Bluebonnet Trails Community Services

ANNUAL FINANCIAL REPORT

YEAR ENDED AUGUST 31, 2023

BLUEBONNET TRAILS COMMUNITY SERVICES
TABLE OF CONTENTS

BLUEBONNET TRAILS COMMUNITY SERVICES
TABLE OF CONTENTS

INTRODUCTORY SECTION

BLUEBONNET TRAILS COMMUNITY SERVICES
Certificate of Board Approval
Year Ended August 31, 2023

I, Judge Roxanne Nelson, Chair of the Board of Trustees of Bluebonnet Trails Community Services, do hereby certify that this accompanying audit report for fiscal year ended August 31, 2023, from Scott Singleton Fincher & Co, PC was reviewed and approved at a meeting of the Board of Trustees held on the 22nd day of January, 2024.

R Nelson

Chair of the Board of Trustees

January 22, 2024

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, 2023. 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 seventh 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, 2022 and ending August 31, 2023, 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, 2023 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 a representative. 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 care serving 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. Beginning in 2014, the Center began investing resources in school-based services adding strength for prevention and early intervention options for students, families and educators in our communities. During 2020 and 2023, Bluebonnet Trails was awarded federal HRSA grants 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. 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 (RHC) in La Grange. The highly successful RHC 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.

Over the last six years, 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; state hospital step-down programs; adult diversion and law enforcement triage center; substance use withdrawal management center; youth therapeutic respite programs; and specialized crisis services for persons with intellectual and developmental disabilities and recovering from mental illness. We added valued pharmacy services and grant-funded 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 2023, the Center focused on expanding access to crisis services. The Center partners with Williamson County Emergency Services to support 911 dispatch by adding mental health as an option for callers seeking police, fire or ambulance responses. In addition, the Center partners with Williamson County Emergency Management Services (EMS) offering access to specialized overdose prevention for persons served through the Community Paramedic program. 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. In addition, the Center was awarded designation and funding as the 988 Backup Answering Center serving Texans seeking a warm connection. As a result of federal legislation, the national 988 Suicide & Crisis Lifeline provides 24/7, free and confidential support for persons in distress, preventing a moment in time from escalating into a personal crisis.

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 improve the health and independence of the persons we serve*.

The Board of Trustees and Staff will know that the Vision and Mission for our Center are realized when:

- We invest our resources and focus our decisions 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 choices for individuals we serve in their chosen communities
- We are a solution-focused system of care
- We actively involve those we serve in designing an accessible system of services and supports
- We develop partnerships to build a collaborative system of care
- We are 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 fulfill health and wellness needs in our communities
- We adapt and continuously improve the quality of everything we do
- We innovate to strengthen all lines of service
- We treat all persons with dignity and respect

Office Locations and Infrastructure

The administrative offices of the Center are located at 1009 North Georgetown Street in Round Rock, Texas. During 2023, the Center operated thirty-two office, residential setting, transitional home and program sites located in Bastrop, Burnet, Cedar Park, Elgin, Georgetown, Giddings, Gonzales, Jarrell, 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 2023, the Board of Trustees approved an investment of up to 20% of annual revenues exceeding expenses be dedicated to facility updates and renovations. This action is in keeping with the goal of ensuring 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, and Temple. 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-four ISDs benefitting from accessible crisis and routine services for students, educators and our communities.

During 2022, through generous funding received through Williamson County, Bluebonnet Trails

Community Services opened its first Youth Therapeutic Respite program on the Center's Round Rock campus. Now contracting with the Texas Department of Family and Protective Services (DFPS), the Center has initiated its plan for financial sustainability for this unique program serving children between the ages of 5 – 17 years. Alongside DFPS and HHSC, the Center continues to develop the residential program in an effort to relieve the demand for safe and therapeutic treatment for families involved in the DFPS system. During late 2023, the second Youth Therapeutic Respite program opened in Seguin as a result of grant funding through HHSC.

Also realized through Williamson County funding, the Center opened a Withdrawal Management center in service to adults unable to quit use and abuse of substances. Operating within the Center's San Gabriel Crisis Center in Georgetown, this program with serve those withdrawing from drugs and alcohol – including opioids. During 2023, the Center was tapped by the Williamson County Sheriff to participate on the Fentanyl Task Force for the purpose of eradicating fentanyl access and use by residents.

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. During 2020, the Center was awarded a pilot program for Intellectual and Developmental Disability – Behavioral Health (IDD-BH) Collaboration. In addition, the Center was awarded an Outpatient Competency Restoration (OCR) program beginning in April 2021. During fiscal year 2023, the Center was awarded a Jail Based Competency Restoration (JBCR) program along with a Multisystemic Therapy (MST) program. 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. Since 2021, the Williamson County Commissioner's Court has invested Coronavirus Aid, Relief, and Economic Security (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; 16-bed Youth Therapeutic Respite program and 4-bed Withdrawal Management center in Williamson County.

During 2023, we expanded our reach through federal, state and local grant funding. In order to sustain innovative programs serving over 39,000 Central Texas children and adults, the Center was awarded over $11M through highly competitive applications. The 2023 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.

<u>Fiscal Year 2023 Strategic Planning</u>. During Fiscal Year 2023, 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 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 achieving 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 for another 3-year period by the Texas Health and Human Services Commission during 2023 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. A factor for our ongoing success as a CCBHC is national recognition of excellence by accreditation organizations pertinent to our system of care. Accredited since 2020, Bluebonnet Trails Community Services earned another exemplary 3-year accreditation in 2023 from the National Committee on Quality Assurance (NCQA). The Center achieved accreditation through the Commission on Accreditation of Rehabilitation Facilities (CARF) during November 2021 and awaits the reaccreditation process anticipated during 2024. Further demonstrating excellence and achieving our goal for sustainable innovative practices, during 2023, the Center was successfully certified by the national Health Resources and Services Administration (HRSA) as a Rural Health Clinic (RHC) 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 falls within a single diagnostic category, cultural background, economic status or personal plan for life success. We know that we strengthen the 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

Bluebonnet Trails Community Services stands behind our long-held values and respect for cultural diversity – and consistently chooses 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 seek and provide education and training to understand perspectives and embed that understanding in our actions. Recognizing change must continue, we respond 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 2023, the population of Central Texans continues to grow resulting in a projected total of 1,115,090 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 2023	Population Growth 2020-2023	Land Area (Square Miles)	Persons per Square Mile 2022
Bastrop	97,216	104,128	7.11%	888.15	117.24
Burnet	49,130	51,044	3.90%	994.26	51.34
Caldwell	45,883	48,229	5.11%	545.26	88.45
Fayette	24,435	24,399	-0.15%	950.01	25.68
Gonzales	19,653	19,608	-0.23%	1,066.69	18.38
Guadalupe	172,706	185,057	7.15%	711.3	260.17
Lee	17,478	17,706	1.30%	629.02	28.15
Williamson	609,017	664,919	9.18%	1,118.30	594.58
8-County Total	**1,035,518**	**1,115,090**	**7.68%**	**6,902.99**	**161.54**

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 7.68% when combining growth rates for all eight counties from 2020 to 2023. Growth rates for Bastrop, Guadalupe, and Williamson Counties reflect the highest among the eight counties during this three-year timespan. In comparison, only Fayette and Gonzales Counties have negative estimated growth rates.

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 2023, in order to accomplish our mission, Bluebonnet Trails Community Services employed 646 staff members—including 571 full-time employees and 75 part-time employees. In addition, the Center contracted with 201 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 2023.

In our recruitment efforts, the Center increased salaries; rewarded employees for staff referrals; expanded upon opportunities to work remotely; initiated development of a financially incentivized career ladder; and actively hosted and participated in job fairs. In order to retain an exceptional staff, the Board of Trustees approved a requested investment of up to 40% 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 2023

The health, economic and political impact of the multi-year pandemic reverberates throughout the world. As the Centers for Disease Control and Prevention (CDC) lessened the recommended restrictions throughout Fiscal Year 2023, the Center returned to pre-pandemic operations with a fresh perspective on lessons learned during the pandemic. Throughout Fiscal Year 2023, Bluebonnet Trails Community Services had 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, the 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 the American Rescue Plan Act (ARPA).

- Achieving reaccreditation as a Certified Community Behavioral Health Clinic (CCBHC) and reaccreditation through the National Committee for Quality Assurance (NCQA) – proving our system's ability to demonstrate excellence through the chaotic years of the pandemic.

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 2023. These investments included funding for access to contracted private psychiatric hospital beds; support for a Diversion Center; partnership with 911 as well as court- and jail-based services; development of a Withdrawal Center serving persons with substance addictions; 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. We experienced an increase in the number of contractors over the last year. Specifically, we contracted with 201 contractors during 2023 – representing 19 more contractors than available to us during the previous fiscal year.

Bluebonnet Trails Community Services also considers long-term sustainability of programs prior to application and implementation of the programs. We understand the negative impact on the community and the livelihoods of staff supporting grant-funded programs should the Center be unable to financially sustain a valued program after the short-term funding end date. Ongoing conversations with the Bluebonnet Trails Community Services Board of Trustees related to action planning have addressed the financial risks in continuing specific service lines during Fiscal Year 2023. The efforts and transitions post 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 convened for the 88th Legislative Session. Alongside our lobbying organization, the Texas Council of Community Centers, we provided testimony and education for our local legislators on bills related to matters affecting the persons we serve, our communities and our continuum of care. This session, our focus was on sustaining our existing services, enhancing access to crisis services and recognizing the workforce needed to deploy excellent care.

Understanding the stressors that pandemic-driven isolation, home-based education, and the limitations of virtual connection to health care services placed on Texans of all ages, the 88th Texas Legislative Session invested heavily in mental wellness through a series of legislated competitive grant opportunities. These grant opportunities are based on demonstrated community needs; data supporting the need and value of the proposal; and support and engagement through community partnerships. While the session resulted in welcomed relief for those experiencing mental stressors and mental illness, little was invested in intellectual and developmental disability services and rates or the community-based professional workforce supporting existing programs.

