

**TEXOMA COMMUNITY CENTER  
ANNUAL FINANCIAL AND COMPLIANCE REPORT  
FOR THE YEAR ENDED AUGUST 31, 2025**

**Scott, Singleton, Fincher and Company, PC  
Certified Public Accountants**

**TEXOMA COMMUNITY CENTER  
ANNUAL FINANCIAL AND COMPLIANCE REPORT  
FOR THE YEAR ENDED AUGUST 31, 2025**

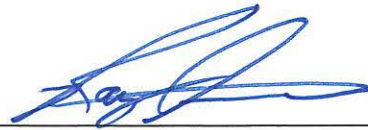
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**TEXOMA COMMUNITY CENTER  
CERTIFICATE OF BOARD  
ACCEPTANCE OF AUDIT REPORT**

I, Ray Sappington, Chairperson of the Board of Trustees of Texoma Community Center, do hereby verify that this accompanying audit report for fiscal year 2025 from Scott, Singleton, Fincher & Company, P.C. was reviewed and accepted at a meeting of the Board of Trustees held on the 4<sup>th</sup> day of February, 2026.



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Chairperson, Board of Trustees

**TEXOMA COMMUNITY CENTER**

**LIST OF PRINCIPAL OFFICIALS**

**AUGUST 31, 2025**

**Board of Trustees**

Ray Sappington	Board Chair
Tony Bennie	Board Vice-Chair
Lander Bethel	Board Treasurer and Secretary
James Henderson	Member
Holly Jenkins	Member
Cody Shook	Member
Jackie Melancon	Member
Thomas Reynolds	Member
Christine Tillett	Member

**Administrative Staff**

Sylvia Cave	Chief Executive Officer
Cindy Smith	Chief Administrative Officer
Tom Bowen	Chief Financial Officer
Amberlee Conley	Chief Operating Officer

## **FINANCIAL SECTION**

**SCOTT, SINGLETON, FINCHER AND COMPANY, P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS

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

Member of:  
Governmental Audit Quality Center

Members of:  
American Institute of  
Certified Public Accountants

Texas Society of  
Certified Public Accountants

**Independent Auditor's Report**

To the Board of Trustees  
Texoma Community Center

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

***Opinions***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Texoma Community Center, as of and for the year ended August 31, 2025, and the related notes to the financial statements, which collectively comprise Texoma Community 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 of Texoma Community Center, as of August 31, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

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

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

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

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

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

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

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

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

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

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 10-16 and 44-45 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Texoma Community Center’s basic financial statements. The schedule of expenditures of federal and state awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and Texas Grant Management Standards (TxGMS), is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal and state awards is 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 supplementary schedules sections but does not include the basic financial statements and our auditor’s report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 4, 2026, on our consideration of Texoma Community Center’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Texoma Community Center’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Texoma Community Center’s internal control over financial reporting and compliance.

***Scott, Singleton, Fincher and Company, PC***

Greenville, Texas  
February 4, 2026

**REQUIRED SUPPLEMENTARY INFORMATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

## **TEXOMA COMMUNITY CENTER MANAGEMENT'S DISCUSSION AND ANALYSIS**

Our discussion and analysis of Texoma Community Center's financial performance provides an overview of the Center's financial activities for the fiscal year ended August 31, 2025. Please read it in conjunction with the Center's financial statements.

### **FINANCIAL HIGHLIGHTS**

- The assets of the Center exceeded its liabilities at the close of FY 2025 by \$5,037,770. This is a decrease of \$1,927,551 over FY 2024's net position of \$6,965,321.
- The unrestricted net position amount of \$2,659,903 represents a decrease of \$1,731,256 from the prior year's unrestricted net position. Unrestricted net position may be used to meet the Center's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the Center's governmental fund reported ending fund balance of \$4,119,288, a decrease of \$260,977 in comparison with the prior year.

### **USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities (on pages 18 and 19). These provide information about the activities of the Center as a whole and present a long-term view of the Center's financial condition. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (starting on page 20) report the Center's operations in more detail than the government-wide statements by providing information about the Center's most significant funds. Governmental fund statements tell how services were financed in the short-term, as well as what resources remain for future spending. They reflect the flow of current financial resources and supply the basis for funding requests and the appropriations from the State. Proprietary fund financial statements report activity in the Center's partially self-funded employee health benefit fund used to provide employee health benefits.

The notes to the financial statements (starting on page 27) provide narrative explanations or additional data needed for full disclosures for the government-wide statements and the fund financial statements.

The section labeled Federal and State Expenditures contains data used by monitoring or regulatory agencies for assurance that the Center is using grant funds provided in compliance with the terms of grants.

## **Reporting the Center as a Whole – Government-Wide Financial Statements**

### **The Statement of Net Position and the Statement of Activities**

Government-wide financial statements, which provide an analysis of the Center's overall financial condition and operations, begin on page 18. The primary objective of these statements is to show whether the Center's financial condition has improved or deteriorated as a result of the year's activities.

The Statement of Net Position includes all the Center's assets and liabilities (including long-term items) while the Statement of Activities includes all the revenue and expenses generated by the Center's operations during the year. Government-wide statements utilize the accrual basis of accounting, which is the same method used by most private sector companies.

