

MHMR SERVICES FOR THE CONCHO VALLEY
ANNUAL FINANCIAL AND COMPLIANCE REPORT
FOR THE YEAR ENDED AUGUST 31, 2024

CONCHO VALLEY CENTER FOR HUMAN ADVANCEMENT
dba MHMR SERVICES FOR THE CONCHO VALLEY
FOR THE FISCAL YEAR ENDED AUGUST 31, 2024

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CONCHO VALLEY CENTER FOR HUMAN ADVANCEMENT
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Certificate of Board Approval

I, Cary Houston, Chairman of the Board of Trustees of Concho Valley Center for Human Advancement, do hereby certify that this audit report for fiscal year 2024 from Beasley Mitchell, & Co., LLP, was reviewed and approved at a meeting of the Board of Trustees held on the 30th day of January, 2025.

Chairman, Board of Trustees

CONCHO VALLEY CENTER FOR HUMAN ADVANCEMENT
dba MHMR SERVICES FOR THE CONCHO VALLEY
LISTING OF OFFICIALS
YEAR ENDED AUGUST 31, 2024

Board of Trustees	Title
Cary Houston	Chair
Jeff Gibson	Vice-Chair
Don Mckee	Secretary/Treasurer
Dr. Tim Davenport-Herbst	Trustee
Linda Kujawski	Trustee
Drew Peterson	Trustee
Sangeeta Singg, PHD	Trustee
Burleigh Locklar, Jr.	Trustee
Sheriff Jeff Garner	Trustee
Jana Harrison	Trustee
Frank Tambunga	Trustee

Executive Staff	Title
Gregory J. Rowe	Executive Director
John Wyatt	Chief Financial Officer

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Concho Valley Center for Human Advancement
dba MHMR Services for the Concho Valley
San Angelo, Texas

Opinion

We have audited the accompanying financial statements of the governmental activities, general fund, and the aggregate remaining fund information of MHMR Concho Valley (the Center) as of and for the year ended August 31, 2024 and the related notes to the financial statements which collectively comprise the Center's basic financial statements as listed in the table of contents.

In our opinion, 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, as of August 31, 2024, and the respective changes in the financial position for the year ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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 the Government Auditing standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report.

We are required to be independent of the Center, and to meet our 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 opinion.

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 the financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibility 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 auditors' report that includes our opinion. 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 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 Audit standards, we:

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the management's discussion and analysis on pages 9 through 17 to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge 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 an opinion on the Center's basic financial statements. The accompanying Schedule of Expenditures of Federal and State Awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the State of Texas Single Audit Circular and is also not a required part of the basic financial statements.

The schedule of expenditures of federal and state awards and other supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the 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 auditors' report thereon. Our opinion 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 29, 2025 on our consideration of the Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreement and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Center's internal control over financial reporting and compliance.

Beasley, Mitchell & Co., LLP
El Paso, Texas
January 29, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

CONCHO VALLEY CENTER FOR HUMAN ADVANCEMENT
dba MHMR SERVICES FOR THE CONCHO VALLEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2024

As management of Concho Valley Center for Human Advancement dba MHMR Services for the Concho Valley ("the Center") we offer readers of the Center's financial statements this discussion and analysis as an overview of the Center's financial activities for the fiscal year ended August 31, 2024. The MD&A should be read in conjunction with the basic financial statements and the notes to those financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the Center exceeded liabilities at the close of FY 2024 by \$7,420,689 (net position). Of this amount, \$4,163,210 (unrestricted net position) may be used to meet the Center's ongoing obligations.
- The Center's total net position (government-wide) decreased by \$153,310 during FY 2024.
- As of the close of the fiscal year, the Center's General Fund reported ending fund balance of \$4,990,305, a decrease of \$453,708 in comparison with the prior fiscal year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$4,872,601 or 31% of total General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Center's basic financial statements. The Center's basic financial statements consist of three components: 1) government-wide financial statements; 2) fund financial statements, and 3) notes to the financial statements.

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.

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Both of the government-wide financial statements distinguish functions of the Center that are principally supported by the funds provided from federal, state, and local funding sources. The governmental activities of the Center include Mental Health Adult Program, Mental Health Child and Adolescent Program, Intellectual & Developmental Disabilities Program, 1115 Waiver Projects, and general administration.

The government-wide financial statements can be found on pages 19 - 20 of this report.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Center, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with financial-related legal requirements. The Center maintains governmental and fiduciary funds.

Governmental funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual basis of accounting, which 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.

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

The Center adopts an annual budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 21 - 24 of this report.

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

CONCHO VALLEY CENTER FOR HUMAN ADVANCEMENT
dba MHMR SERVICES FOR THE CONCHO VALLEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2024

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 29 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 and Human Commission Audit Guidelines, Uniform Guidance and Texas Grant Management Standards (TxGMS) This other supplementary information can be found beginning on page 52 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Center, assets exceeded liabilities by \$7,420,689 at the close of the most recent fiscal year. This is a decrease to the net position of \$153,310.

One portion of the Center's net position, 43.90% represents its investment in capital assets (e.g., land, buildings and improvements, furniture and equipment, and vehicles), less any related debt used to acquire those assets that is still outstanding. The Center uses these capital assets to provide services to the individuals we serve; consequently, these assets are not available for future spending.

The remaining balance of the Center's net position 56.10% represents the unrestricted financial resources available for future operations.

Comparative Statement of Net Position
Government-Wide

	2024	2023
Current and other assets	\$ 7,518,947	\$ 7,047,142
Capital assets, net of depreciation	<u>2,845,300</u>	<u>2,593,344</u>
Total assets	<u>10,364,247</u>	<u>9,640,486</u>
Current liabilities	2,593,545	1,810,668
Noncurrent liabilities	<u>350,013</u>	<u>390,908</u>
Total liabilities	2,943,558	2,201,576
Net position:		
Net investment in capital assets	3,257,479	2,399,411
Unrestricted	<u>4,163,210</u>	<u>5,039,499</u>
Total net position	<u>7,420,689</u>	<u>7,438,910</u>
Total liabilities and net position	<u>\$ 10,364,247</u>	<u>\$ 9,640,486</u>

CONCHO VALLEY CENTER FOR HUMAN ADVANCEMENT
dba MHMR SERVICES FOR THE CONCHO VALLEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2024

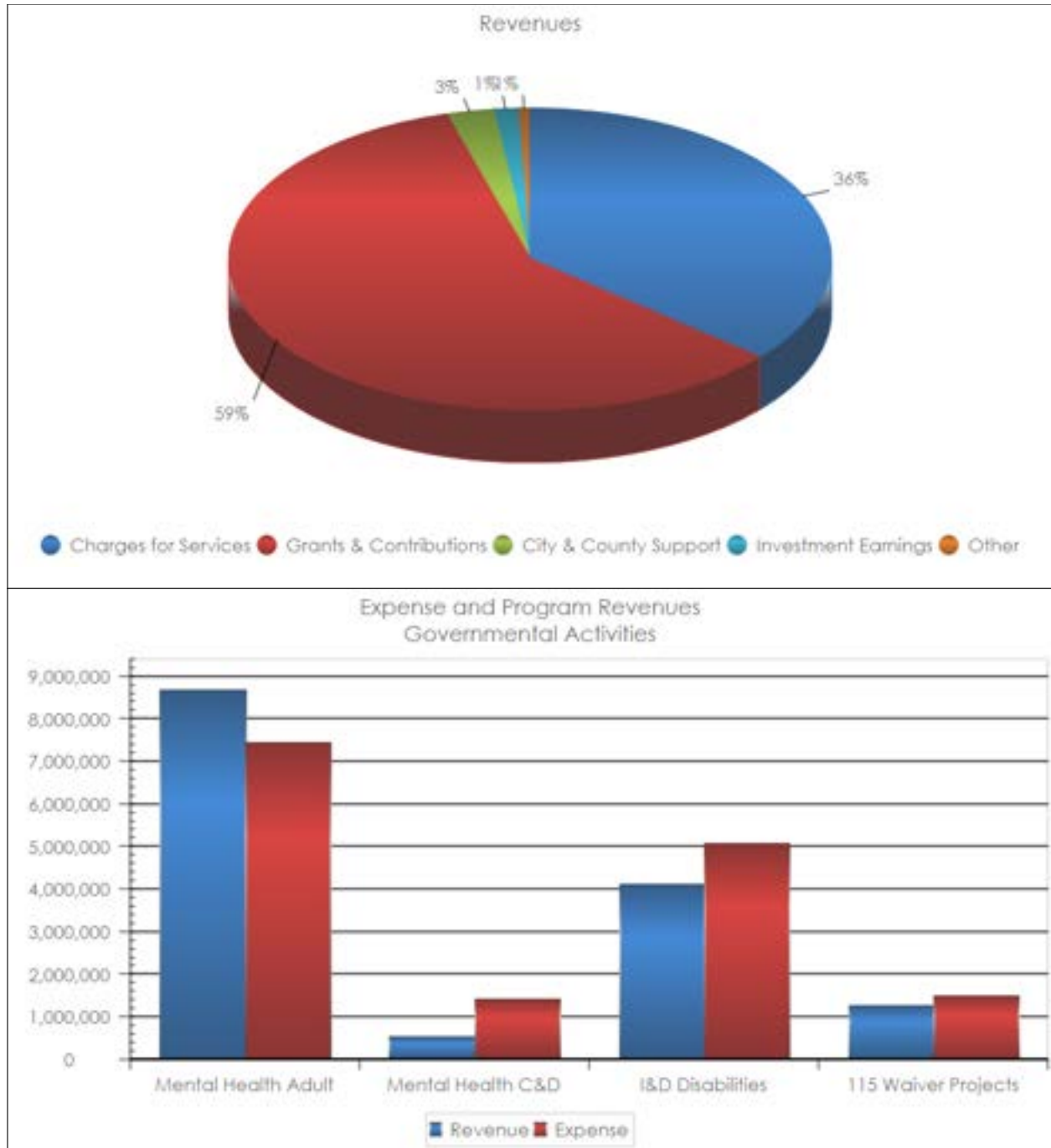
GOVERNMENTAL ACTIVITIES

Revenues for the Center's governmental activities were \$15,240,681 while total expenses were \$15,393,991. The change for governmental activities was a decrease of \$153,310 compared to an increase in 2023 of \$308,187.

Comparative Changes in Net Position
Governmental Activities

Revenues	2024	2023
Program revenues:		
Charges for services	\$ 5,529,082	\$ 5,705,993
Operating grants and contributions	9,028,535	10,044,215
Operating revenue:		
City and County support	383,814	-
Unrestricted investment earnings	197,619	136,272
Other income	101,631	-
Total revenues	15,240,681	15,886,480
Expenditures		
Current		
Mental health adult	7,438,596	7,671,905
Mental health children	1,399,091	1,467,087
Intellectual & developmental disabilities	5,068,019	5,042,015
1115 waiver projects	1,478,922	1,391,559
Interest expense	9,363	5,727
Total expenses	15,393,991	15,578,293
Increase (decrease) in net position	(153,310)	308,187
Net position- beginning of year	7,438,910	7,130,723
Restatement	135,089	-
Net position- end of year	\$ 7,420,689	\$ 7,438,910

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MANAGEMENT'S DISCUSSION AND ANALYSIS
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FINANCIAL ANALYSIS OF THE CENTER'S FUNDS

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

Governmental Funds. The focus of the Center's governmental 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. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As the Center completed the year, its governmental funds, as presented in the balance sheet on page 21, reported fund balances of \$4,990,305 which is a net decrease of \$318,619 from last year's total of \$5,308,924.