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. Post pandemic, another focus of the Texas Council Risk Management Fund has been risk of cyber events. In an environment where critical data may be held hostage, the threats requiring cyber security have increased. Also, as artificial intelligence (AI) is anticipated to support improved care and reduction of administrative burdens of clinicians, there is keen awareness there is no federal or state guidance, oversight or sanctions protecting from misuse of AI. The potential result is the heightened need for even greater cyber security and appropriately developed AI practice expectations.

Bluebonnet Trails Community Services applauds the legislature for the investments made improving the lives of Texans. As an integrated system of care, we commit that our grant applications will support wellness of all persons served by the Center, regardless of diagnosis.

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 2023 budget of $81M, approximately twenty-six (26%) 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 2023, 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 2023, 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 2024, 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 2023, the Executive Leadership Team was comprised of the Chief Executive Officer, Chief Medical Officer, Chief Financial Officer, Chief Human Resources 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,

Andrea Richardson
Chief Executive Officer

BLUEBONNET TRAILS COMMUNITY SERVICES
Listing of Officials
August 31, 2023

Board of Trustees

Judge Roxanne Nelson	Chair
Judge Tom Bonn	Vice-Chair
Barbara Bogart	Secretary
Shannon McBride	Trustee
Shirley Hester	Trustee
John Raeke	Trustee
Judge Michael York	Trustee
Sheriff Arnold Zwicke	Ex-Officio
Sheriff Calvin Boyd	Ex-Officio
Sheriff Mike Gleason	Ex-Officio

Executive Staff

Andrea Richardson	Chief Executive Officer
Paul Sisler	Chief Financial Officer
Dr. Mark Janes	Chief Medical Officer
Tiffany Guerrero	Chief Administrative Officer
Mike Maples	Chief Health Programs Officer
Amy Bodkins	Chief Human Resources Officer

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, 2023, 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, 2023, 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 22, 2024, 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 22, 2024

REQUIRED SUPPLEMENTARY INFORMATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

BLUEBONNET TRAILS COMMUNITY SERVICES
Management Discussion and Analysis
August 31, 2023

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, 2023. 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 $49,530,629 (net position). This compares to the previous year when assets exceeded liabilities by $45,969,345. Center's total net position (government-wide) increased by $3,561,284.

- As of the close of the current fiscal year, the Center's governmental funds reported ending fund balance of $25,261,112 an increase from the prior year of $1,147,575.

- At the end of the current fiscal year, unassigned fund balance for the General Fund was $19,497,844 or 23.8% 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 Mental Health Adult Program, Mental Health Child and Adolescent Program, Developmental Disabilities Program, Primary 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.

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 39 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Center's assets exceeded liabilities by $49,530,629 at the close of the most recent fiscal year, which is an increase of $3,561,284 over last year's net position of $45,969,345.

The largest portion of the Center's net position (55%) represents its investment in capital assets, net of related debt (e.g., land, buildings, leasehold improvements, furniture and equipment, computers, vehicles, leases, and subscription-based information technology arrangements).

The remaining balance of the Center's net position (45%) represents the unrestricted financial resources available for future operations.

Statement of Net Position
Government-Wide

	2023	2022
Current and other assets	$ 31,518,866	$ 30,302,232
Capital assets, net	29,595,505	28,249,630
Total assets	61,114,371	58,551,862
Current and other liabilities	6,257,754	6,100,123
Long-term liabilities	5,325,988	6,482,394
Total liabilities	11,583,742	12,582,517
Net investment in capital assets	27,225,756	26,370,740
Unrestricted	22,304,873	19,598,605
Total net position	$ 49,530,629	$ 45,969,345

Governmental activities increased the Center's net position by $3,561,284. Key elements of this increase are as follows:

Statement of Activities
Government-Wide

	2023	2022
Revenues		
Program revenues		
Charges for services	$ 32,767,957	$ 27,776,037
Operating grants and contributions	49,000,426	44,334,213
Capital grants and contributions	-	1,800,000
General revenues		
Unrestricted investment earnings	1,028,409	115,241
Change in estimate for MAC recoupment	1,373,941	-
Gain on disposal of capital assets	23,659	-
Total revenues	84,194,392	74,025,491
Expenses		
Mental Health Adult	43,158,244	38,160,609
Mental Health Child	17,583,563	13,625,554
Physical Care	3,271,384	1,982,416
Developmental Disabilities	7,572,677	7,632,407
Early Childhood Intervention	4,720,340	4,470,247
Substance Abuse	4,212,387	3,845,082
Interest	114,513	63,765
Total expenses	80,633,108	69,780,080
Change in net position	3,561,284	4,245,411
Net position, beginning	45,969,345	41,723,934
Net position, ending	$ 49,530,629	$ 45,969,345

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 and other financing sources for the Center's governmental fund were $82,935,584 while total expenditures were $81,788,009. The change in fund balance was an increase of $1,147,575.

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 $19,497,844 while total fund balance was $25,261,112. 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 23.8% of total General Fund expenditures.

General Fund Budgetary Highlights

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

- Salaries and benefits expense increased with the implementation of a career ladder, new grant related positions and filling of some vacant positions.
- Contracted residential expenses increased with two new therapeutic youth respite programs, the expansion of the state hospital step down program and increased utilization of private psychiatric hospital beds.
- Contracted clinical expenses increased with the establishment of the 988 Suicide & Crisis Lifeline services, additional nursing and psychiatric services at the Diversion Center, and nursing services for the new youth respite and residential withdrawal management programs.
- Revenues increased with the successful submission of the first Public Health Provider – Charity Care Pool (PHP-CCP) cost report.

Capital Assets and Debt Administration

Capital Assets

The Center's investment in capital assets for its governmental activities as of August 31, 2023 is $29,595,505 net of accumulated depreciation and amortization. This investment in capital assets includes land, buildings, leasehold improvements, furniture and equipment, computer equipment, vehicles, as well as right-of-use leased and SBITA assets.

Capital Assets
(net of accumulated depreciation/amortization)

	2023	2022
Land	$ 869,144	$ 2,141,148
Construction in progress	2,231,888	2,231,888
Buildings	28,633,767	26,377,455
Leasehold improvements	3,744,183	2,666,208
Furniture, fixtures, and equipment	706,490	650,964
Computer hardware and software	2,407,402	2,289,360
Vehicles	2,471,670	2,839,760
Telecommunications equipment	79,862	79,862
Right-of-use leased buildings	1,748,009	1,435,403
Right-of-use leased equipment	157,422	157,422
Right-of-use leased vehicles	1,607,044	1,038,073
Right-of-use SBITA assets*	832,629	832,629
Less: accumulated depreciation/amortization	(15,894,005)	(13,657,913)
Total capital assets, net	$ 29,595,505	$ 29,082,259

*FY2023 balances reflect adoption of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements.*

Long-term Obligations

The Center's long-term obligations consist of accrued compensated absences, lease obligations, and SBITA obligations. A summary of outstanding obligations at year end follows:

Long-Term Obligations

	2023	2022
Lease obligations	$ 1,814,803	$ 1,878,890
SBITA obligations*	554,946	832,629
Esimated MAC Recoupment	-	1,373,941
Compensated absences	2,956,239	3,229,563
	$ 5,325,988	$ 7,315,023

*FY2023 balances reflect adoption of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements.*

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 twenty-six percent (26%) 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, 2023

		Governmental Activities
ASSETS		
Cash and cash equivalents	$	18,787,560
Investments		20,971
Accounts receivable, net		1,387,859
Receivables from other governments		8,515,447
Prepaid expenses		1,128,889
Advances for Intergovernmental Transfers		1,175,483
Deposits		42,657
Investment in Tejas Behavioral Health Management Association		460,000
Capital assets, net:		
Nondepreciable		3,101,032
Depreciable		26,494,473
Total Assets	**$**	**61,114,371**
LIABILITIES		
Accounts payable	$	1,904,377
Accrued payroll		2,661,159
Accrued expenses		727,921
Unearned revenue		964,297
Compensated absences - due in one year		739,060
Lease obligations - due in one year		664,859
SBITA obligations - due in one year		188,816
Compensated absences - due in more than one year		2,217,179
Lease obligations - due in more than one year		1,149,944
SBITA obligations - due in more than one year		366,130
Total Liabilities		**11,583,742**
NET POSITION		
Net investment in capital assets		27,225,756
Unrestricted		22,304,873
Total Net Position	**$**	**49,530,629**

BLUEBONNET TRAILS COMMUNITY SERVICES
Statement of Activities
Year Ended August 31, 2023

Function / Programs	Expenses: Expenses	Expenses: Administration Allocation	Expenses: Expenses after Allocation of Administration	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental Activities:							
Mental Health Adult	$ 41,622,913	$ 1,535,331	$ 43,158,244	$ 12,093,001	$ 28,648,618	$	$ (2,416,624)
Mental Health - Child and Adolescent	16,958,038	625,525	17,583,563	11,783,547	10,720,884		4,920,868
Primary Care	3,155,006	116,378	3,271,384	388,220	580,797		(2,302,367)
Developmental Disabilities	7,303,283	269,394	7,572,677	2,546,667	4,196,329		(829,681)
Early Childhood Intervention	4,552,417	167,923	4,720,340	5,391,391	2,342,641		3,013,692
Substance Abuse	4,062,534	149,853	4,212,387	565,130	2,511,158		(1,136,099)
Administration	2,864,404	(2,864,404)					
Interest	114,513		114,513				(114,513)
Total Governmental Activities	**$ 80,633,108**	**$ -**	**$ 80,633,108**	**$ 32,767,957**	**$ 49,000,426**	**$ -**	**1,135,275**
General Revenues							
Investment earnings							1,028,409
Change in estimate for MAC recoupment							1,373,941
Gain on disposal of capital assets							23,659
Total General Revenues							**2,426,009**
Change in Net Position							**3,561,284**
Net Position - Beginning							**45,969,345**
Net Position - Ending							**$ 49,530,629**