All of the current year's revenue and expenses are taken into account regardless of when cash is received or paid. The Center's revenue is divided into the following categories: 1) charges for services, 2) operating grants and contributions, 3) capital grants and contributions and 4) general revenues not associated with any specific program function. All of the Center's assets are reported whether they serve the current year or future years. Liabilities are also reported regardless of whether they must be paid in the current or future years.

These two statements report the Center's net position and changes in net position. The Center's net position (the difference between assets and liabilities) provides one measure of the Center's financial health or financial position. Over time, increases or decreases in the Center's net position is one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the Center you should consider non-financial factors as well, such as changes in the Center's request for services from citizens and the condition of the Center's facilities.

In the Statement of Net Position and the Statement of Activities, the Center has one kind of activity:

**Governmental Activities** - Most of the Center's services are reported here, including mental health adult services, mental health children's services, intellectual & developmental disability services, substance use disorder services, and 1115 waiver services. State and federal funding, as well as fees for services (Medicaid, Medicare and self-pay), finance most of these activities.

## **Reporting the Center's Most Significant Funds**

### **Fund Financial Statements**

The fund financial statements begin on page 20 and provide detailed information about the most significant funds. The Center's administration establishes other funds to help it control and manage money for particular purposes (like client trust funds). The Center's three types of funds – governmental, proprietary, and custodial (fiduciary) – use different accounting approaches.

**Governmental Funds** – The Center reports most of its basic services in governmental funds. Governmental funds use the modified accrual basis of accounting (a method that measures the receipt and disbursement of cash and other financial assets that can be readily converted to cash) and they report balances that are available for future spending. Governmental fund statements provide a detailed short-term view of the Center’s general operations and the basic services it provides. We describe the accounting differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules found at the bottom of each of the governmental fund financial statements.

**Proprietary Funds** – Internal service funds are an accounting device used to accumulate and allocate costs internally among the various functions. The Center uses the Internal Service Fund to report activities for its partially self-funded employee health benefit program.

**Fiduciary Funds** – Fiduciary funds are used to account for resources held by the Center for benefit of consumers. Fiduciary funds are not reflected in the government-wide financial statements since the resources of these funds are not available to support Center operations.

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position serves as one useful indicator of a government’s financial position. In the case of Texoma Community Center, assets exceeded liabilities by \$5,037,770 at the close of FY 2025. In FY 2024 assets exceeded liabilities by \$6,965,321.

A fairly large portion of the Center’s net position (47%) reflects its investment in capital assets; land, buildings, vehicles and electronic equipment, less any outstanding debt used to acquire these assets. The Center uses capital assets to provide services to the consumers that we serve; consequently, these assets are not available for future spending.

**Texoma Community Center  
Comparative Statement of Net Position**

	<b>Governmental Activities</b>	
	<b>2025</b>	<b>2024</b>
Current and other assets	\$ 4,301,382	\$ 6,012,509
Capital assets	3,502,686	3,939,867
<b>Total assets</b>	<b>7,804,068</b>	<b>9,952,376</b>
Long-term liabilities	1,124,819	1,832,264
Other liabilities	1,641,479	1,154,791
<b>Total liabilities</b>	<b>2,766,298</b>	<b>2,987,055</b>
Net position:		
Net investment in capital assets	2,377,867	2,574,162
Unrestricted	2,659,903	4,391,159
<b>Total net position</b>	<b>\$ 5,037,770</b>	<b>\$ 6,965,321</b>

**Texoma Community Center**  
**Comparative Statements of Activities**

	<b>Governmental Activities</b>	
	<b>2025</b>	<b>2024</b>
<b>Revenues:</b>		
Program revenues		
Charges for services	\$ 2,076,090	\$ 2,664,769
Operating grants and contributions	11,899,998	12,721,981
General revenues		
Local revenue	340,853	1,398,381
Unrestricted investment earnings	390	575
<b>Total revenues</b>	14,317,331	16,785,706
<b>Expenses:</b>		
Mental Health Adult	11,598,394	10,939,603
Mental Health Children	1,554,793	1,783,243
Substance Use Disorder	911,321	985,717
Medicaid Waiver 1115	447,271	438,945
Intellectual and Developmental Disabilities	1,658,119	2,204,010
Interest expense	74,984	80,192
<b>Total expenses</b>	16,244,882	16,431,710
<b>Change in net position</b>	(1,927,551)	353,996
Net position - beginning	6,965,321	6,611,325
<b>Net position - ending</b>	\$ 5,037,770	\$ 6,965,321

**FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS**

Net position of the Center’s governmental activities decreased from \$6,965,321 to \$5,037,770. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements was \$2,659,903 at August 31, 2025 compared to \$4,391,159 at the end of the prior year.

**FINANCIAL ANALYSIS OF THE CENTER’S FUNDS**

The fund financial statements on pages 20-21 provide detailed information about the most significant funds. Revenues and other financing sources for the Center’s general fund were \$14,765,342 while total expenses were \$16,081,428. This resulted in a deficiency of revenues under expenditures of \$1,316,086. Last year’s excess of revenues over expenditures was \$136,638. As the Center completed the year, its governmental fund reported fund balance of \$3,064,179 compared to \$4,380,265 in the prior year which represents a decrease of \$1,316,086.