The General Fund is the chief operating fund of the Center. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$4,872,601 while total fund balance reached \$4,990,305. 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 32 percent of total General Fund expenditures.

GENERAL FUND BUDGETARY HIGHLIGHTS

For fiscal year 2024, the amended revenue budget was \$1,295,333 higher than the original budget. Actual revenue was less than final budget revenue by \$436,695. Expenditures were less than the final budget by \$487,967. The Center does not budget for other finance sources. Change in actual fund balance was lower than the final budget by \$51,272.

CONCHO VALLEY CENTER FOR HUMAN ADVANCEMENT
dba MHMR SERVICES FOR THE CONCHO VALLEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2024

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The Center's investment in capital assets for its governmental activities as of August 31, 2024 is \$2,845,300, net of accumulated depreciation. This investment in capital assets includes land, buildings and improvements, furniture and equipment, and vehicles. The net increase in the Center's investment in capital assets for the current fiscal year was \$251,956.

Additional information regarding the Center's capital assets can be found in Note 8 on page 40 of this report.

	2024	2023
Land	\$ 543,269	\$ 543,270
Building	3,260,540	3,260,540
Building improvements	1,195,356	821,714
Vehicles	266,016	266,016
Furniture and equipment	1,644,515	1,474,400
Right of Use - Leased Equipment	99,088	99,088
Right of Use - Leased Vehicles	138,281	138,281
Right of Use - SBITA	103,385	103,385
Less: accumulated depreciation and amortization	<u>(4,405,150)</u>	<u>(4,113,350)</u>
Total capital assets	<u>\$ 2,845,300</u>	<u>\$ 2,593,344</u>

Long-term Debt. In FY 2024, the center adopted provisions of GASB 96 which required that liabilities for subscription-based technology agreements (SBITA) be presented in the balance sheet. Following is a summary of the activity for all long-term liabilities for fiscal year 2024:

Additional information on the Center's long-term liabilities can be found in Note 9 to the financial statements.

	Balance September 1, 2023	Additions	Retirements	Balance August 31, 2024	Amount Due Within One Year
Direct Borrowing:					
Lease obligations	\$ 108,559	-	49,111	\$ 59,448	35,488
SBITA obligations	85,374	-	13,732	71,642	16,208
Other Liabilities:					
Compensated absences	<u>346,425</u>	<u>14,401</u>	<u>-</u>	<u>360,826</u>	<u>90,207</u>
Total	<u>\$ 540,358</u>	<u>14,401</u>	<u>62,843</u>	<u>\$ 491,916</u>	<u>141,903</u>

CONCHO VALLEY CENTER FOR HUMAN ADVANCEMENT
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MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2024

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

There are many key factors that were considered by the Center's management and board in preparation for the fiscal year 2025 budget. The 88th legislature did not approve a cost-of-living increase for community MHMR Centers making the budget process difficult to ensure client/patient care and retention/recruitment of staff.

IDD saw no increase in general revenue for FY25. The Center did receive a slight increase in the Home & Community-Based Services (HSC) and Texas Home Living provider rates in 2024 through participation in the enhanced attendant compensation program. The Center has reapplied for FY25 and expects to see the same amount.

The IDD Vocational Apprenticeship Program and Electronic Tablet Program contracts with HHSC which began in 2024 will end in March 2025. In addition, the Center received the Employment Navigator Pilot Program for \$97,398 which will run from August 2024 through December 2025.

Mental Health Services received an amended contract in May 2024 that added \$93,113 in General Revenue, \$383,686 in PPB funding, and \$1,018,569 for a Crisis Diversion Center that opened in December 2024. The Crisis Diversion Center provides crisis triage & 23-hour observation capable of addressing co-occurring MH & SUD needs. This includes crisis intervention/treatment, psychiatric and counseling support, case management to address social determinants of health, & transportation.

The Center maintained CCBHC (Certified Community Behavioral Health Clinic) certification throughout FY2024 and into FY2025. The Center will reapply with the Texas Health & Human Services for CCBHC certification by the end of FY2025. This certification enables the Center to receive enhanced payments under the 1115 Medicaid Waiver, the directed payment program (DPP), for community mental health centers. Estimated 2025 payments were budgeted at \$128,101 based on all NPI numbers being reported.

The Center continued to participate in the Public Health Provider Charity Care Pool (PHP-CCP) for medical/mental health services. In Fiscal Year 2024, the CCP included uncompensated costs and Medicaid shortfall resulting in revenues of \$1,374,577. For FY25, the CCP will allow only uncompensated costs. The FY25 budget includes the actual amount received on FY23 Charity Care Cost Report of \$1,264,406.

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ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (CONTINUED)

The Center reapplied for the HB-13 Community Mental Health Grant program through HHSC in FY2024 for continued funding into FY2025. A proposal requested an increase to account for inflation and increases to the cost of living. HHSC approved the grant application but funded the same amount of \$600,000. This grant provides services to clients with co-occurring substance abuse as well as partner with West Texas Guidance and Counseling to provide counseling services related to the zero-suicide initiative, along with enhanced Mental Health Deputy services in Tom Green County and a Mental Health Deputy program in 5 additional counties.

HHSC continues funding for inpatient crisis Tier I days (Community-Based Crisis Programs) at \$1,196,832. Private Psychiatric Bed (PPB) days increased in FY24 to \$761,600 and remained for FY25.

For FY2025 HHSC is providing the Center with funding for a new Jail Continuity of Care program for an annual budget of \$250,000. This program will provide services to justice-involved individuals identified with a serious mental illness who will be transitioning directly from jail to the community to improve quality of life, support physical & mental health stabilization, and reduce recidivism.

For Fiscal Year 2025 budgeting, the Board of Trustees approved one-time funding for Thanksgiving bonuses of \$86,600. The Board also instructed leadership to evaluate a mid-year budget revision that would include a staff cost of living adjustment.

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, please contact MHMR Service for the Concho Valley, Financial Services Department, 1501 Beauregard, San Angelo, TX 76901-4004.

BASIC FINANCIAL STATEMENTS

CONCHO VALLEY CENTER FOR HUMAN ADVANCEMENT
dba MHMR SERVICES FOR THE CONCHO VALLEY
STATEMENT OF NET POSITION
AUGUST 31, 2024

	<u>Governmental Activities</u>
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 1,480,614
Investments	4,982,375
Accounts receivable, net	92,504
Due from other governments	845,750
Prepaid expenses	<u>117,704</u>
Total current assets	7,518,947
NON-CURRENT ASSETS	
Capital assets, net	
Non- depreciable	543,269
Depreciable, net	2,147,819
Right to use assets, net	86,847
Right to use assets, net - SBITA	<u>67,365</u>
Total non-current assets	<u>2,845,300</u>
Total assets	<u>\$ 10,364,247</u>
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	\$ 574,390
Accrued payroll liabilities	43,392
Unearned revenue	1,833,860
Lease obligations - due within one year	35,488
SBITA obligations - due within one year	16,208
Compensated absences - due within one year	<u>90,207</u>
Total current liabilities	2,593,545
NON- CURRENT LIABILITIES	
Lease obligation - due in more than one year	23,960
SBITA obligations - due in more than one year	55,434
Compensated absences - due in more than one year	<u>270,619</u>
Total non- current liabilities	<u>350,013</u>
Total liabilities	2,943,558
Net investment in capital assets	3,257,479
Unrestricted	<u>4,163,210</u>
Total net position liabilities	<u>7,420,689</u>
Total net position, liabilities and deferred inflows	<u>\$ 10,364,247</u>

See independent auditors' report and accompanying notes

CONCHO VALLEY CENTER FOR HUMAN ADVANCEMENT
dba MHMR SERVICES FOR THE CONCHO VALLEY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2024

Functions / Programs	Expenses			Program Revenues			Net (Expense) Revenue & Change in Net Position
	Expenses	Administration Allocation	Expenses After Allocation of Administration	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities :							
Mental health adult	\$ 6,359,634	\$ 1,078,962	\$ 7,438,596	\$ 1,266,564	\$ 7,397,012	\$ -	\$ 1,224,980
Mental health child and adolescents	1,196,154	202,937	1,399,091	-	521,225	-	(877,866)
Intellectual and developmental disabilities	4,332,907	735,112	5,068,019	2,998,112	1,110,298	-	(959,609)
1115 wavier projects	1,264,406	214,516	1,478,922	1,264,406	-	-	(214,516)
Administration	2,231,527	(2,231,527)	-	-	-	-	-
Interest expense	9,363	-	9,363	-	-	-	(9,363)
Total Governmental Activities	<u>15,393,991</u>	<u>-</u>	<u>15,393,991</u>	<u>5,529,082</u>	<u>9,028,535</u>	<u>-</u>	<u>(836,374)</u>
General Revenue							
City and county support							383,814
Investment earnings							197,619
Other revenue							<u>101,631</u>
Total General Revenues							<u>683,064</u>
Change in Net Position							(153,310)
Net position, beginning							7,438,910
Restatement							<u>135,089</u>
Net Position, Ending as Restated							<u>\$ 7,420,689</u>

See independent auditors' report and accompanying notes

CONCHO VALLEY CENTER FOR HUMAN ADVANCEMENT
dba MHMR SERVICES FOR THE CONCHO VALLEY
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2024

	<u>General Fund</u>	<u>Total Governmental Funds</u>
ASSETS		
Cash and cash equivalents	\$ 1,480,614	\$ 1,480,614
Investment	4,982,375	4,982,375
Accounts receivable, net	92,504	92,504
Due from other governments	845,750	845,750
Prepaid Items	<u>117,704</u>	<u>117,704</u>
Total assets	<u>\$ 7,518,947</u>	<u>\$ 7,518,947</u>
LIABILITIES		
Liabilities		
Accounts payable	\$ 574,390	\$ 574,390
Accrued payroll liabilities	43,392	43,392
Unearned revenue	<u>1,833,860</u>	<u>1,833,860</u>
Total liabilities	2,451,642	2,451,642
DEFERRED INFLOWS OF RESOURCES		
Unearned revenue - MAC	<u>77,000</u>	<u>77,000</u>
Total deferred inflows of resources	77,000	77,000
FUND BALANCES		
Nonspendable:		
Prepaid items and advances	117,704	117,704
Unassigned	<u>4,872,601</u>	<u>4,872,601</u>
Total fund balances	<u>4,990,305</u>	<u>4,990,305</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 7,518,947</u>	<u>\$ 7,518,947</u>

