Standards (TxGMS).

The federal program reported as a different amount on the accompanying financials than on the accompanying Schedule of Expenditures of Federal Awards relates to COVID-19 Provider Relief Funds. Per guidance issued by OMB, only Provider Relief Funds received in Period 2 (July 1, 2020 – December 30, 2020) and Period 3 (January 1, 2021 – June 30, 2021) should be presented on the Schedule of Federal Awards for periods ending August 31, 2022.

BLUEBONNET TRAILS COMMUNITY SERVICES
Notes to the Schedule of Expenditures of Federal and State Awards
Year Ended August 31, 2022

5. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (continued):

The amount reported on the Schedule of Expenditures of Federal Awards for fiscal year ending August 31, 2022, agrees to the amount reported on the Provider Relief Funds Period 2 report submitted March 29, 2022. The Center did not receive any Provider Relief Period 3 funds. Pursuant to the OMB guidance, Provider Relief Funds received after Period 3 and recognized during the current audit period are not presented on the Schedule.

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

State expenditures per schedule:	\$ 23,720,856
TCOOMMI program	<u>703,164</u>
State revenues per basic financial statements	<u>\$ 24,424,020</u>
 Federal expenditures per schedule:	 \$ 21,654,908
Period 2 Provider Relief Funds included on SEFA recognized in prior period in accordance with compliance supplement instructions	 (302,275)
Period 4 Provider Relief Funds excluded from SEFA recognized in current period in accordance with compliance supplement instructions	 <u>561,095</u>
Federal revenues per basic financial statements	<u>\$ 21,913,728</u>

6. STATE AWARD GUIDELINES

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

BLUEBONNET TRAILS COMMUNITY SERVICES
Schedule of Findings and Questioned Costs
Year Ended August 31, 2022

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued on whether the financial statements audited were prepared in accordance with GAAP (unmodified, qualified, adverse or disclaimer):

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

_____ yes

 x no

Significant deficiency(ies) identified?

_____ yes

 x none reported

Noncompliance material to financial statements noted?

_____ yes

 x no

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

_____ yes

 x no

Significant deficiency(ies) identified?

_____ yes

 x none reported

Type of auditor’s report issued on compliance for major federal programs (unmodified, qualified, adverse or disclaimer):

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

_____ yes

 x no

State Awards

Internal control over major programs:

Material weakness(es) identified?

_____ yes

 x no

Significant deficiency(ies) identified?

_____ yes

 x none reported

Type of auditor’s report issued on compliance for major state programs (unmodified, qualified, adverse or disclaimer):

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Texas Grant Management Standards?

_____ yes

 x no

BLUEBONNET TRAILS COMMUNITY SERVICES
Schedule of Findings and Questioned Costs (continued)
Year Ended August 31, 2022

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

Identification of major federal programs:

<u>ALN/CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.027	Coronavirus State and Local Fiscal Recovery Funds originating with the U.S. Department of Treasury passed through Williamson County, Texas
32.006	COVID-19 Telehealth Program direct award originating from the U.S. Federal Communications Commission
93.778	Medical Assistance Program originating from the U.S. Department of Health and Human Services passed through the Texas Health and Human Services Commission
93.829	Section 223 Demonstration Programs to Improve Community Mental Health Services direct award originating from the U.S. Department of Health and Human Services

Dollar threshold used to distinguish between Type A and Type B federal programs:

\$750,000

Auditee qualified as low-risk auditee?

 x yes no

Identification of major state programs:

<u>ALN/CFDA Number(s)</u>	<u>Name of State Program or Cluster</u>
N/A	State General Revenue – Mental Health (Behavioral Health) Adult Services passed through the Texas Health and Human Services Commission
N/A	State General Revenue – Intellectual and Developmental Disabilities Services passed through the Texas Health and Human Services Commission
N/A	Mental Health Grant Program for Justice-Involved Individuals passed through the Texas Health and Human Services Commission
N/A	Community Mental Health Grant passed through the Texas Health and Human Services Commission

Dollar threshold used to distinguish between Type A and Type B state programs:

\$750,000

Auditee qualified as low-risk auditee?

 x yes no

BLUEBONNET TRAILS COMMUNITY SERVICES
Schedule of Findings and Questioned Costs (continued)
Year Ended August 31, 2022

Section II – Financial Statement Findings

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

No findings were noted.

Section III – Federal Award Findings and Questioned Costs

This section identifies the audit findings required to be reported by the 2 CFR 200.561(a) (for example, significant deficiencies, material weaknesses, material instances of noncompliance, including questioned costs, and material abuse).

No findings were noted.

Section IV – State Award Findings and Questioned Costs

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

No findings were noted.



**BLUEBONNET TRAILS COMMUNITY SERVICES
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDING AUGUST 31, 2022**

The summary schedule of prior audit findings reports the status of all audit findings included in the prior audit's schedule of findings and questioned costs. The summary schedule also includes audit findings reported in the prior audit's summary schedule of prior auditing findings except audit findings listed as corrected in accordance with 2 CFR 200.511(b)(1), or no longer valid or not warranting further action in accordance with paragraph 2 CFR 200.511(b)(3).

All findings previously corrected for fiscal year 2020. No findings were noted in fiscal year 2021.