## **General Fund Budgetary Highlights**

No budget amendments were requested during FY 2025. Actual revenues were less than budgeted revenues by \$1,446,277. Analysis of these changes include the following:

- Local and earned revenues were less than budget by \$1,209,097. Revenues less than were comprised of new funding in FY2025 budget and Medicaid.
- State program revenues were higher than budget by \$78,693. Revenues higher were comprised of Forensics SB292 program, Texas Correctional Office on Offenders with Medical or Mental Impairments (TCOOMMI) and ARPA Workforce Challenge – IDD. Revenues less than were comprised of Community Mental Health Grant (CMHG) – timing of start-up activities and Nursing Facility Specialized Services – IDD.
- Federal programs revenues were less than budget by \$315,663. Revenues less than were comprised Substance Use Disorder for SA Treatment for adults-female-youth, SUD Recovery Support Services due to cancellation of funding, Provider Relief Funds HR133-MH Cares Act due to cancellation of funding, Medicaid Administration Claiming program.

Actual expenditures were less than budgeted expenditures by \$75,878. Analysis of these changes include the following:

- Personnel / Benefit expenditures were less than budget, due to lower headcount and offset with higher self-insured health expenditures.
- Contract Services expenditures were higher for Private Psychiatric Beds additional bed days.
- Repairs and Maintenance – expenditures higher for vehicles from damages offset with insurance proceeds in revenues.
- Vehicles - expenditures less than for leased expenditures due to maintain current leased vehicle inventory past end of lease.
- Capital Outlay – expenditures higher for lease reporting requirements reclassified from computers and vehicles expenditures.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

The Center's capital assets (net of accumulated depreciation and amortization) for its governmental activities as of August 31, 2025, amounts to \$3,502,686, compared to \$3,939,867, at August 31, 2024. This investment in capital assets includes land, buildings and improvements, equipment and vehicles. The net decrease in the Center's investment in capital assets for the current fiscal year was \$437,181. This decrease was primarily due to depreciation and amortization. Additional information of the Center's fixed asset activity can be found in footnote 4 to the financial statements.

Following is a summary of capital assets for the current year compared to the prior year.

**Capital Assets**  
(net of depreciation & amortization)

	Governmental Activities	
	2025	2024
Land	\$ 369,758	\$ 369,758
Buildings	3,417,552	3,460,497
Leasehold and land improvements	100,974	100,974
Furniture and equipment	1,178,981	1,186,593
Vehicles	418,357	375,237
Leased assets	736,486	1,209,139
SBITA assets	267,696	267,696
Less: accumulated depreciation & amortization	(2,987,118)	(3,030,027)
Capital assets, net	\$ 3,502,686	\$ 3,939,867

**Long-term Liabilities**

During the year, the Center issued new long-term debt for leased vehicles and equipment. During FY 2025, the Center’s long-term debt decreased by \$202,510. Additional information on the Center’s long-term liabilities can be found in footnote 5 to the financial statements.

**ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS**

FY2025 began with financial steady operations for the Center for the first five months. Federal funding stopped during FY2025 on active awards, in March 2025 for HR133 AMH, SUD RSS-PRS and MAT-AUD having an impact of net reduction of \$137,145 during FY2025 and to revenue for FY2026 in the amount of \$565,000. Services continued to be a hybrid of face-to-face and telehealth with Health and Human Services of Texas (HHSC) as well as Centers for Medicaid and Medicare Services began to cease some of the pandemic rule changes that allow for teleservices into FY2024. These pandemic rule changes allowed the Center to capture much needed revenues for service that were being provided throughout the pandemic as there was concern that non-face-to-face services would not be reimbursed. These rules ended in FY2024. In FY2024, TCC received the SAMHSA Co-Responder grant for FY2024-FY2027 and HHSC distributed funds for new programs during the year, associated with the HR-133 legislation for AMH Outpatient care, MCOT-Crisis Support and SUD programs. To enhance our employee benefit offerings to staff and increase employee retention, the Board approved an increase in matching retirement percentage from 3% to 5% which resulted in a negative budget impact of \$79,733 for FY2025.

FY2025 continues to include the Directed Payment Pool (DPP) and Charity Care Pool (CCP) programs. The methodology of the HHSC 1115 Waiver – DPP-BHS requires the IGT for local matching, held by HHSC, to be paid at the beginning of each half year period and reimbursed by the Managed Care Organizations' (MCO) monthly, requiring cash outlay by the Center seven months earlier than with DSRIP, which ended in FY2022. The 1115 Waiver CCP is the other part replacing the DSRIP. CCP payment is once per year and is calculated on previous FFY activity.

The FY2026 Budget includes all programs funded in FY2025, new funding for Fannin County Co-Responder from local funding in the amount of \$155,200. Budgeted new funding opportunities in FY2026 revenues to include possible grants for Adult Mental Health Co-Responders and Substance Usage Disorder programs for \$600,000. Non-program-based revenues were based on FY2025 actual revenues. Budgeted expenses were based on FY2025 historical actuals to support the revenues. A subsequent grant was awarded from local funding for the Grayson County Co-Responder initiative in the amount of \$755,900 over the next two years. Management searches for additional funding and reviews Center activities to budget throughout the year to make sure all revenues are being recognized. Management continues to analyze expenses for potential reductions. TCC utilizes Texas Council of Community Centers expertise to monitor legislative changes to funding impacting the Center services to be proactive to any changes.