See independent auditors' report and accompanying notes

CONCHO VALLEY CENTER FOR HUMAN ADVANCEMENT
DBA MHMR SERVICES FOR THE CONCHO VALLEY
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
GOVERNMENT FUNDS
AUGUST 31, 2024

Total fund balances- total governmental funds	\$ 4,990,305
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Amounts reported for governmental activities in the statement of net position are different because:

Certain long-term receivables are not available to pay current period expenditures and therefore are reported as deferred inflows of resources in governmental funds.	77,000
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Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.	2,845,300
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Long-term liabilities related to lease obligations are not recorded in the funds.	(131,090)
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Accrued liabilities for compensated absences are not due and payable in the current period and therefore have not been included in the fund financial statements.	<u>(360,826)</u>
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Total net position of governmental activities	<u>\$ 7,420,689</u>
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See independent auditors' report and accompanying notes

CONCHO VALLEY CENTER FOR HUMAN ADVANCEMENT
dba MHMR SERVICES FOR THE CONCHO VALLEY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2024

	<u>General Fund</u>	<u>Total Governmental Funds</u>
REVENUES		
Local funds	\$ 5,605,853	\$ 5,605,853
State programs	8,285,936	8,285,936
Federal programs	1,151,275	1,151,275
Investment earnings	<u>197,619</u>	<u>197,619</u>
Total revenues	15,240,683	15,240,683
EXPENDITURES		
Current		
Mental health adult	6,290,933	6,290,933
Mental health child and adolescent	1,151,320	1,151,320
Intellectual and developmental disabilities	4,293,170	4,293,170
1115 waiver program	1,264,406	1,264,406
Administration	2,078,600	2,078,600
Capital outlay	543,756	543,756
Debt service principal	62,843	62,843
Debt service interest	<u>9,363</u>	<u>9,363</u>
Total expenditures	15,694,391	15,694,391
Excess (deficiency) of revenues over (under) expenditures	<u>(453,708)</u>	<u>(453,708)</u>
Net change in fund balances	(453,708)	(453,708)
Fund balances- beginning of year before restatement	5,308,924	5,308,924
Restatement	<u>135,089</u>	<u>135,089</u>
Fund balances- beginning of year after restatement	<u>5,444,013</u>	<u>5,444,013</u>
Fund balances- end of year as restated	<u>\$ 4,990,305</u>	<u>\$ 4,990,305</u>

See independent auditors' report and accompanying notes

CONCHO VALLEY CENTER FOR HUMAN ADVANCEMENT
dba MHMR SERVICES FOR THE CONCHO VALLEY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
GOVERNMENT FUNDS
AUGUST 31, 2023

Net change in fund balances- total governmental funds \$ (453,708)

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated and depreciated over their useful lives and reported as depreciation expenses. This is the amount by which capital outlay \$543,756 is less than depreciation and amortization expense \$(291,800). 251,956

The issuance of long-term liabilities for lease obligations provides current resources in government funds but are recorded as a liability in the statement of net assets. Payments on long-term liabilities are recorded as expenditures in governmental funds but reduce the related liability in the statement of net assets. The change in net assets is different by the liabilities issued \$0 and the principal paid for the year \$62,843. 62,843

The change in liabilities for compensated absences is not shown in the fund financial statements. The effect of the current year increase is to decrease net position. (14,401)

Change in net position of governmental activities \$ (153,310)

See independent auditors' report and accompanying notes

CONCHO VALLEY CENTER FOR HUMAN ADVANCEMENT
dba MHMR SERVICES FOR THE CONCHO VALLEY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
GENERAL (OPERATING) FUND
FOR THE YEAR ENDED AUGUST 31, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
LOCAL REVENUES				
City and County Governments	\$ 460,565	\$ 383,812	\$ 383,814	\$ 2
Patient fees	35,280	35,280	50,190	14,910
Contract Income	227,674	181,219	155,844	(25,375)
Sale of Merchandise	8,501	8,501	5,248	(3,253)
Rental Income	97,475	97,475	96,385	(1,090)
Donations	198,354	198,354	257,050	58,696
Miscellaneous MH/EHR	26,363	26,363	39,781	13,418
Miscellaneous MR	408,691	199,918	87,578	(112,340)
Medicare MH	24,391	24,391	40,495	16,104
Medicaid MH Rehab	46,173	46,173	24,353	(21,820)
Medicaid MH Case Management	6,895	6,895	6,895	-
Medicaid MR Case Management	928,187	922,787	928,187	5,400
HCS Medicaid	1,921,907	1,921,907	1,982,347	60,440
Medicaid MH Regular	351,644	351,644	351,644	-
1115 Waiver Program	866,328	1,264,406	1,264,406	-
Total Local Revenues	5,608,428	5,669,125	5,674,217	5,092
STATE PROGRAM REVENUES				
General Revenue - Mental Health Adult	3,541,720	4,712,048	4,312,294	(399,754)
Child and Adolescent Mental Health	419,271	419,271	419,266	(5)
Psychiatric Emergency Service Centers	1,553,828	1,553,828	1,375,702	(178,126)
Community Mental Health Grant Program	600,000	600,000	600,000	-
General Revenue - IDD	448,820	448,820	608,860	160,040
CLOIP	171,516	171,516	171,519	3
Vocational Apprenticeship Program	160,410	160,410	160,410	-
Texas Veterans Commission	276,000	276,000	256,313	(19,687)
TCOOMMI	358,459	358,459	386,555	28,096
ESC Revenue	109,877	109,877	109,877	-
Total State Program Revenues	7,639,901	8,810,229	8,400,796	(409,433)
FEDERAL PROGRAM REVENUES				
Mental Health Block Grant	147,636	147,636	147,647	11
Money Follows the Person - ECC	59,631	59,631	59,631	-
Temporary Assistance for Needy Families	66,327	66,327	66,323	(4)
Social Services Block Grant	35,637	35,637	35,637	-
Substance Abuse Disorder	-	-	6,665	6,665
SAMHSA Programs	78,828	78,828	87,266	8,438
Coronavirus State and Local Recovery Funds	226,657	226,657	226,657	-
Medicaid Administrative Claiming	306,000	306,000	270,000	(36,000)
Home Investment Partnership Program	93,000	93,000	68,225	(24,775)
Total Federal Program Revenues	1,013,716	1,013,716	968,051	(45,665)
Investment Earnings	120,000	184,308	197,619	13,311
Total Revenues	14,382,045	15,677,378	15,240,683	(436,695)

See independent auditors' report and accompanying notes

CONCHO VALLEY CENTER FOR HUMAN ADVANCEMENT
dba MHMR SERVICES FOR THE CONCHO VALLEY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
GENERAL (OPERATING) FUND
FOR THE YEAR ENDED AUGUST 31, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Expenditures				
Current				
Salaries	6,804,973	7,138,234	7,018,523	119,711
Fringe Benefits	2,004,722	2,066,868	1,796,414	270,454
Travel	78,436	81,298	90,347	(9,049)
Staff Development	93,392	93,392	82,374	11,018
Consumable Supplies	230,387	329,740	206,035	123,705
Drugs and Medications	85,514	85,514	94,342	(8,828)
Contract and Consulting - Clinical	3,190,744	3,745,040	3,437,217	307,823
Contract and Consulting - Non-Clinical	211,386	211,386	214,692	(3,306)
Building Repair	329,442	329,442	147,658	181,784
Utilities	170,976	170,976	191,948	(20,972)
Telephone	118,480	118,480	113,866	4,614
Equipment Purchases	15,282	61,282	20,997	40,285
Equipment/Furniture Repair and Maintenance	8,848	8,848	14,024	(5,176)
Vehicle Operating Costs	57,226	57,226	38,542	18,684
Vehicle lease expense	59,307	59,307	45,779	13,528
Computer Service/Maintenance	420,200	502,570	519,822	(17,252)
Audit	48,185	48,185	63,985	(15,800)
Insurance	139,652	139,652	139,180	472
Other Expenses	201,753	329,743	168,804	160,939
Client Support Costs	466,735	497,079	559,698	(62,619)
Building Leases	108,096	108,096	91,061	17,035
Bad Debts Expense	-	-	23,121	(23,121)
Debt Service - Principal	-	-	62,843	(62,843)
Debt Service - Interest	-	-	9,363	(9,363)
Capital Outlay	-	-	543,756	(543,756)
Total Expenditures	<u>14,843,736</u>	<u>16,182,358</u>	<u>15,694,391</u>	<u>487,967</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(461,691)</u>	<u>(504,980)</u>	<u>(453,708)</u>	<u>51,272</u>
Net Change in Fund Balance	(461,691)	(504,980)	(453,708)	51,272
Fund balance, beginning of year prior to restatement	5,308,924	5,308,924	5,308,924	
Restatement	<u>135,089</u>	<u>135,089</u>	<u>135,089</u>	
Fund balance, beginning of year after restatement	<u>5,444,013</u>	<u>5,444,013</u>	<u>5,444,013</u>	
Fund balance, end of year	<u>\$ 4,982,322</u>	<u>\$ 4,939,033</u>	<u>\$ 4,990,305</u>	

See independent auditors' report and accompanying notes

CONCHO VALLEY CENTER FOR HUMAN ADVANCEMENT
dba MHMR SERVICES FOR THE CONCHO VALLEY
STATEMENT OF FIDUCIARY NET POSITION
YEAR ENDED AUGUST 31, 2024

	Client Custodial Fund
ASSETS	
Cash	\$ <u>33,025</u>
Total Assets	<u>33,025</u>
LIABILITIES	
Total Liabilities	<u>-</u>
NET POSITION	
Restricted for:	
Individual consumers	<u>33,025</u>
Total Net Position	\$ <u>33,025</u>

See independent auditors' report and accompanying notes

CONCHO VALLEY CENTER FOR HUMAN ADVANCEMENT
dba MHMR SERVICES FOR THE CONCHO VALLEY
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED AUGUST 31, 2024

	Client Custodial Fund
ADDITIONS	
Cash collections on behalf of customers	\$ 352,566
Total Additions	<u>352,566</u>
DEDUCTIONS	
Payments on behalf of customers	353,963
Bank Fees	<u>1,641</u>
Total deductions	<u>355,604</u>
Net increase (decrease) in fiduciary net position	(3,038)
Net position - beginning	<u>36,062</u>
Net position - ending	<u>\$ 33,025</u>

See independent auditors' report and accompanying notes

CONCHO VALLEY CENTER FOR HUMAN ADVANCEMENT
dba MHMR SERVICES FOR THE CONCHO VALLEY
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024

NOTE 1. Reporting Entity

The Concho Valley Center for Human Advancement dba MHMR Services for the Concho Valley (the Center) is a public entity established under the Texas Mental Health and Mental Retardation Act of 1965 and organized under Chapter 534, Title 7 of the Texas Health and Safety Code. This act provided for the creation of local boards of trustees, appointed by the County Commissioner's Court, to develop and implement community-based mental health and intellectual and developmental disability services to Tom Green County and nearby contracting counties. The Center is governed by an independent board; has the authority to make decisions; appoint administrators and managers, significantly influence operations; and has the primary financial accountability for fiscal matters. The Center is not included in any other governmental reporting entity as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards.