BLUEBONNET TRAILS COMMUNITY SERVICES
Balance Sheet - Governmental Funds
August 31, 2023

	General	Total Governmental Funds
ASSETS		
Cash and cash equivalents	$ 18,602,852	$ 18,602,852
Investments	20,971	20,971
Accounts receivable, net	1,387,859	1,387,859
Receivables from other governments	8,515,447	8,515,447
Prepaid items	1,128,889	1,128,889
Advances for Intergovernmental Transfers	1,175,483	1,175,483
Deposits	42,657	42,657
Investment in Tejas Behavioral Health Management Association	460,000	460,000
Total Assets	**$ 31,334,158**	**$ 31,334,158**
LIABILITIES		
Accounts payable	$ 1,719,669	$ 1,719,669
Accrued payroll	2,661,159	2,661,159
Accrued expenses	727,921	727,921
Unearned revenue	964,297	964,297
Total Liabilities	**6,073,046**	**6,073,046**
FUND BALANCES		
Nonspendable:		
Prepaid items	2,304,372	2,304,372
Deposits	42,657	42,657
Investment in Tejas Behavioral Health Management Association	460,000	460,000
Assigned:		
Compensated absences	2,956,239	2,956,239
Unassigned	19,497,844	19,497,844
Total Fund Balances	**25,261,112**	**25,261,112**
Total Liabilities and Fund Balances	**$ 31,334,158**	**$ 31,334,158**

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, 2023

Total Fund Balances	**$**	**25,261,112**
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.		(2,956,239)
Long-term leased assets, net $1,814,803 and long-term liabilities related to lease obligations ($1,814,803) are not due and payable in the current period and therefore are not reported in the governmental funds.		-
Long-term right-of-use SBITA assets, net $554,946 and long-term liabilities related to lease obligations ($554,946) are not due and payable in the current period and therefore are not reported in the governmental funds.		-
An internal service fund is used by management to charge the costs of capital assets to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		27,225,756
Net position - governmental activities	**$**	**49,530,629**

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, 2023

	General	Total Governmental Funds
REVENUES		
Local funds	$ 32,578,515	$ 32,578,515
State programs	25,329,594	25,329,594
Federal programs	23,860,274	23,860,274
Investment earnings	1,028,409	1,028,409
Total Revenues	**82,796,792**	**82,796,792**
EXPENDITURES		
Current:		
Mental Health Adult	40,902,507	40,902,507
Mental Health - Child and Adolescent	16,583,567	16,583,567
Primary Care	3,075,859	3,075,859
Developmental Disabilities	7,196,443	7,196,443
Early Childhood Intervention	4,501,418	4,501,418
Substance Abuse	4,010,313	4,010,313
Administration	3,298,465	3,298,465
Capital Outlay	881,577	881,577
Debt service - principal	1,223,347	1,223,347
Debt service - interest	114,513	114,513
Total Expenditures	**81,788,009**	**81,788,009**
Excess of Revenues Over Expenditures	1,008,783	1,008,783
Other Financing Sources (Uses)		
Transfers out	(742,785)	(742,785)
Issuance of lease obligations	881,577	881,577
Total Other Financing Sources	**138,792**	**138,792**
Net Change in Fund Balance	**1,147,575**	**1,147,575**
Fund Balance, September 1	**24,113,537**	**24,113,537**
Fund Balance, August 31	**$ 25,261,112**	**$ 25,261,112**

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, 2023

Net change in fund balances - total governmental funds	**$**	**1,147,575**
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 decrease in accrued compensated absences.		273,324
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.		766,444
Change in estimate for the HHSC recoupment for Medicaid Administrative Claiming previously recorded as a long-term liability in the statement of net position.		1,373,941
The issuance of long-term liabilities for lease and SBITA 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 ($881,577) less the principal paid for the year $1,223,347.		341,770
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is capitalized and depreciated/amortized over their useful lives. Thus, net position is decreased by the amount by which depreciation and amortization ($1,223,347) exceeded capital outlay $881,577 in the current period.		(341,770)
Change in net position of governmental activities	**$**	**3,561,284**

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, 2023

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
LOCAL REVENUES				
City and County Governments	$ 994,264	$ 994,264	$ 994,264	$ -
Patient Fees	822,568	1,066,679	1,167,556	100,877
Contract Revenue	2,697,736	2,697,736	2,351,873	(345,863)
Medicare	150,707	170,447	173,593	3,146
Medicaid	7,896,665	7,557,854	7,740,527	182,673
YES Waiver	985,470	985,470	598,607	(386,863)
Medicaid 1115 Waiver - Charity Care Pool	4,500,000	12,108,583	13,343,340	1,234,757
Medicaid 1115 Waiver - Directed Payment Program	4,711,909	4,711,909	5,220,976	509,067
Miscellaneous Income and Contributions	517,780	517,780	987,779	469,999
Total Local Revenues	**23,277,099**	**30,810,722**	**32,578,515**	**1,767,793**
STATE PROGRAM REVENUES				
General Revenue - Mental Health Adult	15,466,596	15,813,946	15,813,946	-
General Revenue - Mental Health Child	1,198,423	1,198,423	1,198,423	-
General Revenue - Developmental Disabilities	3,388,569	3,388,569	3,266,671	(121,898)
Early Childhood Intervention	1,004,724	1,004,724	1,004,724	-
Autism Services	316,422	508,232	303,007	(205,225)
Substance Abuse Programs - state portion	441,557	441,557	441,557	-
Community Mental Health Grant Program (HB13)	1,191,771	1,191,771	1,191,771	-
Mental Health Grant Program for				-
Justice-Involved Individuals (SB292)	516,325	516,325	749,858	233,533
TCOOMMI	683,771	683,771	731,987	48,216
IDD Outpatient MH Services Learning Collaborative	300,000	300,000	300,000	-
Multi-Systemic Therapy	-	327,650	327,650	-
Total State Program Revenues	**24,508,158**	**25,374,968**	**25,329,594**	**(45,374)**
FEDERAL PROGRAM REVENUES				
Mental Health Block Grants	8,252,894	8,252,894	9,084,035	831,141
Social Services Block Grant	141,166	141,166	141,166	-
Temporary Assistance for Needy Families	308,237	308,237	265,771	(42,466)
Early Childhood Intervention	1,282,739	1,282,739	1,272,795	(9,944)
Medical Assistance Program (MAC)	1,437,543	1,437,543	2,111,165	673,622
Substance Abuse Block Grants	2,092,781	2,233,888	2,063,516	(170,372)
Opioid STR	65,000	65,000	65,000	-
Money Follows the Person	164,801	164,801	156,518	(8,283)
Transportation Grants	160,000	160,000	236,819	76,819
SAMHSA Projects of Regional				
and National Significance	599,846	2,939,846	1,367,374	(1,572,472)
SAMHSA CCBHC	1,125,000	1,125,000	1,046,363	(78,637)
SAMHSA CCBHC-IA	1,000,000	1,000,000	783,657	(216,343)
Coronavirus State and Local Fiscal Recovery Funds	4,948,746	4,948,746	4,987,175	38,429
Community Development Block Grant	30,719	30,719	-	(30,719)
Veteran's SSG Fox Suicide Prevention	-	687,500	278,920	(408,580)
Total Federal Program Revenues	**21,609,472**	**24,778,079**	**23,860,274**	**(917,805)**
Investment Earnings	65,167	65,167	1,028,409	963,242
Total Revenues	**$ 69,459,896**	**$ 81,028,936**	**$ 82,796,792**	**$ 1,767,856**

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, 2023

	Budgeted Amounts		Actual	Variance with Final
	Original	Final	Amounts	Budget
EXPENDITURES				
Current				
Salaries	$ 36,181,831	$ 39,771,831	$ 40,372,073	$ (600,242)
Fringe Benefits	9,602,053	10,011,245	9,854,387	156,858
Contracted and Professional Fees	13,798,345	17,460,515	18,724,879	(1,264,364)
Travel	250,000	276,472	309,532	(33,060)
Building/Equipment Rental and Leasing	38,497	142,563	66,317	76,246
Repairs and Maintenance	937,901	947,067	1,298,982	(351,915)
Equipment	1,075,000	1,399,514	1,434,270	(34,756)
Drugs and Medications	550,000	550,000	343,781	206,219
Utilities	836,000	836,000	839,935	(3,935)
Telecommunications	1,150,932	1,259,731	1,033,485	226,246
Gas and Oil	175,000	175,000	109,184	65,816
Supplies	303,680	322,993	417,266	(94,273)
Client Support	799,964	845,797	681,125	164,672
Insurance, Fees and Premiums	924,073	1,028,864	1,185,833	(156,969)
Capital Use Fees	1,077,883	1,077,883	1,368,441	(290,558)
Other	692,700	1,451,381	1,529,082	(77,701)
Capital outlay	-	-	881,577	(881,577)
Debt service principal	611,989	611,989	1,223,347	(611,358)
Debt service interest	114,513	114,513	114,513	-
Total Expenditures	**69,120,361**	**78,283,358**	**81,788,009**	**(3,504,651)**
Excess of Revenues Over Expenditures	**339,535**	**2,745,578**	**1,008,783**	**(1,736,795)**
Other Financing Sources (Uses)				
Transfers out	-	-	(742,785)	(742,785)
Issuance of lease obligations	-	-	881,577	881,577
Total Other Financing Sources	-	-	138,792	138,792
Net Change in Fund Balance	**339,535**	**2,745,578**	**1,147,575**	**(1,598,003)**
Fund Balance, September 1	24,113,537	24,113,537	24,113,537	-
Fund Balance, August 31	**$ 24,453,072**	**$ 26,859,115**	**$ 25,261,112**	**$ (1,598,003)**

BLUEBONNET TRAILS COMMUNITY SERVICES
Statement of Net Position - Proprietary Fund
August 31, 2023