## **CONTACTING THE CENTER'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Center's finances and to show the Center's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Center Administration Office, at 902 E. Cottonwood Road, Sherman, Texas 75090.

**BASIC  
FINANCIAL STATEMENTS**

**TEXOMA COMMUNITY CENTER  
STATEMENT OF NET POSITION  
AUGUST 31, 2025**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 2,207,591
Accounts receivable	362,378
Due from other governments	1,039,396
Advances - Intergovernmental transfer	497,633
Prepaid expenses	194,384
Capital assets:	
Non-depreciable land	369,758
Capital assets, net of depreciation	3,132,928
<b>Total Assets</b>	<b>7,804,068</b>
<b>LIABILITIES</b>	
Accounts payable	233,928
Due to HHSC	95,603
Accrued salaries and benefits	362,485
Self-insured health claims liability	200,026
Bank Line of Credit	10,002
Unearned program revenues	234,500
Compensated absences	504,935
Notes payable - due in one year	544,438
Lease obligations - due in one year	161,327
SBITA obligations - due in one year	1,654
Notes payable - due in more than one year	227,999
Lease obligations - due in more than one year	189,401
<b>Total Liabilities</b>	<b>2,766,298</b>
<b>NET POSITION</b>	
Net investment in capital assets	2,377,867
Unrestricted	2,659,903
<b>Total Net Position</b>	<b>\$ 5,037,770</b>

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

**TEXOMA COMMUNITY CENTER  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDING AUGUST 31, 2025**

Functions/Programs	Expenses	Administration Allocation	Expenses After Allocation of Administration	Program Revenues			Net (Expense) Revenue - and Changes in Net Position
				Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary government:</b>							
<b>Governmental activities:</b>							
Mental Health Adult	\$ 9,614,112	\$ 1,984,282	\$ 11,598,394	\$ 1,135,035	\$ 8,940,813	\$ -	\$ (1,522,546)
Mental Health Children	1,288,795	265,998	1,554,793	411,212	803,385		(340,196)
Substance Use Disorder	755,410	155,911	911,321	1,379	688,301		(221,641)
1115 Waiver	370,751	76,520	447,271	47,225	380,763		(19,283)
Intellectual & Developmental Disabilities	1,374,444	283,675	1,658,119	481,239	1,086,736		(90,144)
Administration	2,766,386	(2,766,386)					-
Interest expense	74,984		74,984				(74,984)
<b>Total governmental activities</b>	<b>\$ 16,244,882</b>	<b>\$ -</b>	<b>\$ 16,244,882</b>	<b>\$ 2,076,090</b>	<b>\$ 11,899,998</b>	<b>\$ -</b>	<b>\$ (2,268,794)</b>
<b>General revenues:</b>							
							\$ 390
							84,217
							(26,564)
							283,200
				<b>Total general revenues</b>			<b>341,243</b>
				<b>Change in net position</b>			<b>(1,927,551)</b>
				<b>Net position-beginning</b>			<b>6,965,321</b>
				<b>Net position-ending</b>			<b>\$ 5,037,770</b>

**TEXOMA COMMUNITY CENTER  
BALANCE SHEET  
GOVERNMENTAL FUND  
AUGUST 31, 2025**

	<b>General Fund</b>	<b>Total Governmental Fund</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 1,782,649	\$ 1,782,649
Accounts receivable	257,135	257,135
Due from other governments	1,039,396	1,039,396
Advance to internal service fund	348,091	348,091
Advances - Intergovernmental transfer	497,633	497,633
Prepaid expenses	194,384	194,384
<b>Total Assets</b>	<b>4,119,288</b>	<b>4,119,288</b>
<b>Liabilities</b>		
Accounts payable	233,928	233,928
Due to HHSC	95,603	95,603
Accrued salaries and benefits	362,485	362,485
Unearned program revenues	234,500	234,500
Bank line of credit	10,002	10,002
<b>Total Liabilities</b>	<b>936,518</b>	<b>936,518</b>
<b>Deferred Inflows of Resources</b>		
Unavailable Medicaid Administrative Claiming revenues	118,591	118,591
<b>Total Deferred Inflows of Resources</b>	<b>118,591</b>	<b>118,591</b>
<b>Fund Balance</b>		
<b>Nonspendable:</b>		
Prepaid expenses and advances	692,017	692,017
Long-term advance to internal service fund	348,091	348,091
<b>Unassigned</b>	2,024,071	2,024,071
<b>Total Fund Balance</b>	<b>3,064,179</b>	<b>3,064,179</b>
<b>Total Liabilities, Deferred Inflows and Fund Balance</b>	<b>\$ 4,119,288</b>	<b>\$ 4,119,288</b>
<b>Fund Balance as presented above:</b>		<b>\$ 3,064,179</b>
<b>Amounts presented for governmental activities in the Statement of Net Position are different because:</b>		
Capital assets reported in the Statement of Net Position are not financial resources, and therefore are not reported in governmental funds.		3,502,686
An Internal Service Fund is used by management to charge the costs of the Center's self insured health benefits plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position.		(17,932)
Receivables that do not meet the measurable and available criteria for recognition in the funds are reported as deferred inflows in the funds but are fully accrued in the Statement of Net Position.		118,591
Long-term liabilities are not due and payable out of current resources and therefore are not reported in the funds. These include long-term liabilities for notes payable (\$772,437), compensated absences (\$504,935), lease obligations (\$350,728), and SBITA obligations (\$1,654).		(1,629,754)
<b>Net Position - Governmental Activities</b>		<b>\$ 5,037,770</b>