In determining the financial reporting entity, the Center is required to include all component units, legally separate entities for which the Center appoints a voting majority of the entity's board, and the Center is either able to impose its will on the entity, or a financial benefit or burden relationship exist. There are no component units for which the Center is financially accountable.

NOTE 2. Government-Wide and Fund Financial Statements

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

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees and other charges to users of the Center's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. Contributions from local governments and other revenue sources not properly included with program revenues are reported as general revenues.

CONCHO VALLEY CENTER FOR HUMAN ADVANCEMENT
dba MHMR SERVICES FOR THE CONCHO VALLEY
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024

NOTE 2. Government-Wide and Fund Financial Statement (Continued)

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

NOTE 3. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured, such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the accrual basis of accounting, as are the proprietary and custodial fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Charges for services are recognized in the year for which they are provided while grants are recognized as revenue as soon as all eligibility requirements imposed by the grantor 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 when 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. The Center considers revenues to be available if they are collected within 120 days of the end of the fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term obligations for notes payable, lease obligations and SBITA obligations are reported as other financing sources.

CONCHO VALLEY CENTER FOR HUMAN ADVANCEMENT
dba MHMR SERVICES FOR THE CONCHO VALLEY
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024

NOTE 3. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Major revenues susceptible to accrual include billings on reimbursable type grants and awards where revenues are recognized when services are rendered or when reimbursable expenditures are incurred. Client fees are recorded at net realizable amounts. Unearned program revenues arise when resources are received before there is a legal claim to them, such as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods when there is a legal claim to the resources, the liability for unearned program revenue is removed from the balance sheet and revenue is recognized. When both restricted and unrestricted assets are available for use, it is the Center's policy to use restricted resources first, then unrestricted resources, as needed.

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

The Center reports the following major governmental fund:

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

Additionally, the Center reports the following fund types:

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

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

NOTE 4. Assets, Liabilities, and Net Position or Equity

Cash and Cash Equivalents

The Center considers cash on hand, demand deposits and short term investments with original maturities of three months or less from date of acquisition to be cash equivalents.

CONCHO VALLEY CENTER FOR HUMAN ADVANCEMENT
dba MHMR SERVICES FOR THE CONCHO VALLEY
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024

NOTE 4. Assets, Liabilities, and Net Position or Equity (Continued)

Investments

Investments are reported at fair value. For investments in public funds investment pools, the reported value of the pool is the same as the fair value of the pool shares.

Patient Receivables

Accounts receivable from patients and insurance companies for services rendered and 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 payment experience. The allowance for uncollectible accounts in the General Fund as of August 31, 2024, is \$50,473 at year-end. Accounts receivable from cost reimbursement contracts are determined to be 100% collectible based on past collection history from various granting agencies.

Prepaid Items and Advances for Intergovernmental Transfers

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items or advances in both government-wide and governmental fund financial statements.

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the Center as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value. Capital assets also include intangible right-of-use intangible leased assets and intangible 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. Estimated useful lives used for depreciable and amortizable assets are as follows:

Building and improvements	10 - 40 years
Vehicles	5 years
Equipment	5 years
Right-of-use leased assets	Lease Term
Right-of-use SBITA assets	Shorter of contract or useful life

CONCHO VALLEY CENTER FOR HUMAN ADVANCEMENT
dba MHMR SERVICES FOR THE CONCHO VALLEY
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024

NOTE 4. Assets, Liabilities, and Net Position or Equity (Continued)

GASB 87 Leases

The Center recognizes a right-to-use lease asset - an intangible asset - and a corresponding lease obligation at the commencement of the lease term when the leased asset is placed into service. The lease obligation is initially measured at the present value of lease payments expected to be made during the lease term. Future lease payments are discounted using the estimated incremental borrowing rate for the Center. The Center recognizes amortization of the principal payment on the lease liability as an outflow of resources.

Compensated Absences

The Center provides compensated absence benefits to its employees. Up to 480 hours of compensated absences can be rolled from year to year by employees of the Center, depending on the length of service. Compensated absences are vested and, upon termination, paid at the current salary.

Compensated absences are reported as accrued in the government-wide financial statements. Governmental funds accrue only the compensated absences expected to be paid with available resources at year-end. The Center's liability for accrued compensated absences was \$360,826 at August 31, 2024.

Deferred Inflows of Resources

In addition to assets and liabilities, the governmental funds balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and so will *not* be recognized as an inflow of resources (revenue) in the governmental funds until that time.

CONCHO VALLEY CENTER FOR HUMAN ADVANCEMENT
dba MHMR SERVICES FOR THE CONCHO VALLEY
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024

NOTE 4. Assets, Liabilities, and Net Position or Equity (Continued)

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, 2024 are nonspendable in form. The Center has not reported any amounts that are legally or contractually required to be maintained intact.
- Restricted – amounts that can be spent only for specific purposes because of constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments.
- Committed – amounts that can be used only for the specific purposes as established by the Board's resolution. 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 amounts constrained for a specific purpose by a governing board or by an official that has been delegated authority to assign amounts.
- Unassigned – includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund.

Minimum fund balance policy - The Board of Trustees directs that fiscal policies should achieve and maintain a two month operating reserve and accrued leave balances.

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

Tax-Exempt Status

The Internal Revenue Service has issued a determination letter dated February 1, 2001, 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.

CONCHO VALLEY CENTER FOR HUMAN ADVANCEMENT
dba MHMR SERVICES FOR THE CONCHO VALLEY
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024

NOTE 4. Assets, Liabilities, and Net Position or Equity (Continued)

Long-term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums or discounts, as well as bond issuance costs, during the current period. Long-term obligations issued for debt, lease obligations, and SBITA obligations are reported as other financing sources and principal payments are reported as expenses. Premium received on debt issuances are reported as other financing sources. Issuance costs are reported as expenditures.

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.

Adoption of GASB 96

Effective September 1, 2022, the Center adopted the provisions of GASB Statement No. 96 *Subscription-Based Information Technology Arrangements* (SBITA). An SBITA is defined as a contract that conveys control of the right to use another party's (an 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 exchange or exchange-like transaction.

Under this Statement, the Center recognizes a right-to-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 incremental rate of borrowing specified in the agreement. If the interest rate is not specified, the Center uses the estimated yield rates on debt issued by the Center. The Center recognizes amortization of the principal payment on the subscription liability as an outflow of resources.

CONCHO VALLEY CENTER FOR HUMAN ADVANCEMENT
dba MHMR SERVICES FOR THE CONCHO VALLEY
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024

NOTE 5. Stewardship, Compliance, and Accountability

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

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 resubmitted to HHSC. The final budget is approved by HHSC, generally before the beginning of the new fiscal year.

Budgetary control is maintained at the program level. The Center may transfer existing surpluses between budget categories during the year and increase or decrease the budget according to budgeting and expenditure guidelines of the Texas Health and Human Services Commission for Community Mental Health and Mental Retardation Centers. The Board must approve changes in the total appropriations. Expenditures may not exceed appropriations at the fund level.

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

NOTE 6. Deposits and Investments

Custodial Credit Risk - Deposits

The Center's cash deposits were fully secured at August 31, 2024 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.

CONCHO VALLEY CENTER FOR HUMAN ADVANCEMENT
dba MHMR SERVICES FOR THE CONCHO VALLEY
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024

NOTE 6. Deposits and Investments (Continued)

Investments

The Center's investment policies and types of investments are governed by the Public Funds Investment Act (PFIA). These policies authorize the Center to invest in 1) obligations of the U.S. or its agencies and instrumentalities; 2) obligations of the State of Texas or its agencies; 3) other obligations guaranteed by the U.S. or the State of Texas or their agencies and instrumentalities; 4) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than "A" or its equivalent; 5) guaranteed or secured certificates of deposit issued by state or national banks domiciled in Texas, savings banks domiciled in Texas, or state or federal credit unions domiciled in Texas; 6) fully collateralized repurchase agreements; and 7) other securities as described in the PFIA.

As of August 31, 2024, the Center has the following investments:

<u>Type of Investments</u>	<u>Carrying Amount</u>	<u>Fair Value/ Amortized Cost</u>	<u>Credit Rating</u>	<u>Maturities Less Than One Year</u>
Texas CLASS	\$ 2,828,581	\$ 2,828,581	AAAm	40 days
TexPool Prime	1,576,728	1,576,728	AAAm	32 days
Investment Pool (TexPool)	<u>577,066</u>	<u>577,066</u>	AAAm	24 days
Total Investments	\$ <u>4,982,375</u>	\$ <u>4,982,375</u>		

Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. The Center's investment policy does not address interest rate risk.

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.

CONCHO VALLEY CENTER FOR HUMAN ADVANCEMENT
dba MHMR SERVICES FOR THE CONCHO VALLEY
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024

NOTE 6. Deposits and Investments (Continued)

Concentration of Credit Risk

This is the risk that of loss attributed to the magnitude of the Center's investment in a single issuer. The Center's investment policy does not limit investments in any one issuer, except as limited by the Act. At year end, the Center's exposure to concentration of credit risk is shown in the table above as the percentage of each investment type.

Texas Cooperative Liquid Assets Securities System (Texas CLASS) was created as an investment pool for its participants pursuant to section 2256.016 of the Public Funds Investment Act (PFIA), Texas Government Code. The portfolio of Texas CLASS consists solely of securities permitted by the PFIA. Investments must also be permitted by Rule 2a-7, even though Rule 2a-7 is not applicable to the Trust. The Texas CLASS Trust Agreement provides for supervision by a Board of Trustees elected by the Participants in the investment pool. The Board of Trustees has engaged in the services of Public Trust Advisors, LLC as a program administrator providing the Board with investment advice and Wells Fargo Bank, Texas, NA as a custodian for the investments. The reported value of the pool is the same as the fair value of the pool shares.

Under the TexPool Participation Agreement, administrative and investment services to TexPool are provided by Federated Investors, Inc. through an agreement with the State of Texas Comptroller of Public Accounts. The State Comptroller is the sole officer, director, and shareholder of the Texas Treasury Safekeeping Trust Company authorized to operate TexPool. TexPool is subject to annual review by an independent auditor consistent with the Public Funds Investment Act. Audited financial statements of the Pool are available at First Public, 12008 Research Blvd., Austin, Texas 78759. In addition, TexPool is subject to review by the State Auditor's Office and by the Internal Auditor of the Comptroller's Office.

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, and Level 3 inputs are significant unobservable inputs. At year end, the Center did not have any investments subject to the fair value hierarchy.