	Governmental Activities Internal Service Fund
ASSETS	
Current assets	
Cash and cash equivalents	$ 184,708
Total current assets	184,708
Noncurrent assets	
Capital assets, net:	
Nondepreciable	3,101,032
Depreciable	24,124,724
Total noncurrent assets	27,225,756
Total Assets	**27,410,464**
LIABILITIES	
Current liabilities:	
Accounts payable	184,708
Total current liabilities	184,708
Total Liabilities	**184,708**
NET POSITION	
Investment in capital assets	27,225,756
Unrestricted	-
Total Net Position	**$ 27,225,756**

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, 2023

	Governmental Activities Internal Service Fund
OPERATING REVENUES	
Charges for services/user fees	$ 1,368,441
Total operating revenues	1,368,441
OPERATING EXPENSES	
Depreciation	1,368,441
Total operating expenses	1,368,441
Operating income	-
NONOPERATING EXPENSES	
Gain on sale of capital assets	23,659
Net income before transfers	**23,659**
Transfers in	742,785
Change in net position	**766,444**
Net position - beginning	26,459,312
Net position - ending	**$ 27,225,756**

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, 2023

	Governmental Activities Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from user fees charged to the General Fund	$ 1,368,441
Net cash provided by operating activities	**1,368,441**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers in from the General Fund	742,785
Net cash used by noncapital financing activities	**742,785**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	(2,332,335)
Proceeds from the sale of capital assets	63,180
Net cash used by capital and related financing activities	**(2,269,155)**
Net change in cash and cash equivalents	(157,929)
Cash and cash equivalents - beginning	342,637
Cash and cash equivalents - ending	**$ 184,708**

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:	
Depreciation	1,368,441
Net cash provided by operating activities	**$ 1,368,441**

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

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.

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.

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

GASB 87, *Leases* – The Center has implemented the provisions of GASB 87, *Leases*. Under GASB 87, the Center recognizes a right-of-use lease asset (an intangible asset) and a corresponding lease liability at the commencement of the lease term. The lease liability is measured at the present value of lease payments expected to be made during the lease term. Future lease payments are discounted using the Center's estimated incremental borrowing rate at the time of the contract. Lease payments in the General Fund are recorded as expenditures for principal and interest on the lease liability. In the government-wide statement of activities, the Center recognizes amortization of the principal payment on the lease liability as an outflow of resources.

GASB 96, *Subscription-Based Information Technology Arrangements (SBITA)* - Effective September 1, 2022, the Center adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITA). A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

Under GASB 96, the Center recognizes a right-of-use subscription asset (an intangible asset) and a corresponding subscription liability at the commencement of the subscription term when the subscription asset is placed into service. The subscription liability is initially measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments are discounted using the interest rate specified in the agreement. If the interest rate is not specified, the Center uses its estimated incremental borrowing rate at the time of the contract. Subscription payments in the General Fund are recorded as expenditures for principal and interest on the subscription liability. In the government-wide statement of activities, the Center recognizes amortization of the principal payment on the subscription liability as an outflow of resources. There was no effect on beginning net position as a result of adopting this new standard.

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".

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

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, 2023, is $1,057,858. 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 items 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.

Non-Profit Investment – Investment in Tejas Behavioral Health Management Association (TBHMA) represents an investment held on the cost basis of accounting in TBHMA, an independent managed care company, and Tejas Next Health, Inc. Both entities are non-profit 501(c)3 corporations.

Tejas Behavioral Health Management Association (TMHA) was formed through an interlocal agreement between three founding community center members: Austin Travis County Integral Care, Bluebonnet Trails Community Services, and The Center for Health Care Services. Over time, Hill Country MHDD Centers and Tropical Texas Behavioral Health have been added as members. TMHA is governed by the members, with each member having one vote. Tejas reported net income of $440,425 for the year ending August 31, 2023. Member contributions to TMHA totaled $-0- during FY 2023.

Tejas Next Health, Inc., has THMA as its sole member. Tejas Next Health, Inc., reported net income of $1,287,560 for the year ending August 31, 2023. Member contributions to Tejas Next Health, Inc. totaled $-0- during FY 2023.

The carrying amount represents the Center's investment in the non-profit at August 31, 2023. 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. Capital assets also include intangible right-of-use intangible leased and SBITA assets which are recorded at implementation cost plus the net present value of the future contractual payment obligations. 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. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

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

Estimated useful lives, in years, for depreciable and amortizable assets are as follows:

Building and improvements	10 - 40 years
Furniture and equipment	7 - 20 years
Vehicles	4 years
Computer equipment	3 - 5 years
Right-of-use leased assets	Lease term
Right-of-use SBITA assets	Shorter of subscription term or useful life

Long-Term Obligations – In the government-wide financial statements, long-term debt is reported as liabilities and premiums and discounts are reported as deferred charges and amortized over the term of the related debt.

The governmental fund financial statements recognize the proceeds of debt and related premiums along with the issuance of lease and subscription-based information technology (SBITA) obligations as other financing sources of the current period. Issuance costs are reported as expenditures.

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 April 12, 2024, and carries an interest rate of 8.00%. 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, 2023 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.

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

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.

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, 2023, 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.

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, 2023, the Center had the following investments and maturities:

Investment Type	Fair Value	Percentage of Total	Credit Rating	Weighted Avg Days to Maturity
TexPool	$ 9,899	47.20%	AAAm	24 days
TexPool Prime	11,072	52.80%	AAAm	37 days
	$ 20,971	100.00%		

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, 2023, 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.

Note 6: Deposits and Investments - continued

Investments – continued

In addition, TexPool is subject to review by the State Auditor's Office and by the Internal Auditor of the Comptroller's Office.

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, 2023, are as follows:

		Amount
Austin-Travis Integral Care	$	16,447
Bastrop County		88,091
Burke Center		61,600
Capital Metropolitan Transportation Authority		38,303
Central Counties Center for MHMR Services		34,580
Community Health Centers		19,813
Texas Department of Family and Protective Services		130,000
Georgetown Health Foundation		183,760
HHSC - Autism Services		88,124
HHSC - Disability Services		36,002
HHSC - Early Childhood Intervention		357,387
HHSC - Hospital Transition Pilot Program		407,477
HHSC - Mental Health Programs		4,132,986
HHSC - Substance Use Disorder Programs		316,999
Other Counties		48,685
Medicaid Administrative Claiming		1,194,923
Metrocare Services		2,128
Independent School Districts (Marble Falls, Prairie Lea and Round Rock)		10,838
SAMHSA		494,812
Texas Department of Criminal Justice		157,228
Texas Department of Transportation		384
Texas A&M University		23,272
U.S Department of Veterans Affairs		65,933
Williamson County		605,676
Receivables from Other Governments	$	8,515,447

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, 2023, is as follows:

Governmental Activities:	Beginning Balance	Additions	Deletions	Reclass	Ending Balance
Nondepreciable assets:					
Land	$ 2,141,148	$ 2,058,278	$ -	$ (3,330,282)	$ 869,144
Construction in progress	2,231,888				2,231,888
Total nondepreciable assets	4,373,036	2,058,278	-	(3,330,282)	3,101,032
Depreciable/amortizable assets:					
Buildings	26,377,455	4,005		2,252,307	28,633,767
Leasehold improvements	2,666,208			1,077,975	3,744,183
Furniture, fixtures, and equipment	650,964	55,526			706,490
Computer hardware and software	2,289,360	118,042			2,407,402
Vehicles	2,839,760	27,127	(395,217)		2,471,670
Telecommunications equipment	79,862				79,862
Right-of-use leased buildings*	1,435,403	312,606			1,748,009
Right-of-use leased equipment*	157,422				157,422
Right-of-use leased vehicles*	1,038,073	568,971			1,607,044
Right-of-use SBITA assets**	832,629				832,629
Total depreciable assets	38,367,136	1,086,277	(395,217)	3,330,282	42,388,478
Less accumulated depreciation/amortization:					
Buildings	7,289,612	721,844			8,011,456
Leasehold improvements	991,535	234,876			1,226,411
Furniture, fixtures, and equipment	243,603	68,858			312,461
Computer hardware and software	1,831,756	314,053			2,145,809
Vehicles	2,489,112	24,895	(355,696)		2,158,311
Telecommunications equipment	60,287	3,915			64,202
Right-of-use leased buildings*	539,082	580,006			1,119,088
Right-of-use leased equipment*	42,108	43,497			85,605
Right-of-use leased vehicles*	170,818	322,161			492,979
Right-of-use SBITA assets**	-	277,683			277,683
Total accumlated depreciation/amortization	13,657,913	2,591,788	(355,696)	-	15,894,005
Total capital assets, net	$ 29,082,259	$ 552,767	$ (39,521)	$ -	$ 29,595,505

*Right-of-use leased assets, $3,512,475, less accumulated amortization, $1,697,672, resulting net book value, $1,814,803.

**Right-of-use SBITA assets, $832,629, less accumulated amortization, $277,683, resulting net book value, $554,946.

**Beginning balances and current year activity reflected in accordance with adoption of GASB 96.

Note 8: Capital Assets - continued

In the government-wide financial statements, depreciation expense of $1,368,441 and amortization expense of $1,223,347 totaling $2,591,788 was charged to the Center's programs as follows:

Governmental Activities:		
Mental Health Adult	$	976,909
Mental Health - Child and Adolescent		528,964
Developmental Disabilities		242,365
Early Childhood Intervention		73,301
Substance Abuse		44,845
Primary Care		204,769
Administration		520,635
Total depreciation and amortization expense	$	2,591,788

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, 2023, is as follows:

Governmental Activities:	Beginning Balance	Additions	Retirements	Change in Estimate	Ending Balance	Due Within One Year
Direct Borrowing:						
Lease obligations	$ 1,878,890	$ 881,577	$ 945,664	$ -	$ 1,814,803	$ 664,859
SBITA obligations*	832,629	-	277,683	-	554,946	188,816
Other:						
Estimated MAC Recoupment	1,373,941	-	-	1,373,941	-	-
Compensated absences	3,229,563	1,647,744	1,921,068	-	2,956,239	739,060
Total long-term liabilities	$ 7,315,023	$ 2,529,321	$ 3,144,415	$ 1,373,941	$ 5,325,988	$ 1,592,735

The Center has entered into lease agreements for real estate with total combined monthly payments ranging from $27,096 per month in 2024 to $13,096 in 2026, with an estimated incremental borrowing rate of 3.25% to 8.5%. Terms of existing agreements expire on various dates over the next three fiscal years.