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

**TEXOMA COMMUNITY CENTER**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUND**  
**FOR THE YEAR ENDING AUGUST 31, 2025**

	<b>General Fund</b>	<b>Total Governmental Fund</b>
<b>REVENUES:</b>		
Local and earned revenues	\$ 4,511,583	\$ 4,511,583
State programs	7,184,181	7,184,181
Federal programs	3,024,535	3,024,535
Interest income	390	390
<b>Total revenues</b>	<b>14,720,689</b>	<b>14,720,689</b>
<b>EXPENDITURES:</b>		
Current:		
Mental Health Adult	9,474,315	9,474,315
Mental Health Children	1,282,396	1,282,396
Substance Use Disorder	753,798	753,798
1115 Waiver	369,960	369,960
Intellectual & Developmental Disabilities	1,312,395	1,312,395
Administration	2,435,227	2,435,227
Capital outlay	97,773	97,773
Debt service - principal	280,580	280,580
Debt service - interest	74,984	74,984
<b>Total expenditures</b>	<b>16,081,428</b>	<b>16,081,428</b>
<b>Deficiency of revenues under expenditures</b>	<b>(1,360,739)</b>	<b>(1,360,739)</b>
<b>OTHER FINANCING SOURCES:</b>		
Issuance of lease obligations	44,653	44,653
<b>Deficiency of revenues and other financing sources under expenditures and other financing uses</b>	<b>(1,316,086)</b>	<b>(1,316,086)</b>
<b>Fund balance - beginning</b>	<b>4,380,265</b>	<b>4,380,265</b>
<b>Fund balance - ending</b>	<b>\$ 3,064,179</b>	<b>\$ 3,064,179</b>
<b>Net Change in Fund Balance (As Presented in this Statement)</b>		<b>\$ (1,316,086)</b>
<b>Amounts presented for governmental activities in the Statement of Activities are different because:</b>		
Governmental funds report capital outlay as expenditures. In the statement of activities, the cost of those assets is allocated and depreciated/amortized over their useful lives. This is the amount that depreciation expense (\$251,028) and amortization expense (\$257,362) exceeded capital outlay \$97,773 for the year.		(410,617)
The Statement of Activities reports gain or loss on the disposal of capital assets. Governmental funds reports the proceeds from disposal as an increase to financial resources. The change in net position differs from the change in fund balance by the net book value of the assets disposed.		(26,564)
Other long-term receivables are not available to pay current period expenditures, and therefore are deferred inflows in the fund statement. This is the change in the deferred inflows.		(24,202)
Principal paid on long-term debt is reported as an expenditure in the fund statement. Principal payments reduce liabilities in the Statement of Net Assets.		280,580
Changes in long term liabilities are reported as an increase (decrease) in expense in the government wide financial statements but are not reported in governmental funds if the amounts are not expected to be paid from current resources. This is the change in liability for compensated absences.		(33,417)
Issuance of lease obligations provide current resources for use in governmental funds. In the statement of net position, lease obligations are reported as liabilities.		(44,653)
The results of Internal Service Funds are included in the Statement of Activities.		(352,592)
<b>Change in Net Position - Governmental Activities</b>		<b>\$ (1,927,551)</b>

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

**TEXOMA COMMUNITY CENTER  
STATEMENT OF NET POSITION  
PROPRIETARY FUND  
AUGUST 31, 2025**

	<b>Governmental Activities Internal Service Fund</b>
<b>Assets</b>	
Current Assets:	
Cash and cash equivalents	\$ 424,942
Accounts receivable - stop loss	105,243
	105,243
<b>Total Assets</b>	<b>530,185</b>
<b>Liabilities</b>	
Current liabilities:	
Self-insured health claims liability	200,026
	200,026
Noncurrent liabilities:	
Advance from general fund	348,091
	348,091
<b>Total Liabilities</b>	<b>548,117</b>
<b>Net Position</b>	
Unrestricted	(17,932)
	(17,932)
<b>Total Net Position</b>	<b>\$ (17,932)</b>

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

**TEXOMA COMMUNITY CENTER**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUND**  
**FOR THE YEAR ENDING AUGUST 31, 2025**

	<u>Governmental Activities Internal Service Fund</u>
<b>Operating Revenues:</b>	
Charges for interfund services/uses	\$ 2,392,252
Self insurance stop-loss reimbursement	1,328,116
Rebates on claims	<u>131,335</u>
Total operating revenues	<u>3,851,703</u>
<b>Operating Expenses:</b>	
Health plan benefits	<u>4,204,331</u>
<b>Operating loss</b>	<u><b>(352,628)</b></u>
<b>Non-Operating Revenues:</b>	
Interest income	<u>36</u>
<b>Change in net position</b>	<u><b>(352,592)</b></u>
<b>Net position-beginning of year</b>	<u>334,660</u>
<b>Net position-end of year</b>	<u><u><b>\$ (17,932)</b></u></u>