CONCHO VALLEY CENTER FOR HUMAN ADVANCEMENT
dba MHMR SERVICES FOR THE CONCHO VALLEY
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024

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, 2024, are as follows:

Medicaid Administrative Claiming	\$ 237,342
HCS Services and Texas Home Living Waiver	212,115
Texas Home Living	103,269
Vocational Assistance Program	38,059
Methodist Healthcare Grant	3,864
San Angelo Housing Support	4,193
Home Grant	6,778
TCOOMMI	61,487
Mental Health Assessment Training	18,097
Jail Based Competency Restoration	22,736
Juvenile Detention Center	935
O/P Capacity Expansion	19,933
HHSC Mental Health Contract	55,170
House Bill 13 Program	26,254
Mental Health First Aid	17,300
Enhanced Community Coordination	9,923
MCOT	<u>8,295</u>
Total Accounts Receivable	<u>\$ 845,750</u>

CONCHO VALLEY CENTER FOR HUMAN ADVANCEMENT
dba MHMR SERVICES FOR THE CONCHO VALLEY
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024

NOTE 8. Capital Assets

Capital asset activity is recorded in the government-wide financial statements. A summary of changes in capital asset balances for the year ended August 31, 2024, is as follows:

Governmental Activities	Balance September 1, 2023	Additions	Retirement/ Transfers	Balance August 31, 2024
Nondepreciable assets:				
Land	\$ 543,269	\$ -	\$ -	\$ 543,269
Total nondepreciable assets	543,269	-	-	543,269
Depreciable assets:				
Buildings	3,260,540	-	-	3,260,540
Building Improvements	821,715	373,641	-	1,195,356
Vehicles	266,016	-	-	266,016
Furniture & Equipment	1,474,400	170,115	-	1,644,515
ROU - Leased Equipment	99,088	-	-	99,088
ROU - Leased Transportation Equip	138,281	-	-	138,281
ROU - SBITA Asset*	<u>103,385</u>	<u>-</u>	<u>-</u>	<u>103,385</u>
Total depreciable assets	6,163,425	543,756	-	6,707,181
Less accumulated depreciation/amortization				
Buildings	2,302,955	56,332	-	2,359,287
Building Improvements	324,273	45,184	28,977	398,434
Vehicles	277,253	4,629	(28,977)	252,905
Furniture & Equipment	1,062,049	145,933	-	1,207,982
ROU - Leased Equipment	38,662	12,085	-	50,747
ROU - Leased Transportation Equi.	90,148	9,627	-	99,775
ROU - SBITA Asset*	<u>18,010</u>	<u>18,010</u>	<u>-</u>	<u>36,020</u>
Total accumulated depreciation/amortization	<u>4,113,350</u>	<u>291,800</u>	<u>-</u>	<u>4,405,150</u>
Total Capital Assets	<u>\$ 2,593,344</u>	<u>\$ 251,956</u>	<u>\$ -</u>	<u>\$ 2,845,300</u>

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

Gross amount of right- of- use leased assets are \$237,369 less amortization of \$150,522; net book value of \$86,847.

Gross amounts of right- of use SBITA assets above are \$103,385 less amortization of \$36,020; net book value of \$67,365.

CONCHO VALLEY CENTER FOR HUMAN ADVANCEMENT
dba MHMR SERVICES FOR THE CONCHO VALLEY
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024

NOTE 8. Capital Assets (Continued)

In the government-wide financial statements, depreciation and amortization expense of \$291,800 was charged to the Center's programs as follows:

Governmental Activities	Depreciation	Amortization	Total
Adult Mental Health	\$ 47,298	\$ 7,002	\$ 54,300
Child Mental Health	42,294	2,540	44,834
Intellectual & Developmental Disabilities	26,343	13,395	39,738
Administration	<u>136,143</u>	<u>16,785</u>	<u>152,928</u>
Total Depreciation Expense	<u>\$ 252,078</u>	<u>\$ 39,722</u>	<u>\$ 291,800</u>

NOTE 9. Long-Term Obligations

Direct Borrowing

The Center has entered into lease agreements for equipment with total combined monthly payments ranging from \$82 to \$2,178 over the next four fiscal years, with an estimated incremental borrowing rates of 4%. Terms of existing agreements expire over various dates over the next four fiscal years.

The Center has entered into lease agreements for vehicles with total combined monthly payments ranging from \$547 to \$2,218 over the next three fiscal years, with an estimated incremental borrowing rate of 4%. Terms of existing agreements expire on various dates over the next five fiscal years.

The Center has entered into subscription-based information technology agreements (SBITA) with total combined annual payments ranging from \$18,010 per year in fiscal year 2024 to \$21,010 per year ending in fiscal year 2028. SBITA obligations are recorded at the present value of the remaining lease payments using an estimated incremental borrowing rate of 6.50%. Terms of existing agreements expire in various dates over the next five fiscal years. SBITA payments are reflected as principal and interest payments in the financial statements.

Interest expense recorded in governmental activities for the years was \$9,363 for all lease obligations. This is reflected as a separate line item in the financial statements. No interest has been capitalized in the financial statements.

CONCHO VALLEY CENTER FOR HUMAN ADVANCEMENT
dba MHMR SERVICES FOR THE CONCHO VALLEY
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024

NOTE 9. Long-Term Obligations (Continued)

A summary of changes in long-term obligations for the year ended August 31, 2024, is as follows:

	Balance September 1, 2023	Additions	Retirements	Balance August 31, 2024	Due within One Year
Governmental Activities					
Direct Borrowing:					
Lease obligations	\$ 108,559	\$ -	\$ 49,111	\$ 59,448	\$ 35,488
SBITA obligations	85,374	-	13,732	71,642	16,208
Other Liabilities:					
Compensated absences	<u>346,425</u>	<u>14,401</u>	<u>-</u>	<u>360,826</u>	<u>90,207</u>
Total long-term debt	<u>\$ 540,358</u>	<u>\$ 14,401</u>	<u>\$ 62,843</u>	<u>\$ 491,916</u>	<u>\$ 141,903</u>

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

Future debt service requirements for the lease obligations are as follows:

Year Ending August 31	Lease Obligations		Total
	Principal	Interest	Requirements
2025	\$ 35,488	\$ 1,904	\$ 37,392
2026	20,215	612	20,827
2027	2,779	162	2,941
2028	<u>966</u>	<u>13</u>	<u>979</u>
Total	<u>\$ 59,448</u>	<u>\$ 2,691</u>	<u>\$ 62,139</u>

Future debt service requirements for the SBITA obligations are as follows:

Year Ending August 31	SBITA Obligations		Total
	Principal	Interest	Requirements
2025	\$ 16,208	\$ 4,798	\$ 21,006
2026	17,294	3,713	21,007
2027	18,452	2,554	21,006
2028	<u>19,688</u>	<u>1,319</u>	<u>21,007</u>
Total	<u>\$ 71,642</u>	<u>\$ 12,384</u>	<u>\$ 84,026</u>

CONCHO VALLEY CENTER FOR HUMAN ADVANCEMENT
dba MHMR SERVICES FOR THE CONCHO VALLEY
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024

NOTE 10. Pension Plan

The Center has a single-employer money-purchase defined contribution pension plan (the Plan) administered by the ISC Group, Inc. covering all full-time employees who have completed one-half year of service, are on the payroll as of September 1, and have attained the age of 21. Under the Plan, the Center is required to contribute an amount equal to 4% of the employee's base salary each month. Plan administration costs are paid by the Center.

The name of the Plan is the MHMR Services for the Concho Valley Retirement Plan. The plan provisions were adopted by the Center within the options available in the adoption agreement. A member is 100% vested after 6 years. The Center made the required 4% contribution which amounted to \$226,333 less employee forfeitures of \$14,606 for a net cost of \$211,727. All amounts due to the pension plan were paid prior to year-end.

NOTE 11. Deferred Compensation Plans

The Center offers its employees deferred compensation plans (the "Plan") consistent with Internal Revenue Code Sections 457. The plan is available to all of the Center's full-time employees and permits them to defer a portion of their salary until future years. Participation in the plan is optional. The compensation deferred is not available to the employees until termination, retirement, death, or if unforeseen emergencies arise. Employees made contributions of \$32,925 during the year ended August 31, 2024.

NOTE 12. Risk Management

The Center is exposed to various risks of loss related to general liability, torts, theft of, damage to and destruction of assets, errors and omissions, injuries to employees, doctors' malpractice and natural disasters. The Center's workers compensation, property, liability and automobile physical damage losses are covered under a partially self-funded insurance pool managed by the Texas Council Risk Management Fund (TCRMF). Under these policies, the Center could be assessed for additional premiums if losses exceed specified amounts. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding the maximum amounts to be paid by the pool in any of the past three fiscal years.

NOTE 13. Concentrations of Credit Risk

A substantial portion of the Center's revenues are in the form of performance contracts with the Texas Health and Human Services Commission (State). As a result, the Center's overall exposure to credit risk is contingent upon future funding by the State. These performance contracts have been continued through August 31, 2024.

CONCHO VALLEY CENTER FOR HUMAN ADVANCEMENT
dba MHMR SERVICES FOR THE CONCHO VALLEY
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024

NOTE 14. Commitments and Contingencies

The Center currently has a month-to-month lease agreement with Shannon Medical Center at a rate of \$7,835 per month. This lease does not meet the criteria outlined in GASB 87 due to its cancelable nature by either party. However, management has entered into a new lease agreement, effective for fiscal year 2025, which will be evaluated for compliance with GASB 87 in the upcoming year.

The Center participates 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.

Note 15. Related Parties

The Center is a sponsor for a HUD housing project, San Angelo Housing Support, Inc. (SAHS). In addition, the Center performs administrative duties by providing accounting and bill paying services for this project. Following is a summary of this activity:

San Angelo Housing Support, Inc. (SAHS)

Amount included in receivables at August 31, 2024: \$4,193

During the year, the Center paid expenses related to SAHS in the amount of \$50,769 to SAHS.

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 consumer received prescription medications through this program valued at \$861,472 during the year ended August 31, 2024.

CONCHO VALLEY CENTER FOR HUMAN ADVANCEMENT
dba MHMR SERVICES FOR THE CONCHO VALLEY
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024

Note 17. Cost Report Reconciliation - Charity Care Program (CCP)

Community Centers participate 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 the 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 2024 was \$1,264,406.

Note 18. Restatement

As a result of the audit of the Center's financial statements for the year ended August 31, 2024, it was determined that a prior audit entry related to accrued payroll liabilities was posted in error and should have been removed. This error resulted in an overstatement of accrued payroll liabilities in the current year. To correct this, a restatement to the fund balance has been made in the amount of \$135,089. This adjustment was necessary to properly reflect the corrected balance in accrued payroll liabilities as of August 31, 2024.

The restatement is reflected in the revised fund balance as follows:

Fund	Previously Reported Fund Balance	Restatement Adjustment	Restated Fund Balance
General Fund	\$ 5,308,924	\$ 135,089	\$ 5,444,013

The adjustment ensures that the financial statements present an accurate representation of the Center's financial position as of August 31, 2024.