The Center has entered into lease agreements for vehicles with total combined monthly payments ranging from $33,281 per month in 2024 to $485 in 2028, 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.

Note 9: Long-Term Liabilities – Continued

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

Lease payments are reflected as principal and interest payments in the financial statements. 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.

Future debt service requirements for lease obligations as of August 31, 2023, are as follows:

Year Ending	Principal	Interest	Total
2024	$ 664,859	$ 73,837	$ 738,696
2025	565,777	43,640	609,417
2026	348,379	20,353	368,732
2027	211,739	7,323	219,062
2028	24,049	464	24,513
Total	$ 1,814,803	$ 145,617	$ 1,960,420

The Center has entered into subscription-based information technology agreements (SBITA) with total combined annual payments ranging from $26,888 per year in fiscal year 2023 to $6,763 per year ending in May 2027. SBITA obligations are recorded at the present value of the remaining lease payments using an estimated incremental borrowing rate of 5.5%. Terms of existing agreements expire on various dates over the next four fiscal years. SBITA payments are reflected as principal and interest payments in the financial statements.

Future debt service requirements for subscription-based information technology (SBITA) obligations as of August 31, 2023, are as follows:

Year Ending	Principal	Interest	Total
2024	$ 188,816	$ 25,676	$ 214,492
2025	137,418	16,708	154,126
2026	151,660	9,229	160,889
2027	77,052	1,376	78,428
Total	$ 554,946	$ 52,989	$ 607,935

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, 2023, the General Fund transferred $742,785 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, 2023, the Center contributed $2,064,942 net of forfeitures of $278,812 to the plan. Employer contributions in the amount of $111,630 were due to the plan at year end.

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 $335,881 to the plan for the year ended August 31, 2023. 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 $1,787,804 to the plan for the year ended August 31, 2023.

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, 2024. 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.

On September 1, 2018, the Center transitioned to 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 2019. MAC claims are submitted through a state-wide system for all community centers using software known as Fairbanks.

In 2019, Management 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. 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. In FY2019, the Center recorded this liability in the General Fund. In fiscal year 2020, the claim reclassified as a long-term liability. Accordingly, it was moved out of the governmental fund statements to the government-wide full accrual statements where it remained through fiscal years 2022. During this time, Center management has been in discussion with HHSC about the matter. HHSC has not provided information related to any amount that may be due back to HHSC. Accordingly, the Center has determined that is unlikely this amount will be recouped by HHSC. And, the Center has recorded a change in estimate reducing the long-term liability on the government-wide financial statements to $-0- in FY2023.

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 $4,889,504 during the year ending August 31, 2023.

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.

Note 17: Clinic Facility – Seguin, Texas – Continued

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.

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 – Charity Care Program (CCP)

In FY 2023, Community Centers statewide began participating in a state-wide Medicaid 1115 waiver program identified as the Charity Care Pool (CCP). As a part of the CCP program, all Centers file a cost report based on the cost of the program and the services provided. The Center's cost report will be considered as a part of a statewide reconciliation process for the cost of CCP services. The cost report reconciliation will result in a settlement of an amount due to the Center. The results of the final reconciliation will not be known for several months after the report release date. Due to the uncertainty associated with this estimate and the effects of the statewide reconciliation, management has determined that an estimate is not possible at year-end. Revenues associated with this program are recorded as revenues when actually received. The amount received in FY 2023 was $13,343,340.

STATISTICAL SECTION (UNAUDITED)

BLUEBONNET TRAILS COMMUNITY SERVICES
Schedule of Revenue and Expenditures by Source of Funds (Unaudited)
General Fund
Year Ended August 31, 2023

Fund Source	Total Revenue	Total Mental Health Adult Expenditures	Total Mental Health Child and Adolescent Expenditures	Total Mental Health Crisis Expenditures	Total Developmental Disabilities Expenditures	Total Other Services Expenditures	Total Center Expenditures	Excess Revenue over Expenditures
Objects of Expense:								
Salaries	$ 40,098,753	$ 11,039,198	$ 7,293,981	$ 5,737,629	$ 4,214,750	$ 11,813,195	$ 40,098,753	$ -
Employee Benefits	9,850,129	2,642,893	1,771,855	1,348,097	1,115,565	2,971,719	9,850,129	-
Professional and Consultant Services	13,455,298	2,148,009	1,854,077	4,128,880	582,649	4,741,683	13,455,298	-
Training and Travel	5,804,105	138,978	101,750	5,318,205	64,729	180,443	5,804,105	-
Capital Outlay	3,344,028	340,275	13,400	778,739	59,366	2,152,248	3,344,028	-
Non-Capitalized Equipment	1,749,713	376,865	250,121	379,355	146,416	596,956	1,749,713	-
Pharmaceutical Expense	347,817	155,610	88,578	61,284		42,345	347,817	-
Pharmaceutical Expenses (PAP Only)	4,839,504	4,307,159	532,345				4,839,504	-
Other Operating Expense	7,992,895	1,800,157	1,142,116	2,320,439	933,093	1,797,090	7,992,895	-
Total Expenditures	$ 87,482,242	$ 22,949,144	$ 13,048,223	$ 20,072,628	$ 7,116,568	$ 24,295,679	$ 87,482,242	$ -
Method of Finance:								
General Revenue - MH	$ 13,560,780	$10,710,425	$ 1,198,423	$ 1,651,932	$ -	$ -	$13,560,780	$ -
General Revenue - MR	2,557,082				2,557,082		2,557,082	-
Permanency Planning	21,433				21,433		21,433	-
Crisis and behavioral Support (CIS)	208,110				208,110		208,110	-
Behavioral Crisis Respite In/Out of Home	256,209				256,209		256,209	-
Crisis Services	1,855,742			1,855,742			1,855,742	-
Other General Revenue - MH	1,268,831	141,256		1,127,575			1,268,831	-
Project Private Beds	1,560,866			1,560,866			1,560,866	-
TANF	208,237	49,974	158,263				208,237	-
Title XX - Social Services Block Grant	141,166	141,166					141,166	-
Mental Health Block Grant	448,091	333,163	114,928				448,091	-
Other State Agencies	7,557,404	9,653		-	917,519	6,630,232	7,557,404	-
Other Federal Funds	46,614,128	7,777,520	10,525,252	10,563,686	2,635,043	14,765,263	46,266,764	347,364
Required local match	8,671,343	3,785,987	1,051,357	3,312,827	521,172		8,671,343	-
Additional local funds	2,900,184					2,900,184	2,900,184	-
Total Expended Sources	$ 87,829,606	$ 22,949,144	$ 13,048,223	$ 20,072,628	$ 7,116,568	$ 24,295,679	$ 87,482,242	$ 347,364

BLUEBONNET TRAILS COMMUNITY SERVICES
Reconciliation of Total Revenues to Fourth Quarter Financial Report (Unaudited)
Year Ended August 31, 2023

	Revenues					
	Care Report III	Additions		Deletions		Audited Financial Statements
LOCAL REVENUES						
City and County Governments	$ 994,264	$ -		$ -		$ 994,264
Patient Fees, Insurance, Reimbursements	1,167,556					1,167,556
Contract Revenue	2,318,579	33,294	(c)			2,351,873
Title XVII - Medicare	173,593					173,593
YES Waiver	598,607					598,607
Title XIX - Medicaid	7,927,100			(186,573)	(f)	7,740,527
Medicaid 1115 Waiver - Charity Care Pool	13,343,340					13,343,340
Medicaid 1115 Waiver - Directed Payment Program	5,445,594			(224,618)	(c)	5,220,976
Transfers from reserves	250,433			(250,433)	(g)	-
Pharmaceutical Expense (PAP only)	4,889,504			(4,889,504)	(a)	-
Miscellaneous income, contributions, interest	950,969	36,810	(c)			987,779
Total Local Revenues	38,059,539	70,104		(5,551,128)		32,578,515
STATE PROGRAM REVENUES						
General Revenue - Mental Health Adult	15,985,221			(171,275)	(f)	15,813,946
General Revenue - Mental Health Child	1,198,423					1,198,423
General Revenue - Developmental Disabilities	3,188,683	77,988	(f)			3,266,671
Early Childhood Intervention	2,168,911	166,142	(c) (f)	(1,330,329)	(f)	1,004,724
Autism Services	305,544			(2,537)	(c)	303,007
Substance Abuse Programs	2,476,524	5,860	(c)	(2,040,827)	(f)	441,557
Community Mental Health Grant Program	1,191,771					1,191,771
Mental Health Grant Program for Justice-Involved Individuals	799,925			(50,067)	(c)	749,858
TCOOMMI	731,987					731,987
IDD Outpatient MH Services Learning Collaborative	300,000					300,000
Multi-Systemic Therapy	327,650					327,650
Tx Dept of Transportation	236,819			(236,819)	(f)	-
Total State Program Revenues	28,911,458	249,990		(3,831,854)		25,329,594
FEDERAL PROGRAM REVENUES						
Mental Health Block Grant	8,941,249	171,275	(f)	(28,489)	(c)	9,084,035
Social Services Block Grant-Title XX	141,166					141,166
Temporary Assistance for Needy Families	208,237	57,534	(f)			265,771
Early Childhood Intervention		1,272,795	(f)			1,272,795
Medicaid Administrative Claiming	1,924,591	186,573	(f)	1	(e)	2,111,165
Substance Abuse Programs		2,063,516	(c) (f)			2,063,516
Money Follows the Person		156,518	(f)			156,518
Opioid STR		65,000	(f)			65,000
Transportation Grants		236,819	(f)			236,819
SAMHSA Projects of Regional and National Significance	3,242,181			(1,874,807)	(f)	1,367,374
SAMHSA CCBHC-E		1,046,363	(f)			1,046,363
SAMHSA CCBHC-IA		828,444	(f)	(44,787)	(c)	783,657
Coronavirus State and Local Fiscal Recovery Funds	-	4,987,175	(c) (f)			4,987,175
Provider Relief Funds	-					-
Veteran's SSG Fox Suicide Prevention	-	278,920	(f)			278,920
Other Federal Programs	5,574,556			(5,574,556)	(f)	-
Total Federal Program Revenues	20,031,980	11,350,932		(7,522,638)		23,860,274
Investment Earnings	826,629	201,780.00	(c)			1,028,409.00
Total Revenues	$ 87,829,606	$ 11,872,806		$ (16,905,620)		$ 82,796,792