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

**TEXOMA COMMUNITY CENTER  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE YEAR ENDING AUGUST 31, 2025**

	<u><b>Governmental Activities Internal Service Fund</b></u>
<b>Cash Flows from Operating Activities</b>	
Cash receipts from interfund services provided	\$ 2,522,186
Cash receipts from stop-loss plan	1,369,838
Payments for health plan benefits	<u>(4,088,261)</u>
<b>Net Cash Used by Operating Activities</b>	<u><b>(196,237)</b></u>
<b>Cash Flows from Non-Capital Financing Activities</b>	
None	<u>-</u>
<b>Cash Flows from Capital and Related Financing Activities</b>	
None	<u>-</u>
<b>Cash Flows from Investing Activities</b>	
Interest	<u>36</u>
<b>Net Cash Provided by Investing Activities</b>	<u><b>36</b></u>
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>(196,201)</b>
<b>Cash and cash equivalents-Beginning of year</b>	<u><b>621,143</b></u>
<b>Cash and cash equivalents-End of year</b>	<u><u><b>\$ 424,942</b></u></u>
<b>Reconciliation of Operating Loss to Net Cash Used by Operating Activities:</b>	
<b>Operating loss</b>	<b>\$ (352,628)</b>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Changes in assets and liabilities:	
Stop loss receivable	(89,613)
Due to/from other funds	129,934
Benefits payable	<u>116,070</u>
<b>Net Cash Used by Operating Activities</b>	<u><u><b>\$ (196,237)</b></u></u>

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

**TEXOMA COMMUNITY CENTER  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUND  
AUGUST 31, 2025**

	<b>Client Custodial Fund</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 117,546
Total Current Assets	117,546
<b>Total Assets</b>	<b>\$ 117,546</b>
<b>LIABILITIES</b>	
Due to general fund	\$ -
Total Current Liabilities	-
<b>Total Liabilities</b>	-
<b>NET POSITION</b>	
Restricted for:	
Individual consumers	117,546
<b>Total Net Position</b>	<b>\$ 117,546</b>

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

**TEXOMA COMMUNITY CENTER  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUND  
FOR THE YEAR ENDING AUGUST 31, 2025**

	<b>Client Custodial Fund</b>
<b>ADDITIONS</b>	
Cash collections on behalf of consumers	\$ 879,574
Total Additions	879,574
<b>DEDUCTIONS</b>	
Payments of behalf of consumers	872,771
Total Deductions	872,771
<b>Net increase (decrease) in fiducairy net position</b>	<b>6,803</b>
Net Position - Beginning	110,743
<b>Net Position - Ending</b>	<b>\$ 117,546</b>

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

**TEXOMA COMMUNITY CENTER  
NOTES TO BASIC FINANCIAL STATEMENTS  
AUGUST 31, 2025**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**Introduction**

The accounting and reporting framework and the more significant accounting principles and practices of Mental Health Mental Retardation Services of Texoma dba Texoma Community Center ("Center") are discussed in subsequent sections of this note. The remainder of the notes are organized to provide explanations, including required disclosures, of the Center's financial activities for the fiscal year ended August 31, 2025.

**Financial Reporting Entity - Basis of Presentation**

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. The Center's current board of trustees was appointed by the City Councils of Gainesville, Texas; Denison, Texas; Bonham, Texas; and Sherman, Texas along with the Commissioners Courts of Grayson County, Texas; Fannin County, Texas; and Cooke County, Texas; to develop and implement community-based mental health, intellectual and developmental disabilities, and addiction services. 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 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 evaluating how to define the Center, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth in the Governmental Accounting Standards Board (GASB) Statements No. 14 and 39 as amended by GASB Statement 61 "*The Financial Reporting Entity; Omnibus, an amendment to GASB Statements No. 14 and No. 34.*" These statements define the reporting entity as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either A) the ability to impose will by the primary government, or B) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. Based on this criteria, the Center does not have any component units as of August 31, 2025.

**Government-wide Financial Statements**

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the Center as a whole, but excluding fiduciary activities. Individual funds are not displayed, but the statements distinguish *governmental activities*, generally supported by charges for services and operating grants, from *business-type activities*, generally financed in whole or in part with fees charged to external customers. The Center does not maintain any *business-type activities*.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued:

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*. Administrative expenses are allocated among the Center's programs, excluding interest on long-term debt, based on each program's proportionate share of expenses.

### **Fund Financial Statements**

Fund financial statements are provided for governmental, proprietary, and custodial funds. The major individual governmental fund is reported in a separate column.

### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The financial statements of the Center are prepared in accordance with generally accepted accounting principles (GAAP). The Center applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

The government-wide statements report using the *economic resources measurement focus* and the *accrual basis of accounting* generally including the reclassification or elimination of internal activity (between or within funds). Proprietary fund financial statements also report using this same focus and basis of accounting although internal activity is not eliminated in these 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 when grantor eligibility requirements are met.

Governmental fund financial statements report using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they are both measurable and available. Available means collectable within the current period or soon enough thereafter to pay current liabilities. The Center considers revenues to be available if they are collected within 120 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest and compensated absences, and long term claims, which are reported as expenditures in the year due.