SUPPLEMENTARY INFORMATION

CONCHO VALLEY CENTER FOR HUMAN ADVANCEMENT
dba MHMR SERVICES FOR THE CONCHO VALLEY
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED AUGUST 31, 2024

Federal Grantor/Pass-Through Grantor/Program Title	Federal ALN/CFDA Number	Pass-through Entity Identifying Number	Total Expenditures
FEDERAL AWARDS			
U.S. Department of Health and Human Services			
Direct awards:			
Substance Abuse and Mental Health Service Projects of Regional and National Significance	93.243	Direct Award	\$ <u>87,266</u>
Total Direct Awards			87,266
U.S. Department of Health and Human Services			
Passed through the Texas Health and Human Services Commission (HHSC):			
Temporary Assistance for Needy Families (TANF)	93.558	HHS001324500025	66,322
Social Services Block Grant	93.667	HHS001324500025	35,637
Habilitation Coordination - Medical Assistance Program	93.778	HHS000997400001	4,431
Medicaid Administrative Claiming - Medical Assistance Program	93.778	HHS000537900032	270,000
Money Follows the Person Rebalancing Demonstration	93.791	HHS000997400001	59,631
Block Grants for Community Mental Health Services	93.958	HHS001324500025	181,229
Block Grants for Community Mental Health Services	93.958	HHS0001335500015	89,198
COVID-19 - Block Grants for Community Mental Health Services (MH/COVID)	93.958	HHS001108400014	226,657
Block Grants for Prevention and Treatment of Substance Abuse	93.958	HHS001040100035	<u>6,665</u>
			939,770
Total U.S Department of Health and Human Services			
U.S. Department of Housing and Urban Development			
Passed through the City of San Angelo, Texas:			
Home Investment Partnerships Program	14.239	N/A	<u>68,225</u>
			68,225
Total U.S Department of Health and Human Services			
U.S. Department of Treasury			
Passed through Tom Green County, Texas:			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	<u>56,014</u>
Total U.S Department of Treasury			<u>56,014</u>
Total Expenditures of Federal Awards			<u>\$ 1,151,275</u>

See accompanying notes to the schedule of expenditures of federal and state awards and
accompanying independent auditors' report

CONCHO VALLEY CENTER FOR HUMAN ADVANCEMENT
dba MHMR SERVICES FOR THE CONCHO VALLEY
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED AUGUST 31, 2024

Federal Grantor/Pass-Through Grantor/Program Title	Pass-through Entity Identifying Number	Total Expenditures
STATE AWARDS		
Texas Health and Human Services Commission (HHSC)		
General Revenue - Mental Health Adult	HHS001324500025	\$ 1,254,188
General Revenue - Mental Health - Psychiatric Emergency Service Centers	HHS001324500025	1,375,702
General Revenue - Mental Health - Education Service Center	HHS001324500025	109,877
General Revenue - Mental Health - Private Psychiatric Beds	HHS001324500025	666,400
General Revenue - Mental Health - Crisis Services	HHS001324500025	1,728,572
General Revenue - Mental Health - Jail Based Competency Restoration	HHS001375500002	125,909
General Revenue - Mental Health - Veterans Service Program	HHS001324500025	70,000
General Revenue - Mental Health - Mental Health Deputy	HHS001324500025	<u>70,000</u>
Total General Revenue - Mental Health Adult		5,400,648
General Revenue - Mental Health - Children	HHS001324500025	419,266
Community Mental Health Grant Program	HHS000477100020	600,000
Mental Health Clubhouse	HHS000063200004	148,237
Mental Health First Aid Grant Program	HHS000158200001	24,250
General Revenue - Intellectual and Developmental Disabilities (IDD)	HHS000997400001	550,602
General Revenue - Crisis Intervention Specialists 2024	HHS000997400001	135,389
General Revenue - Community Living Options Information Procedure	HHS000997400001	171,519
General Revenue - Crisis Respite Services - 2024	HHS000997400001	19,558
General Revenue - Permanency Planning	HHS000997400001	13,189
Employment Apprenticeship Pilot Services	HHS001330200001	<u>160,410</u>
Total General Revenue - IDD		1,050,667
Total HHSC		7,643,068
Texas Veterans Commission (TVC)		
Fund for Veterans' Assistance - General Assistance grant	GT-FVA21-037	<u>256,313</u>
Total TVC		256,313
Total Expenditures of State Awards		\$ 7,899,381

See accompanying notes to the schedule of expenditures of federal and state awards and
accompanying independent auditors' report

CONCHO VALLEY CENTER FOR HUMAN ADVANCEMENT
dba MHMR SERVICES FOR THE CONCHO VALLEY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED AUGUST 31, 2024

NOTE 1: BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal and State Awards (the Schedule) includes the federal and state award activity of Concho Valley Center for Human Advancement dba MHMR Services for the Concho Valley (the Center) under programs of federal and state governments for the year ended August 31, 2024. 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 portion of the operations of the Center, it is not intended to and does not present the financial position, changes in financial position, or cash flows of the Center.

NOTE 2: 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, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in the Schedule may differ for amounts presented in, or used in the preparation of the financial statements.

Expenditures reported under the Medical Assistance Program (Medical Administrative Claiming) 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.

NOTE 3: INDIRECT COST RATE

The Center has elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

CONCHO VALLEY CENTER FOR HUMAN ADVANCEMENT
dba MHMR SERVICES FOR THE CONCHO VALLEY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED AUGUST 31, 2024

NOTE 4: NATURES 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.

NOTE 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 do not include funds received from the Texas Correctional Office on Offenders with Medical or Mental Impairments (TCOOMMI) in the amount of \$386,555. These revenues have been excluded from the Schedule by specific request of the funding agency. These revenues are included in the 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).

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

State expenditures per schedule:	\$ 7,899,381
TCOOMMI program	<u> 386,555</u>
State revenues per basic financial statements	<u>\$ 8,285,936</u>

NOTE 6: STATE AWARD GUIDELINES

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

OTHER INFORMATION (UNAUDITED)

CONCHO VALLEY CENTER FOR HUMAN ADVANCEMENT
dba MHMR SERVICES FOR THE CONCHO VALLEY
SCHEDULE OF REVENUES AND EXPENDITURES BY SOURCE OF FUNDS
GENERAL FUND (UNAUDITED)
YEAR ENDED AUGUST 31, 2024

Fund Source	Total Revenue or Expense	Total Mental Health Adult Expenditures	Total Mental Health Child and Adolescent Expenditures	Total Intellectual & Developmental Disabilities Expenditures	Total Other Services Expenditures	Total Center Expenditures	Excess Revenue over Expenditures
Objects of Expense:							
Personnel	\$ 7,018,523	\$ 2,618,977	\$ 579,787	\$ 2,630,868	\$ 1,188,891	\$ 7,018,523	\$ -
Employee benefits	1,798,070	621,362	172,338	719,234	285,136	1,798,070	-
Contracted direct expenses - external providers	6,087,909	2,629,135	333,289	557,529	131,956	3,651,909	-
Debt service	-	-	-	-	-	-	-
Capital outlay	252,008	373,642	3,208	-	170,115	546,965	-
Pharmaceutical expense	95,916	94,341	-	1,575	-	95,916	-
Pharmaceutical expense - PAP	861,448	861,448	-	-	-	861,448	-
Other operating expense	2,803,175	973,472	85,271	516,713	955,883	2,531,339	-
Total Expenditures	\$ 18,917,049	\$ 8,172,377	\$ 1,173,893	\$ 4,425,919	\$ 2,731,981	\$ 16,504,170	\$ -
Method of Finance:							
General Revenue - Mental Health	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
General Revenue - Mental Retardation	6,452,572	6,452,572	-	-	-	6,452,572	-
Mental Health Block Grant	879,147	-	-	879,147	-	879,147	-
Texas Children's Mental Health	147,647	104,028	43,619	-	-	147,647	-
Title XX - Social Security Block Grant	419,266	-	419,266	-	-	419,266	-
Other state funds	35,637	-	35,637	-	-	35,637	-
PAP	628,074	308,318	-	171,519	148,237	628,074	-
Earned Income	861,448	861,448	-	-	-	861,448	-
	9,493,258	270,460	415,187	3,336,735	2,604,289	6,626,671	(453,708)
Total Expended Sources	\$ 18,917,049	\$ 7,996,826	\$ 913,709	\$ 4,387,401	\$ 2,752,526	\$ 16,050,462	\$ (453,708)

CONCHO VALLEY CENTER FOR HUMAN ADVANCEMENT
dba MHMR SERVICES FOR THE CONCHO VALLEY
RECONCILIATION OF TOTAL REVENUES AND EXPENDITURES TO FOURTH QUARTER FINANCIAL
REPORT (UNAUDITED)
YEAR ENDED AUGUST 31, 2024

	Revenues			Audited Financial Statements
	Care Report III	Additions	Deletions	
LOCAL REVENUES				
City of San Angelo	\$ 80,500	\$ -	\$ -	\$ 80,500
County Support	303,314	-	-	303,314
DSRIP Project Income	1,264,406	-	-	1,264,406
Patient Fees	50,190	-	-	50,190
Contract Income	155,844	-	(56,014) (c)	99,830
Sale of Merchandise	5,248	-	-	5,248
Rental Income	96,385	-	-	96,385
Donations	2,693,050	-	(2,436,000) (b)	257,050
PAP Drugs	861,447	-	(861,447) (a)	-
Miscellaneous MH	296,094	-	(264,232) (c)	31,862
Miscellaneous MR	87,577	-	(4,430) (c)	83,147
Medicare	40,495	-	-	40,495
Medicaid MH Rehab	24,353	-	-	24,353
Medicaid MH Case Management	6,895	-	-	6,895
Medicaid MR Case Management	928,187	-	-	928,187
HCS Medicaid	1,886,888	-	-	1,886,888
Texas Home Living	95,459	-	-	95,459
Medicaid Card Services	351,644	-	-	351,644
Total Local Revenues	9,227,976	-	(3,622,123)	5,605,853
STATE PROGRAM REVENUES				
TCOOMMI	386,555	-	-	386,555
Veterans Grant	70,000	-	-	70,000
MH General Revenue	6,452,572	-	(93,123) (d)	6,359,449
MR General Revenue	879,147	-	-	879,147
CLOIP	171,519	-	-	171,519
Child and adolescent MH	419,266	-	-	419,266
Total State Program Revenues	8,379,059	-	(93,123)	8,285,936
FEDERAL PROGRAM REVENUES				
City of San Angelo HOME Grant	68,225	-	-	68,225
MH Block Grant	147,647	33,582	- (c)	181,229
TANF	66,322	-	(66,322) (d)	-
Title XX Block Grant	35,637	66,322	- (d)	101,959
Medicaid Administrative Claiming	270,000	-	-	270,000
Money Follows the Person	59,631	-	-	59,631
MHAT Revenue	79,347	7,919	-	87,266
SUDS Revenue	6,664	-	-	6,664
CSLFRF	-	56,014 (d)	-	56,014
Habilitation coordination	-	4,432 (d)	-	4,432
MCOT	-	226,657 (d)	-	226,657
MHFA outreach worker	-	89,198 (d)	-	89,198
Total Federal Program Revenues	733,473	484,124	(66,322)	1,151,275
Investment Earnings	197,619	-	-	197,619
Total Revenues	\$ 18,538,127	\$ 484,124	\$ (3,781,568)	\$ 15,240,683