BLUEBONNET TRAILS COMMUNITY SERVICES

Reconciliation of Total Expenditures to Fourth Quarter Financial Report (Unaudited)

Year Ended August 31, 2023

Function	Expenditures: Care Report III	Additions		Deletions		Audited Financial Statements
Personnel	$ 40,098,749	$ 273,324	(c)	$ -		$ 40,372,073
Employee Benefits	9,850,134			4,253	(c)	9,854,387
Professional and Consultant Services	18,695,224	29,655	(c)			18,724,879
Training and Travel	564,540			(255,008)	(c) (f)	309,532
Capital Outlay	3,344,028	881,577	(c)	(3,344,028)	(b)	881,577
Non-Capitalized Equipment	1,749,712			(315,442)	(c) (f)	1,434,270
Pharmaceutical Expense	347,847			(4,066)	(c)	343,781
Pharmaceutical Expense (PAP only)	4,839,504			(4,839,504)	(a)	-
Capital Use Fees	-	1,368,441	(b)			1,368,441
Debt service principal						-
Debt service interest						-
Other Operating Expense	7,992,504	506,565	(c) (f)			8,499,069
Total Expenditures	$ 87,482,242	$ 3,059,562		$ (8,753,795)		$ 81,788,009

(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) Audit adjustment posted after Care Report III submitted

(d) Miscellaneous adjustment

(e) Rounding

(f) Reclass entry

(g) Transfers from reserves are not reflected as revenues on the audited financial statements

BLUEBONNET TRAILS COMMUNITY SERVICES
Schedule of Indirect Costs (Unaudited)
Year Ended August 31, 2023

	Total Costs	Non - allowable Costs	Depreciation	Total Adjusted Costs	Direct Costs	Indirect Costs
Personnel	$ 40,372,073	$ -	$ -	$ 40,372,073	$ 36,322,858	$ 4,049,215
Fringe benefits	9,854,387	-	-	9,854,387	9,056,982	797,405
Professional and Consultant Services	18,724,879	-	-	18,724,879	18,247,396	477,483
Training and Travel	309,532	-	-	309,532	278,093	31,439
Capital Usage Fees	1,368,441	(1,368,441)	-	-	-	-
Depreciation	-	-	1,368,441	1,368,441	975,182	393,259
Non-capitalized equipment	1,434,270	-	-	1,434,270	844,066	590,204
Pharmaceutical expense	343,781		-	343,781	343,781	-
Other operating expenses	9,380,646	(278,125)	-	9,102,521	7,908,816	1,193,705
					-	
Total expenses	$ 81,788,009	$ (1,646,566)	$ 1,368,441	$ 81,509,884	$ 73,977,174	$ 7,532,710

Indirect costs	$ 7,532,710
Direct costs	$ 73,977,174
Indirect cost rate	10.18%

BLUEBONNET TRAILS COMMUNITY SERVICES

Schedule of Leases in Effect (Unaudited)

Year Ended August 31, 2023

Lessor	Location	Termination	Monthly Amount
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	4/30/2026	4,000
Welltower OM Group, LLC	1401 Medical Parkway, Cedar Park	3/31/2026	22,911
Heart of Texas Region MHMR	1200 Clifton St., Waco	7/31/2023	304
HHSC	Bulding 785, Austin State Hospital	Monthly	180
HHSC	Lease 781, Austin State Hospital	Monthly	49
John Cannan	110 Golden Oaks, Georgetown	1/1/2026	2,600
John Cannan	112 Golden Oaks, Georgetown	1/1/2026	2,600
High Meadow Assisted Living, LLC	211 Meadow Lake, Seguin	7/31/2025	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, 2023

	Building	Cost	
Location	Utilization	Monthly	Annual
None			

BLUEBONNET TRAILS COMMUNITY SERVICES
Schedule of Insurance in Force (Unaudited)
Year Ended August 31, 2023

Insurer	Policy Period	Coverage	Limits or Amounts
Texas Council Risk Management Fund	9-1-22 to 9-1-23	Automobile Liability Physical Damage	$ 1,000,000 per occurrence
Texas Council Risk Management Fund	9-1-22 to 9-1-23	Workers' Compensation	Statutory
Texas Council Risk Management Fund	9-1-22 to 9-1-23	Errors and Omissions	1,000,000
Texas Council Risk Management Fund	9-1-22 to 9-1-23	General Liability	1,000,000
Texas Council Risk Management Fund	9-1-22 to 9-1-23	Excess Liability	2,000,000
Texas Council Risk Management Fund	9-1-22 to 9-1-23	Professional Liability	3,000,000 aggregate
Texas Council Risk Management Fund	9-1-22 to 9-1-23	Property includes Boiler and Machinery	41,530,662
Texas Council Risk Management Fund	9-1-22 to 9-1-23	Sexual or Physical Abuse or Molestation	300,000
Texas Council Risk Management Fund	9-1-22 to 9-1-23	Crime	10,000
ASSURANT American Bankers Insurance Company of Florida	01/20/23 to 01/20/24	Flood	2,000,000
Admiral Insurance Group	12/13/21 to 12/13/22	Primary care	3,000,000 aggregate

BLUEBONNET TRAILS COMMUNITY SERVICES
Schedule of Bond Coverage (Unaudited)
Year Ended August 31, 2023

Title	Surety Company	Scope of Coverage	Bond Amount
None			

BLUEBONNET TRAILS COMMUNITY SERVICES
Schedules of Professional and Consulting Fees (Unaudited)
Year Ended August 31, 2023

Name	Type of Service	Amount
Access Nurse Pm, LLC	Contr. Clin. Nursing	$ 10,036
Amanda Salazar	Contr. Clin. SHL	1,860
Amanda Salazar	Contracted Respite	1,250
Amarachi Anabaronye	Contracted Respite	2,730
Amber Chavez	Contracted Respite	480
American United Life Insurance Company	Contracted Admin Miscellaneous	100
Amy H. Nebrat	Contr. Clin. Speech	7,940
Amy Triola	Contracted Respite	485
Andrea Robledo	Contracted Respite	2,500
Andrew Hsiau	Contracted Respite	195
Angela Diane Jackson	Contracted Admin Miscellaneous	11,650
Annabelle M. Icaro	Contracted Respite	200
Arturo Kalifa	Contr. Clin. SHL	5,230
Arturo Kalifa	Contracted Respite	4,485
Ascension Seton	Contracted Residential	13,125
Avail Solutions Inc.	Contr. Clin. Crisis OC	790,519
Bastrop Medical Clinic, PA	Contracted Admin Miscellaneous	2,180
Beate Donnelly Hinze	Contr. Clin. SHL	1,230
Beate Donnelly Hinze	Contracted Respite	4,725
Beloved And Beyond	Contracted Respite	1,390
Blanca Orduna	Contracted Respite	120
Breeka Lashay Aldridge	Contracted Respite	3,377
Brittany Danielle Pena	Contr. Clin. Counseling	24,724
Brittany Lundeen	Contr. Clin. Rec. Thx	19,314
Brown & Brown Absence Services Group, LLC	Contracted Admin Miscellaneous	18,750
Burke Center	Contr. Clin. Psych.	554,051
Burke Center	Contracted Admin Miscellaneous	39,892
Camp Blessing Texas	Contracted Respite	7,695
Camp C.A.M.P.	Contracted Respite	18,800
Camp Cummins Activity Center	Contr. Clin. Day Hab.	279
Camp Drive	Contracted Respite	2,600
Camp Summit, Inc.	Contracted Respite	1,350
Carlton Thomas Fairley, Jr.	Contr. Clin. Rec. Thx	2,810
Carole Brandon Garrett	Contr. Clin. Phys. Thx	10,621
Carrie Sue Turner-Gray	Contracted Respite	1,030
Chantel Clarke	Contr. Clin. Rec. Thx	12,216
Cherri Storey	Contr. Clin. SHL	4,097
Cherri Storey	Contracted Respite	9,239
Christi Macwilliams	Contr. Clin. Rec. Thx	67,947
Christi Macwilliams	Contr. Clin. SHL	1,110
Christian Cobos	Contracted Respite	1,770
Christina R. Vanderkamp	Contracted Respite	415
Christopher Aldridge	Contracted Respite	800
Christopher Lee Orton	Contracted Admin Miscellaneous	780
City Of Round Rock	Contracted Respite	3,450
Clinical Pathology Laboratories, Inc.	Contracted Lab Services	2,502
Cold Shower Design, LLC	Contracted Admin IT Svcs	3,413

BLUEBONNET TRAILS COMMUNITY SERVICES
Schedules of Professional and Consulting Fees (Unaudited)
Year Ended August 31, 2023