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 the 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 revenues is removed from the balance sheet and revenue is recognized.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued:

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are internal charges to the general fund for services. Principal operating expenses are the costs of health and dental benefits including administrative expenses. Other revenues and expenses are classified as non-operating in the financial statements. Internal activity between funds is eliminated in the government-wide statement of activities and statement of net position.

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. Also, the Center's policy is to first use committed, then assigned, and finally unassigned amounts of fund balance when expenditures are made.

### **Allocation of Indirect Expenses**

The Center allocates indirect expenses primarily comprised of administrative services to operating functions and programs benefiting from those services. Administrative services include overall management, centralized budgetary formulation and oversight, accounting, financial reporting, payroll, procurement contracting and oversight, investing and cash management, personnel services, and other central administrative services. Allocations are charged to programs based on each program's proportionate share of expenses.

### **Fund Types and Major Funds**

The Center reports the following major governmental fund:

#### **Governmental Fund**

General Fund - reports as the primary fund of the Center. This fund is used to account for all financial resources not reported in other funds.

#### **Proprietary Fund**

Internal Service Fund - This fund accounts for operations that provide services to other departments on a cost-reimbursement basis. It is used to accumulate resources for the payment of employee benefits under the Center's partially self-funded employee medical benefit program. Resources to pay claims are provided by employee benefit expenditures recorded in the General Fund, which are booked as revenue in the Internal Service Fund.

#### **Fiduciary Fund**

Custodial Fund - A fiduciary fund type used to account for resources held by the Center for the benefit of consumers. The Custodial fund does not involve the measurement of the results of operations, but rather reports additions (cash collections) and deductions (payments made) on behalf of consumers. Fiduciary funds are not reflected in the government-wide financials since the resources of these funds are not available to support Center operations.

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued:**

### **Budget and Budgetary Accounting**

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 Chief Executive Officer 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) for services relating to mental health and intellectual and developmental disabilities.

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 the Board and HHSC.

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.

### **Cash and Investments**

Outstanding cash and cash equivalents at August 31, 2025 consists principally of interest bearing bank accounts. Unrestricted and restricted cash and investments purchased by the Center within three months of maturity are considered to be cash equivalents.

Investments, when applicable, are stated at fair value within the fair value hierarchy established by generally accepted accounting principles.

### **Patient Fees and Accounts Receivable**

Patient fees are recorded as earned at their estimated net realizable amounts. Accounts receivable from Medicaid, Medicare, patients, and insurance companies for services are reduced by the amount of such billings deemed by management to be ultimately uncollectable. At year-end, the Center adjusted accounts receivable balances to actual amounts received during the measurable and available time period, accordingly, no allowance for doubtful accounts was recorded at year end. Management estimates that this method did not produce any material difference when compared to the use of an allowance for uncollectable accounts.

### **Grants and Amounts Due From Other Governments**

Grant revenues are recognized as eligible expenditures are incurred and allowable for reimbursement. Amounts due from other governments for cost reimbursement contracts or fee arrangements are considered to be 100% collectable based on past collection history for these contracts.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued:**

**Advances and Prepaid Items**

Advances for intergovernmental transfer represent advance payments of funds that will be used to furnish matching funds for the 1115 direct payment program that will be received in future periods.

Prepays record payments to vendors that benefit future reporting periods and are reported on the consumption basis. Prepays are similarly reported in government-wide and fund financial statements.

**Deferred Inflows/Outflows of Resources**

Deferred inflows of resources represent the acquisition of resources that apply to a future period and so will not be recognized as an inflow of resources (revenue) until that time. Deferred outflows of resources represent a consumption of resources that applies to a future period and so will not be recognized as an outflow of resources (expense) until that time. Deferred inflows represent receivables for Medicaid Administrative Claiming that do not meet the measurable and available criteria for revenue recognition in the General Fund.

**Capital Assets, Depreciation, and Amortization**

The Center's property, plant, equipment, and vehicles with costs greater than \$5,000 and useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. Donated assets are stated at fair value on the date donated. Fair value is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date, or the amount at which a liability could be liquidated with the counter party on the acquisition date. Capital assets also include intangible right-of-use assets for operating lease obligations and SBITA obligations. Right-of-use assets for leases and SBITA are recorded at implementation cost plus the net present value of future contractual payment requirements. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated or amortized using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation or amortization are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable and amortizable assets are as follows:

Buildings and grounds	30
Leasehold improvements	5
Vehicles	5
Furniture, fixtures and equipment	5-10
Right-of-use leased assets	lease term

No interest has been capitalized in the cost of capital assets.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued:

### Long-Term Debt

In the government-wide financial statements, long-term debt is reported as liabilities, and premiums and discounts are reported as deferred charges and amortized over the term of the related debt. Governmental fund financial statements recognize the proceeds of debt and related premiums along with the issuance of lease and subscription-based information technology (SBITA) obligations as other financing sources of the current period. Principal payments and debt issuance costs are reported as expenditures.