- (a) Free medicine used
(b) In-kind not recorded on financial statements
(c) Audit entries made after final report III
(d) Understated/ overstated on report III

CONCHO VALLEY CENTER FOR HUMAN ADVANCEMENT
dba MHMR SERVICES FOR THE CONCHO VALLEY
RECONCILIATION OF TOTAL REVENUES AND EXPENDITURES TO FOURTH QUARTER FINANCIAL
REPORT (UNAUDITED)
YEAR ENDED AUGUST 31, 2024

Function	Expenditures			Audited Financial Statements
	Care Report III	Additions	Deletions	
Personnel	\$ 7,018,523	\$ -	\$ -	\$ 7,018,523
Employee Benefits	1,798,070	-	(1,656) (e)	1,796,414
Contracted Direct Services- External Providers	6,087,909	-	(2,436,000) (c)	3,651,909
Contracted Direct Services- Internal Providers	-	-	-	-
Training and Travel	172,660	61 (e)	-	172,721
Debt Service	-	72,206 (d)	-	72,206
Capital Outlay	252,008	294,957 (d)	(3,209) (e)	543,756
Pharmaceutical Expense	95,916	-	-	95,916
Pharmaceutical Expense (PAP Only)	861,448	-	(861,448) (a)	-
Other Operating Expense	2,630,515	51,609 (b)	(339,178) (d)	2,342,946
		23,121 (d)		
Total Expenditures	\$ 18,917,049	\$ 441,954	\$ (3,641,491)	\$ 15,694,391

(a) PAP not recorded in the general ledger

(b) Non - allowable costs

(c) In-kind match for CSU days

(d) Audit entries made after final report III

(e) Understated/overstated on report III

CONCHO VALLEY CENTER FOR HUMAN ADVANCEMENT
dba MHMR SERVICES FOR THE CONCHO VALLEY
SCHEDULE OF INDIRECT COSTS (UNAUDITED)
YEAR ENDED AUGUST 31, 2024

	<u>Total Costs</u>	<u>Non- Allowable Costs</u>	<u>Depreciation</u>	<u>Total Adjusted Costs</u>	<u>Direct Costs</u>	<u>Indirect Costs</u>
Personnel	\$ 7,018,523	\$ -	\$ -	\$ 7,018,523	\$ 6,101,429	\$ 917,094
Fringe Benefits	1,798,070	-	-	1,798,070	1,585,047	213,023
Contracted Direct Services						
- External Providers	6,087,909	(2,436,000)	-	3,651,909	3,536,017	115,892
Contracted Direct Services						
- Internall Providers	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-
Capital Outlay	252,008	(252,008)	-	-	-	-
Depreciation	-	-	252,804	252,804	116,393	136,411
Other Operating Expenses	<u>3,760,539</u>	<u>(861,448)</u>	<u>-</u>	<u>2,899,091</u>	<u>1,997,831</u>	<u>901,260</u>
Total Expenditures	<u>\$ 18,917,049</u>	<u>\$ (3,549,456)</u>	<u>\$ 252,804</u>	<u>\$ 15,620,397</u>	<u>\$ 13,336,717</u>	<u>\$ 2,283,680</u>
Indirect Costs						2,283,680
Direct Costs						13,336,717
Indirect Cost Rate						17.12 %

CONCHO VALLEY CENTER FOR HUMAN ADVANCEMENT
dba MHMR SERVICES FOR THE CONCHO VALLEY
SCHEDULE OF LEASES IN EFFECT (UNAUDITED)
YEAR ENDED AUGUST 31, 2024

<u>Lessor</u>	<u>Description/Location</u>	<u>Month/Year of Expiration</u>	<u>Monthly Amount</u>
CTWP Leasing	Kyocera Copier Lease	1/27	\$ 248
CTWP Leasing	Kyocera Copier Lease	5/26	124
CTWP Leasing	Kyocera Copier Lease	5/26	124
CTWP Leasing	Kyocera Copier Lease	5/26	124
CTWP Leasing	Kyocera Copier Lease	5/26	124
CTWP Leasing	Kyocera Copier Lease	5/26	124
CTWP Leasing	Kyocera Copier Lease	5/26	124
CTWP Leasing	Kyocera Copier Lease	5/26	124
CTWP Leasing	Kyocera Copier Lease	5/26	124
CTWP Leasing	Kyocera Copier Lease	5/26	161
CTWP Leasing	Kyocera Copier Lease	5/26	261
CTWP Leasing	Kyocera Copier Lease	10/24	298
CTWP Leasing	Kyocera Copier Lease	8/24	342
Shannon Medical Center	Adult Mental Health Clinic	7/32	7,835
Education Service Center	Region 15	8/24	N/A
Enterprise	Nissan Versa	11/25	303
Enterprise	Nissan Versa	11/25	303
Enterprise	Nissan Versa	9/29	552
Enterprise	Nissan Versa	6/29	425
Enterprise	Nissan Versa	8/29	418
Enterprise	Crysler Pacifica	6/29	162
Enterprise	Nissan Versa	8/24	230
Enterprise	Nissan Versa	8/24	230
Enterprise	Nissan Versa	6/25	317
Enterprise	Nissan Versa	6/25	313
Enterprise	Nissan Versa	11/23	177
Enterprise	Nissan Versa	11/23	177
Enterprise	Dodge Grand Caravan	11/23	332
Enterprise	Dodge Grand Caravan	7/26	532
Enterprise	Nissan Altima	5/23	243
Enterprise	Dodge Grand Caravan	5/23	286
Enterprise	Dodge Grand Caravan	5/23	293
Enterprise	Dodge Grand Caravan	5/23	268

CONCHO VALLEY CENTER FOR HUMAN ADVANCEMENT
dba MHMR SERVICES FOR THE CONCHO VALLEY
SCHEDULE OF SPACE OCCUPIED IN A STATE-OWNED FACILITY (UNAUDITED)
YEAR ENDED AUGUST 31, 2024

Location	Building Utilization	Cost	
		Monthly	Annual
No State Owned Facilities Occupied			

CONCHO VALLEY CENTER FOR HUMAN ADVANCEMENT
dba MHMR SERVICES FOR THE CONCHO VALLEY
SCHEDULE OF INSURANCE IN FORCE (UNAUDITED)
YEAR ENDED AUGUST 31, 2024

Insurer	Policy Period	Coverage	Limits or Amounts
Texas Council Risk Management Fund	9/1/2023 - 9/01/2024	Worker's Compensation	Statutory
Texas Council Risk Management Fund	9/1/2023 - 9/01/2024	General Liability	\$1,000,000 / occurrence \$1,000,000 / aggregate \$1,000 deductible
Texas Council Risk Management Fund	9/1/2023 - 9/01/2024	Professional Liability	\$1,000,000 / claim \$3,000,000 / aggregate \$1,000 deductible
Texas Council Risk Management Fund	9/1/2023 - 9/01/2024	Automobile Liability	\$1,000,000 / occurrence \$1,000 deductible
Texas Council Risk Management Fund	9/1/2023 - 9/01/2024	Errors and Omissions Liability	\$1,000,000 / occurrence \$1,000,000 / aggregate \$1,000 deductible
Texas Council Risk Management Fund	9/1/2023 - 9/01/2024	Property	\$14,749,576 / blanket \$5,000 deductible
Texas Council Risk Management Fund	9/1/2023 - 9/01/2024	Automobile Physical Damage	Actual Cash Value Collision Deduct - Varies Comprehensive Deductible - Varies
Texas Council Risk Management Fund	9/1/2023 - 9/01/2024	Crime Coverage Public employee Dishonesty Theft, Disappearance & Destm. Forgery or Altercation Employee Theft of Client Prop. Computer & Transfer Fund	\$1,000 occurrence ded/\$10,000 occurrence limit \$1,000 occurrence ded/\$50,000 occurrence limit \$1,000 occurrence ded/\$50,000 occurrence limit \$1,000 occurrence ded/\$5,000 occurrence limit \$1,000 occurrence ded/\$5,000 occurrence limit
Jl Special Risks Insurance Agency	9/1/2023 - 9/01/2024	Cyber Coverage Aggregate Limit Breach Response Services Retention	\$3,000,000 \$50,000 Notified individuals

CONCHO VALLEY CENTER FOR HUMAN ADVANCEMENT
dba MHMR SERVICES FOR THE CONCHO VALLEY
SCHEDULE OF BOND COVERAGE (UNAUDITED)
YEAR ENDED AUGUST 31, 2024

<u>Title</u>	<u>Surety Company</u>	<u>Scope of Coverage</u>	<u>Bond Amount</u>
	N/A		

CONCHO VALLEY CENTER FOR HUMAN ADVANCEMENT
dba MHMR SERVICES FOR THE CONCHO VALLEY
SCHEDULE OF PROFESSIONAL AND CONSULTING FEES (UNAUDITED)
YEAR ENDED AUGUST 31, 2024

Name	City	Type of Service	Amount
Scott, Singleton, Fincher & Company	Greenville	Annual Financial Audit / IRS Form 990	63,905
McLaughlin Advertising	San Angelo	Avertising - COVID 19 Grant	3,842
Zesch Pickett	San Angelo	Benefits Admin	1,500
JAJ Property Service	San Angelo	CDC Remodel	317,340
Claim-MD	Pecos, NM	Claims Editing	1,742
RAMTEX	San Angelo	Cleaning Services	34,394
Anne Hardegree	San Angelo	Clinical Supervision	1,025
Joel Carr, PhD	San Angelo	Clinical Supervision	1,650
Concho Valley Biblical Counseling	San Angelo	Clinical Supervision	160
Julie B. Vann MA	San Angelo	Clinical Supervision	205
Cedar Crest Hospital	Belton	Crisis Stabilization / Inpatient	69,300
Oceans Hospital	Abilene	Crisis Stabilization / Inpatient	71,400
Rivercrest	San Angelo	Crisis Stabilization / Inpatient	99,600
Scenic Mountain Medical Center	Big Spring	Crisis Stabilization / Inpatient	9,700
Shannon Behavioral Health	San Angelo	Crisis Stabilization / Inpatient	1,575,100
Dayhab Providers	San Angelo	Dayhab Services	22,560
Fresh Start	San Angelo	Dayhab Services	2,365
Brantly Dental	San Angelo	Dental Services	475
Concho Valley Family Dental	San Angelo	Dental Services	7,465
Goehring Dental	Austin	Dental Services	3,385
Harrison Family Dental	San Angelo	Dental Services	1,944
Jack Lewright, DDS	San Angelo	Dental Services	31,293
Kristen Goodwin, DDS	San Angelo	Dental Services	3,202
Richard Roberts, DDS	San Angelo	Dental Services	2,050
Tim McQueen, DDS	San Angelo	Dental Services	512
Ener-Tel	San Angelo	Fire Alarm Service	37,084
Foster care Providers	San Angelo	Foster Care Providers/Services	460,950
Bearded Fencing	San Angelo	Foster Home repairs	5,833
Jelly Nonprofit Consulting	San Angelo	Grant writing	7,500
Jason Asebedo	San Angelo	Grounds Maintenance	15,805
West Texas Guidance & Counseling	San Angelo	HB13 Counseling Services	225,887
Michael Stevenson, CPA	Edmond, OK	HUD reporting	1,900
Hands Up Interpreting	Conroe, TX	Interpreting Services	165
Language Line Services	Dallas	Interpreting Services	143
NewQwest IT Solutions	San Angelo	IT Services	317,277
Leana Baggett Talbot	San Angelo	Jail Competency Evaluation	7,200
Shannon Medical	San Angelo	Lab Services	14,449
Taylor, Olson, Adkins	Ft Worth	Legal Education	56
Shannon Clinic	San Angelo	Medical Services	11,417
Henry Schein	San Angelo	Medical Waste	493
Stericycle	San Angelo	Medical Waste	1,671
Coke County	Bronte	Mental Health Deputies	12,000
Concho County	Paint Rock	Mental Health Deputies	12,000
Crockett County	Ozona	Mental Health Deputies	12,000
Reagan County	Big Lake	Mental Health Deputies	11,000
Sterling County	Sterling City	Mental Health Deputies	6,000
Tom Green County	San Angelo	Mental Health Deputies	36,000
Shannon Aguirre	San Angelo	MH First Aid Training	900
Sing Your Way Home	San Angelo	Music Therapy	581