Name	Type of Service		Amount
Communication By Hand, LLC	Contr. Clin. Interpreter	$	27,221
Community Health Centers So Central TX	Contr. Clin. Prim Care		182,285
Community Resource Centers Of Texas, Inc	Contracted Admin Miscellaneous		11,668
Courtney Jacobs	Contr. Clin. SHL		26
Critical Health Connection, LLC	Contr. Clin. Nursing		29,400
Cynthia Giesen	Contracted Respite		1,000
Dalia Miranda	Contracted Respite		500
David T Eaton III	Contr. Clin. Animal Thx		45,496
David T Eaton III	Contr. Clin. Rec. Thx		52,282
Diana M Ingroum	Contr. Clin. SHL		1,990
Diana M Ingroum	Contracted Respite		1,255
Dianne K Henline	Contracted Respite		270
Disa Global Solutions, Inc	Contr. Lab Srvc Drug Screen		14,954
Down Home Ranch	Contr. Clin. Day Hab.		16,975
Down Home Ranch	Contracted Respite		8,887
Dream A Dream Therapuetic Horsemanship	Contracted Respite		325
Ericka M. Williams-Shaw	Contracted Respite		5,473
Falon Bridwell	Contr. Clin. Rec. Thx		24,802
Faspsych LLC	Contr. Clin. Psych.		14,328
Freda Kay Rhodes	Contracted Respite		578
Growing Places Therapy Services, PLLC	Contr. Clin. Speech		300
Harth Foundation	Contr. Clin. Animal Thx		10,454
Haynette Miller	Contracted Respite		930
Higginbotham Insurance Agency, Inc.	Contracted Admin Miscellaneous		10,142
Imagine Art Inc.	Contr. Clin. Day Hab.		1,701
Inclusion Therapies LLC	Contr. Clin. Rec. Thx		39,940
Janet A Goldman-Hayat	Contr. Clin. Rec. Thx		6,430
Jeffrey P Ripple	Contracted Admin Miscellaneous		22,332
Jeniffer Paola Carrera Trejo	Contracted Respite		1,030
Jenna K Fitzgerald	Contr. Clin. Counseling		27,073
Jennifer Lopez	Contr. Clin. BHS. Supp.		206
Jennifer Marie Knotts	Contr. Clin. SHL		51,815
Jesse Ray Hipolito Jr	Contracted Respite		580
Jessica Gentry	Contracted Admin Miscellaneous		825
Judy M. Smith	Contr. Clin. SHL		280
Judy M. Smith	Contracted Respite		400
Karen Sacratini	Contracted Respite		150
Katherine Garcia	Contr. Clin. Speech		910
Kaylie Perkins	Contracted Respite		441
Kenmar Residential Services, Inc.	Contr. Clin. Day Hab.		9,352
Kierdis Jayde Contreras	Contracted Respite		1,430
Klaeger Consulting LLC	Contracted Admin Miscellaneous		1,550
Krystal Dawn Allan	Contracted Respite		1,500
Krystal Lofton	Contracted Admin Training		1,925
L&J Staffing Solutions, Inc	Contracted Residential		1,029,655
Lakeisha Brown	Contr. Clin. Counseling		3,150
Lakeisha Brown	Contr. Clin. Crisis OC		17,926
Lauren Reynaga	Contr. Clin. Rec. Thx		12,816

BLUEBONNET TRAILS COMMUNITY SERVICES
Schedules of Professional and Consulting Fees (Unaudited)
Year Ended August 31, 2023

Name	Type of Service	Amount
Leenayvia Rodriguez	Contr. Clin. Counseling	$ 45,849
Leigh Lessenberry Mccann	Contr. Clin. Psychologist	42,119
Lifetime Living, Inc	Contr. Clin. Day Hab.	6,408
Lisa Church	Contr. Clin. Nursing	918
Lisa Kalifa	Contr. Clin. SHL	4,165
Lisa Kalifa	Contracted Respite	3,240
Little Pines Pediatric Therapy, PLLC	Contr. Clin. Occup. Thx	9,255
Maddy Dart	Contracted Admin Miscellaneous	878
Marci Lois White	Contracted Admin IT Svcs	9,900
Marcie Ochsner	Contr. Clin. Phys. Thx	990
Margie Saucedo	Contr. Clin. SHL	1,470
Margie Saucedo	Contracted Respite	50
Martha Young	Contr. Clin. Day Hab.	28,200
Maxim Healthcare Services Holdings, Inc	Contr. Clin. Nursing	1,217,777
Megan H. Serna	Contr. Clin. SHL	200
Megan H. Serna	Contracted Respite	1,300
Mental Health America Of Greater Dallas	Contracted Admin Miscellaneous	12,000
Meredith Leigh Brown	Contr. Clin. Speech	6,990
Monica M. Davis	Contracted Respite	1,500
Morgan Marley	Contracted Respite	400
Necole Rivers	Contr. Clin. Psychologist	1,400
New Roads Psychological And Wellness Services	Contr. Clin. Psychologist	8,300
North American Rural Health Services, Inc.	Contracted Admin Miscellaneous	16,400
Norvell J. Luke	Contracted Respite	1,335
Patricia A Fusaro	Contracted Respite	1,120
Quest Diagnostics, Inc	Contracted Lab Services	16,265
Relias LLC	Contracted Admin Training	25,972
Renay Diane West	Contr. Clin. Counseling	37,030
RNB Consulting, LLC	Contracted Admin Miscellaneous	101,760
Rock Springs LLC	Contracted Residential	1,217,700
Rosa Elena Puentes	Contracted Respite	270
Salco Properties, LLC	Contracted Admin IT Svcs	5,800
Sally Bell	Contr. Clin. Day Hab.	21,131
San Antonio Fitness Independent	Contr. Clin. Day Hab.	2,132
Sarah Fry FPMHNP	Contr. Clin. Psych.	167,843
Scott, Singleton, Fincher & Co, PC	Contracted Admin Audit	57,700
Sherry Pedersen	Contracted Respite	100
Soon K. Kim	Contracted Residential	2,426,250
Southwestern Music Therapy LLC	Contr. Clin. Animal Thx	34,712
Stephanie Suzanne Degrate	Contracted Admin Miscellaneous	2,400
Stephen A Mcclanahan Jr	Contracted Respite	200
Sylvia Segovia	Contracted Respite	1,500
Tabitha Denise Ammons	Contr. Clin. SHL	18,150
Tamika Ellis	Contracted Respite	1,988
Tejas Behavioral Health Management Assoc	Contracted Admin IT Svcs	51,379
Temple Behavioral Health Hospital	Contracted Residential	615,625
Teresa Irisawa	Contracted Respite	890
Texas A& M University System	Contr. Clin. Nursing	17,188

BLUEBONNET TRAILS COMMUNITY SERVICES
Schedules of Professional and Consulting Fees (Unaudited)
Year Ended August 31, 2023

Name	Type of Service	Amount
Texas A& M University System	Contr. Clin. Prim Care	$ 44,500
Texas A&M Uinversity Sea Camp - Outreach	Contracted Respite	1,025
Texas Department Of Public Safety	Contracted Admin Miscellaneous	1,190
Texas Laurel Ridge Hospital, LP	Contracted Residential	221,875
Texas Oaks Psychiatric Hospital, LP	Contracted Residential	20,625
The Arc Of The Capital Area	Contr. Clin. Day Hab.	8,342
The University Of Texas At Austin	Contr. Clin. Prim Care	81,423
Trenton Kowalczuk	Contr. Clin. Rec. Thx	69,619
TWG Investments, Ltd	Contracted Residential	3,079,791
Ulysses Moore	Contr. Clin. SHL	28,730
Valeria Theresa Williams	Contr. Clin. Day Hab.	72,580
Valeria Theresa Williams	Contracted Respite	18,585
Victoria Lawdermilk	Contracted Respite	720
Virginia Douglas	Contracted Respite	1,380
Walter James Ricketts	Contracted Respite	1,200
Wanda Washington	Contr. Clin. Day Hab.	8,190
Westways Staffing Services, Inc.	Contr. Clin. Nursing	381,691
Workers Assistance Program, Inc.	Contracted Admin Miscellaneous	20,558
Youth Advocate Programs, Inc	Contr. Clin. SHL	121,169

BLUEBONNET TRAILS COMMUNITY SERVICES
Schedule of Legal Services (Unaudited)
Year Ended August 31, 2023

Name	City	Type of Service	Amount
King and Spalding, LLP	Atlanta, GA	General Counsel	$ 2,716
Luccia & Evans, LLP	Houston, TX	General Counsel	2,343

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, 2023, 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 22, 2024.

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 22, 2024

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 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, 2023. 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, 2023.

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 22, 2024

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

BLUEBONNET TRAILS COMMUNITY SERVICES
Schedule of Expenditures of Federal and State Awards
Year Ended August 31, 2023

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	(1)		81,396
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		(2)		**15,778,965**
General Revenue - Mental Health Child	HHS001022200005			1,198,423
Mental Health First Aid Grant Program	HHS000176600001			34,981
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			749,858
General Revenue - Developmental Disabilities	HHS000994300001			2,557,082
IDD Crisis Intervention Specialists FY2022	HHS000994300001			-
IDD Crisis Intervention Specialists FY2023	HHS000994300001			208,110
IDD Crisis Respite Services FY2022	HHS000994300001			-
IDD Crisis Respite Services FY2023	HHS000994300001			256,209
Permanency Planning	HHS000994300001			21,433
COVID-19 ARPA Workforce Challenges	HHS000994300001	(3)		112,601
Nursing Facility Specialized Services	HHS000994300001			77,988
Total General Revenue - Intellectual & Developmental Disabilities		(4)		**3,233,423**
COVID-19 General Revenue - Substance Abuse (SA/TRA)	HHS000663700045			37,230
COVID-19 General Revenue - Substance Abuse (SA/TRA)	HHS000663700177			8,010
COVID-19 General Revenue - Substance Abuse (SA/TRF)	HHS000663700220			2,574
COVID-19 General Revenue - Substance Abuse (SA/TRY)	HHS000663700229			27,655
COVID-19 General Revenue - Substance Abuse (SA/TRF)	HHS000663700239			13,633
General Revenue - Substance Abuse (SA/COPSD)	HHS000663700211			3,500
COVID-19 General Revenue - Substance Abuse (SA/COPSD)	HHS000663700211			2,439
General Revenue - Substance Abuse (SA/COPSD)	HHS000663700125			8,254
COVID-19 General Revenue - Substance Abuse (SA/COPSD)	HHS000663700125			4,775
General Revenue - Substance Abuse (SA/OSR)	HHS000782500013			192,383
COVID-19 Employment Apprenticeship Pilot Services	HHS001329600001			33,248
Multisystemic Therapy Grant Program	HHS001285300001			327,650
Early Childhood Intervention Comprehensive Services	HHS000640200023			998,342
Early Childhood Intervention Respite Services	HHS000640200023			6,382
Children's Autism Grant Program	HHS000693900010			260,140
Children's Autism Grant Program	HHS000693900017			42,867
Total Texas Health and Human Services Commission				**24,456,503**
Total Expenditures of State Awards			**$**	**24,456,503**