CONCHO VALLEY CENTER FOR HUMAN ADVANCEMENT
dba MHMR SERVICES FOR THE CONCHO VALLEY
SCHEDULE OF PROFESSIONAL AND CONSULTING FEES (UNAUDITED)
YEAR ENDED AUGUST 31, 2024

<u>Name</u>	<u>City</u>	<u>Type of Service</u>	<u>Amount</u>
Arnold Grounds	Grapevine, TX	Property Management	2,150
Corinna Mendez-Fleming	San Angelo	Recreation Therapy	1,781
Respite Providers	San Angelo	Respite	10,564
Sonrisas Therapeutic Riding	San Angelo	Riding Therapy	1,626
Burke Center	Lufkin	Telemedicine	538,979
Carma Health	Annandale, VA	Telemedicine	14,560
FasPsych	Scottsdale, AZ	Telemedicine	249,603

CONCHO VALLEY CENTER FOR HUMAN ADVANCEMENT
dba MHMR SERVICES FOR THE CONCHO VALLEY
SCHEDULE OF LEGAL SERVICES (UNAUDITED)
YEAR ENDED AUGUST 31, 2024

<u>Name</u>	<u>City</u>	<u>Type of Service</u>	<u>Amount</u>
Jeff Chandler	San Angelo	Legal Services	\$ 14,000

COMPLIANCE SECTION



Beasley, Mitchell & Co.
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Board of Trustees
Concho Valley Center for Human Advancement
dba MHMR Services for the Concho Valley
San Angelo, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Concho Valley Center for Human Advancement dba MHMR Services for the Concho Valley (the "Center") as of and for the year ended August 31, 2024, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements as listed in the table of contents, and have issued our report thereon dated January 29, 2025.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Center'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 preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be significant deficiencies or material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Center's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards. We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-001, that we consider to be another matter.

Concho Valley Center for Human Advancement dba MHMR Services for the Concho Valley 's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Concho Valley Center for Human Advancement dba MHMR Services for the Concho Valley's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Concho Valley Center for Human Advancement dba MHMR Services for the Concho Valley's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 result of that testing, and not to provide an opinion on the effectiveness of the Center'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 Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Beasley Mitchell & Co., LLP
El Paso, Texas
January 29, 2025



Beasley, Mitchell & Co.

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND THE STATE OF TEXAS SINGLE AUDIT CIRCULAR

The Board of Trustees
Concho Valley Center for Human Advancement
dba MHMR Services for the Concho Valley
San Angelo, Texas

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

We have audited the Concho Valley Center for Human Advancement dba MHMR Services for the Concho Valley's compliance with the types of compliance requirements described in the OMB Compliance Supplement and State of Texas Single Audit Circular (TSAC) that could have a direct and material effect on each of the Center's major federal and state programs for the year ended August 31, 2024. The Center's major federal and state programs are identified in the summary of auditors' results section of the schedule of findings and questioned costs.

In our opinion, Concho Valley Center for Human Advancement dba MHMR Services for the Concho Valley' 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 programs for the year ended August 31, 2024.

Basis for Opinion on Each Major Federal 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; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Concho Valley Center for Human Advancement dba MHMR Services for the Concho Valley 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 program. Our audit does not provide a legal determination of Concho Valley Center for Human Advancement dba MHMR Services for the Concho Valley's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditors' 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 Concho Valley Center for Human Advancement dba MHMR Services for the Concho Valley's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance 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 Concho Valley Center for Human Advancement dba MHMR Services for the Concho Valley's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance, 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 Concho Valley Center for Human Advancement dba MHMR Services for the Concho Valley's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Concho Valley Center for Human Advancement dba MHMR Services for the Concho Valley's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Concho Valley Center for Human Advancement dba MHMR Services for the Concho Valley's internal control over compliance. Accordingly, no such opinion is expressed.

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

Other Matters

The results of our auditing procedures disclosed an instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and the Texas State Single Audit Circular and which are described in the accompanying schedule of findings and questioned costs as item 2024-002 . Our opinion on each major federal program is not modified with respect to these matters.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' 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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 Uniform Guidance and TSAC. Accordingly, this report is not suitable for any other purpose.

Beasley, Mitchell & Co., LLP
El Paso, Texas
January 29, 2025

CONCHO VALLEY CENTER FOR HUMAN ADVANCEMENT
dba MHMR SERVICES FOR THE CONCHO VALLEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2024

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness (es) identified? No
- Significant deficiencies identified that are not considered to be material weaknesses? No
- Noncompliance material to the financial statements noted? Yes

State and Federal Awards

Internal control over major programs:

- Material weakness (es) identified? No
- Significant deficiencies identified that are not considered to be material weaknesses? None reported

Type of auditors' report issued on compliance with major programs: Unmodified

- Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? Yes

Identification of Major Programs:

<u>Name of Federal Program</u>	<u>ALN/CFDA Number</u>
Medical Assistance Program	93.778

Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
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<u>Name of State Program</u>	<u>ALN/CFDA Number</u>
General Revenue - Mental Health Adult	N/A

Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
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Auditee qualified as low-risk auditee	Yes
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CONCHO VALLEY CENTER FOR HUMAN ADVANCEMENT
dba MHMR SERVICES FOR THE CONCHO VALLEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2024

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.

2024-001 Restatement - Other Matter

CONDITION	During the audit of the Center's financial statements, it was identified that a past audit entry posted to accrued payroll liabilities needed to be removed for the current year balance to be correct. A restatement to fund balance in the amount of \$135,089 was necessary to correct the balance in accrued payroll liabilities for the year ended August 31, 2024.
CRITERIA	GASB Statement No. 100 provides guidance on accounting changes and error corrections for governmental entities, emphasizing how these changes should be reflected in financial statements. It requires that changes in accounting principles be applied retrospectively, adjusting prior periods' financial statements to reflect the new accounting method. If an error is discovered, it should also be corrected retrospectively by restating prior periods.
CAUSE	Prior year audit entry posting.
EFFECT	Beginning fund balances have been restated to reflect the change after correction of the error.
RECOMMENDATION	It is recommended that the Center implement controls and review processes of audit entries before completion of the audit to ensure management is in agreement of the audited final balances.
RESPONSE	During the fiscal year audited, the Center transitioned with losing a CFO and calling back their retired CFO to fill in until a permanent CFO could be hired. Now that the Center has one in place, the Center will implement controls and review processes of all audit entries in a timely manner to ensure management agrees with the audited final balances.

EXPECTED COMPLETION: 08/31/2025

EMPLOYEE RESPONSIBLE: CFO

See independent auditors' report and accompanying notes

CONCHO VALLEY CENTER FOR HUMAN ADVANCEMENT
dba MHMR SERVICES FOR THE CONCHO VALLEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2024

Section III- Federal Award Findings and Questioned Costs

This section identifies the audit findings required to be reported by the 2 CFR 200.516(a) (for example, significant deficiencies, material weaknesses, material instances of noncompliance, including questioned costs, and material abuse).

2024-002 Internal Control Over Reporting - Other Non- Compliance

CONDITION	During the audit of federal program 93.778 it was identified that the client did not file Q1 reporting.
CRITERIA	Per the contract between the health and human services and the contractor, the Center agrees to submit its claims that are produced by using the Time and Financial Information (TAFI) and are based on the time study codes for reimbursement. All Claims shall be submitted using standardized invoice. All claims shall be submitted to HHSC on the 15th of the second month following the claim period
CAUSE	The employee in charge of this grant had let their training certification lapse and the report was rejected.
EFFECT	The failure to file the Q1 reporting resulted in non-compliance with the federal program 93.778 reporting requirements. This non-compliance could potentially lead to penalties, loss of funding, or other administrative actions by the federal agency.
RECOMMENDATION	It is recommended that the client ensures all employees responsible for federal program reporting receive the necessary training well in advance of reporting deadlines.
RESPONSE	The Center has a new CFO for 2025. The CFO and one additional staff member have received their certification for 2025 along with the original employee. The CFO will ensure that multiple personnel are trained and that all certifications are kept up to date.

EXPECTED COMPLETION: 08/31/2025

EMPLOYEE RESPONSIBLE: CFO

See independent auditors' report and accompanying notes

CONCHO VALLEY CENTER FOR HUMAN ADVANCEMENT
dba MHMR SERVICES FOR THE CONCHO VALLEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2024

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

See independent auditors' report and accompanying notes



Management's Response to Auditor's Findings:
Corrective Action Plan
August 31, 2024

Prepared by Management of
MHMR Concho Valley

Section II – Financial Statement Findings

Finding No. 2024-001: Restatement – Other Matter

Finding Summary: During the audit of the Center's financial statements, it was identified that a past audit entry posted to accrued payroll liabilities needed to be removed for the current year balance to be correct. A restatement to fund balance in the amount of \$135,089 was necessary to correct the balance in accrued payroll liabilities for the year ended August 31, 2024.

Responsible Individuals: CFO

Corrective Action Plan: During the fiscal year audited, the Center transitioned with losing a CFO and calling back our retired CFO to fill in until a permanent CFO could be hired. Now that we have one in place, the Center will implement controls and review processes of all audit entries in a timely manner to ensure management agrees of the audited final balances.

Anticipated Completion Date: August 2025

Section III – Federal Award Findings and Questioned Costs

Finding No. 2024-001: Internal Control Over Reporting – Other Non- Compliance

Finding Summary: During the audit of federal program 93.778 it was identified that the client did not file Q1 reporting.

Responsible Individuals: CFO

Corrective Action Plan: The Center has a new CFO for 2025. The CFO and one additional staff member have received their certification for 2025 along with the original employee. The CFO will ensure that multiple personnel are trained and that all certifications are kept up to date.

Anticipated Completion Date: August 2025