(1) Received $99,286 for Veterans Support Services, expended $81,396
(2) Received $9,604 for PDMCC, expended $-0-
(3) Received $260,100 for ARPA Workforce Challenges, expended $112,601
(4) Received $55,000 for ARPA Electronic Interface, expended $-0-

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, 2023

Federal Awards	Federal ALN/CFDA Number	Pass-through Entity Identifying Number	Total Center Expenditures	Total Subrecipient Expenditures
U.S. Department of Education				
Passed through Texas Health and Human Services Commission:				
Special Education - Grants for Infants and Families	84.181	HHS000640200023	$ 999,346	$ -
Special Education - Grants to States (IDEA, Part B)	84.027	HHS000640200023	110,160	
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities	84.325	HHS000640200023	7,848	
Total U.S. Department of Education			**1,117,354**	
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	49,964	
Total U.S. Department of Agriculture			**49,964**	
U.S. Department of Health and Human Services				
Direct Awards				
COVID-19 Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution	93.498	Direct Award	561,095	
Certified Community Behavioral Health Clinic Expansion Grants	93.696	Direct Award	783,657	
Section 223 Demonstration Programs to Improve Community Mental Health Services	93.829	Direct Award	1,046,363	
Block Grants for Community Mental Health Services (CMHC Service Restoration)	93.958	Direct Award	2,964,734	
Total Direct Awards			**5,355,849**	
Passed through Texas Health and Human Services Commission				
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	HHS000363100001	480,686	
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	HHS001277500001	886,688	
Every Student Succeeds Act/Preschool Development Grants	93.434	HHS000640200023	105,477	
Temporary Assistance for Needy Families (TANF)	93.558	HHS001022200005	208,237	
Temporary Assistance for Needy Families (TANF)	93.558	HHS000640200023	57,534	
Social Services Block Grant	93.667	HHS001022200005	141,166	
Medicaid Admistrative Claiming - Medical Assistance Program	93.778	HHS000537900308	1,704,196	
Medicaid Admistrative Claiming - Medical Assistance Program (ECI)	93.778	HHS000537900308	220,395	
Habilitation Coordination - Medical Assistance Program	93.778	HHS000994300001	186,574	
Opioid STR (SA/OSR)	93.788	HHS000782500013	65,000	
Money Follows the Person Rebalancing Demonstration	93.791	HHS000994300001	156,518	
Block Grants for Community Mental Health Services	93.958	HHS000866900001	2,137,354	
COVID-19 Block Grants for Community Mental Health Services (HTPP)	93.958	HHS000866900001	525,000	
Block Grants for Community Mental Health Services	93.958	HHS001022200005	675,311	
Block Grants for Community Mental Health Services	93.958	2016-049419-001	813,583	
COVID-19 Block Grants for Community Mental Health Services (CSC/FEP)	93.958	2016-049419-001	95,398	
Block Grants for Community Mental Health Services	93.958	HHS000176600001	106,275	
Block Grants for Community Mental Health Services	93.958	HHS001222700001	760,306	
COVID-19 Block Grants for Community Mental Health Services (MH/COVID)	93.958	HHS001108400005	969,950	
Block Grants for Community Mental Health Services	93.958	HHS001375500004	36,124	
Block Grants for Prevention and Treatment of Substance Abuse (SA/COPSD)	93.959	HHS000663700125	29,105	
Block Grants for Prevention and Treatment of Substance Abuse (SA/COPSD)	93.959	HHS000663700211	16,444	
Block Grants for Prevention and Treatment of Substance Abuse (SA/OSR)	93.959	HHS000782500013	1,177,759	
Block Grants for Prevention and Treatment of Substance Abuse (SA/TRF)	93.959	HHS000663700220	21,535	
Block Grants for Prevention and Treatment of Substance Abuse (SA/TRF)	93.959	HHS000663700239	103,654	
Block Grants for Prevention and Treatment of Substance Abuse (SA/TRA)	93.959	HHS000663700045	282,913	
Block Grants for Prevention and Treatment of Substance Abuse (SA/TRA)	93.959	HHS000663700177	69,846	
Block Grants for Prevention and Treatment of Substance Abuse (SA/TRY)	93.959	HHS001040100002	21,586	
Block Grants for Prevention and Treatment of Substance Abuse (SA/TRY)	93.959	HHS000663700229	252,985	
Total Passed through HHSC			**12,307,599**	
Passed through Texas A&M University Health Science Center				
Nurse Education, Practice Quality and Retention Grants	93.359	M2002385	87,689	
Total Passed through Texas A&M University Health Science Center			**87,689**	
Total U.S. Department of Health and Human Services			**$ 17,751,137**	**$ -**

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, 2023

Federal Awards - CONTINUED	Federal ALN/CFDA Number	Pass-through Entity Identifying Number	Total Center Expenditures	Total Subrecipient Expenditures
U.S. Department of Transportation				
Passed through Texas Department of Transportation:				
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	51016011422	$ 43,595	$ -
Passed through Capital Metropolitan Transit Authority:				
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	TX-2022-008-BBT	193,224	
Total U.S. Department of Transportation			**236,819**	
U.S. Department of the Treasury				
Passed through Williamson County, Texas				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027		4,987,175	2,483,463
Total United States Department of the Treasury			**4,987,175**	**2,483,463**
U.S. Department of Veterans Affairs				
Staff Sergeant Parker Gordon Fox Suicide Prevention Grant Program	64.055	Direct Award	278,920	
Total U.S. Department of Veterans Affairs			**278,920**	
Total Expenditures of Federal Awards			**24,421,369**	**2,483,463**
Total Expenditures of Federal and State Awards			**$ 48,877,872**	**$ 2,483,463**

ALN/CFDA 20.513 - $236,819
ALN/CFDA 93.243 - $1,367,374
ALN/CFDA 93.558 - $265,771
ALN/CFDA 93.778 - $2,111,165
ALN/CFDA 93.958 - $9,084,035
ALN/CFDA 93.959 - $1,975,827

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, 2023

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, 2023. 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 $731,987. 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 Center received a lump sum reimbursement of state general revenue in FY23 in the total amount of $141,104 for substance abuse program costs that were incurred in FY22. This reimbursement was received well after the end of FY22, and this amount was recognized as revenue in FY23. These costs are excluded from the Schedule this year, as the expenditures do not relate to the current period.

5. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (continued):

The federal program reported as a different amount on the accompanying financials than on the accompanying Schedule of Expenditures of Federal Awards relates to ALN 93.498 COVID-19 Provider Relief Funds and American Rescue Plan (ARP) Rural Distribution. Per guidance issued by OMB, only Provider Relief Funds received in Period 4 (July 1, 2021 – December 30, 2021) and Period 5 (January 1, 2022 – June 30, 2022) should be presented on the Schedule of Federal Awards for periods ending August 31, 2023.

Pursuant to the OMB guidance, the amount reported on the Schedule of Expenditures of Federal Awards for fiscal year ending August 31, 2023, agrees to the amount reported on the for Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution Period 4 report submitted on March 20, 2023. The Center did not receive any Provider Relief Fund and ARP Rural Distribution Period 5 funds.

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

State expenditures per schedule:	$	24,456,503
FY2022 COVID-19 expenditures SA/TRY HHS000663700229		18,134
FY2022 COVID-19 expenditures SA/TRY HHS00104010002		2,098
FY2022 COVID-19 expenditures SA/TRA HHS000663700045		58,813
FY2022 COVID-19 expenditures SA/TRA HHS000663700177		18,896
FY2022 COVID-19 expenditures SA/TRF HHS000663700220		5,146
FY2022 COVID-19 expenditures SA/TRF HHS000663700239		26,184
FY2022 COVID-19 expenditures SA/COPSD HHS000663700211		2,754
FY2022 COVID-19 expenditures SA/COPSD HHS000663700125		9,079
TCOOMMI program		731,987
State revenues per basic financial statements	$	25,329,594
Federal expenditures per schedule:	$	24,421,369
Period 4 Provider Relief Funds included on SEFA recognized in prior period in accordance with compliance supplement instructions		(561,095)
Federal revenues per basic financial statements	$	23,860,274

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, 2023

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, 2023

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

Identification of major federal programs:

ALN/CFDA Number(s)	Name of Federal Program or Cluster
93.243	Substance Abuse and Mental Health Services Projects of Regional and National Significance originating from U.S. Department of Health and Human Services passed through the Texas Health and Human Services Commission
93.498	Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution direct award originating from U.S. Department of Health and Human Services
93.696	Certified Community Behavioral Health Clinic Expansion Grants direct award originating from U.S. Department of Health and Human Services
93.958	Block Grants for Community Mental Health Services direct award originating from U.S. Department of Health and Human Services and also originating from U.S. Department of Health and Human Services passed through the Texas Health and Human Services Commission
93.959	Block Grants for the Prevention and Treatment of Substance Abuse originating from U.S. Department of Health and Human Services passed through the Texas Health and Human Services Commission

Dollar threshold used to distinguish between Type A and Type B federal programs: $750,000

Auditee qualified as low-risk auditee? __x__ yes _____ no

Identification of major state programs:

ALN/CFDA Number(s)	Name of State Program or Cluster
N/A	State General Revenue – Mental Health (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	State General Revenue – Substance Abuse Services passed through the Texas Health and Human Services Commission

Dollar threshold used to distinguish between Type A and Type B state programs: $750,000

Auditee qualified as low-risk auditee? __x__ yes _____ no

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, 2023

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

No findings were noted in fiscal year 2021 or fiscal year 2022.