### Fund Balance

Per GASB Statement 54, the classification of fund balances in the governmental funds are defined as follows:

*Non-spendable* - amounts that cannot be spent either because they are in non-spendable form, such as inventory or prepaid items or because they 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 specific purposes determined by a formal action of the Board of Trustees of the Center. 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* - amounts that do not meet the criteria to be classified as restricted or committed but are intended to be used for specific purposes that have been established by the Board of Trustees. Per the Center's fund balance policy, the Board designates the Chief Executive Officer or her designee as the official authorized to assign fund balance to a specific purpose.

*Unassigned* - all other spendable amounts in the General Fund.

When expenditures are incurred for which both restricted and unrestricted fund balance is available, the Center considers restricted funds to have been spent first. Similarly, committed funds are considered to have been spent first when there is a choice for the use of less restricted funds, then assigned and then unassigned funds.

It is the Center's policy to achieve and maintain an unassigned fund balance in the general fund equal to 100% of one month's expenditures. If unassigned fund balance falls below the goal or has a deficiency, the Center will notify the Board of Trustees and may request approval to receive a temporary line of credit.

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued:**

### **Leave Policies**

Full-time employees earn paid time off for each month of work performed. Progressive accrual of paid time off is based on the number of years the individual is employed by the Center. For employees who have completed a six month conditional period, paid time off is paid upon termination of employment.

Full-time employees accumulate hours of extended illness leave per pay period based on the number of years employed. An individual's extended illness leave may be accumulated. Unused extended illness leave is not paid upon termination of employment.

Under GASB 101 *Compensated Absences*, paid time off and extended illness leave are reported as accrued in the government-wide and proprietary fund financial statements. Governmental funds report only matured compensated absences payable to currently terminating employees and are included in wages and benefits payable.

### **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. During fiscal 2025, the Center was covered under a general liability insurance plan with a combined single limit of \$1 million at a cost it considered to be economically justifiable.

The Center has entered into an agreement with the Texas Council Risk Management Fund (TCRMF), a public entity risk pool which operates as a common risk management and insurance program for members of the Texas Council of Mental Health Mental Retardation Community Centers. The agreement provides that the trust established by TCRMF will be self-sustaining through member premiums. The Center pays an annual premium to TCRMF for workers' compensation, general and auto liability, and property insurance coverages. There was no significant reduction in insurance coverage during the year. The amount of settlements has not exceeded insurance coverage for any of the past three years. The Center does not anticipate any additional assessments for insurance premiums as a result of activities in the year ending August 31, 2025.

The Center has established a partially self-funded employee medical benefits program known as the Texoma Community Center Employee Benefit Plan (the Plan). This plan provides health insurance benefits and certain dental insurance benefits to full-time employees of the Center and their dependents. Both the Center and the Plan's eligible employees share in the cost of plan premiums. The Center purchases commercial stop-loss insurance coverage for medical claims in excess of \$50,000 per employee, per plan year. There is no lifetime maximum per employee. The policy provides for an annual aggregate policy period reimbursement maximum in the amount of \$1,000,000.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued:**

The Center has contracted with UMR, to provide claims administration, and professional advice regarding the adequacy of premium charges and the adequacy of reserves to fund claims liabilities. Based on their projections and the Center’s accounting policy, the Center records a liability for medical and dental insurance claims liabilities. The Center accounts for this risk management activity in the Internal Service Fund and accordingly reflects a claims liability in the amount of \$200,026 in the Internal Service Fund at August 31, 2025. This claims liability is based on the requirement that a liability for claims be reported if information prior to the issuance of the financial statements indicates a loss has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The Center does not discount its claims liabilities.

Following is a reconciliation of claims liabilities for the past two fiscal years:

	2025	2024
Accrued claims at the beginning of the year	\$ 83,956	\$ 130,642
Claims incurred	4,204,331	2,239,399
Claims paid	(4,088,261)	(2,286,085)
Accrued claims at the end of the year	\$ 200,026	\$ 83,956

**Estimates**

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

**GASB 87 – Leases**

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

**GASB 96 - Subscription-Based Information Technology Arrangements (SBITA)**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued:**

Under GASB 96, the Center recognizes a right-of-use subscription asset—an intangible asset—and a corresponding subscription liability at the commencement of the subscription term when the subscription asset is placed into service. The subscription liability is initially measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments are discounted using the interest rate specified in the agreement. If the interest rate is not specified, the Center uses its estimated incremental borrowing rate at the time of the contract. Subscription payments in the General Fund are recorded as expenditures for principal and interest on the subscription liability. In the government-wide statement of activities, the Center recognizes amortization of the principal payment on the subscription liability as an outflow of resources.

**GASB 101 – *Compensated Absences***

Effective September 1, 2024, the Center adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 101 *Compensated Absences*. GASB 101 modernizes the types of leave that are considered a compensated absence and provides guidance for a consistent recognition and measurement of the compensated absence liability. There was not a significant effect on the Center’s financial statements as a result of the implementation of this standard.

**2. CASH, CASH EQUIVALENTS AND INVESTMENTS:**

**Deposits**

**Custodial credit risk** for deposits is the risk that in the event of a bank failure, the Center’s deposits may not be returned or the Center will not be able to recover collateral securities in the possession of an outside party. The Center’s policy requires deposits to be fully secured by collateral valued at market or par, whichever is lower, less the amount of Federal Deposit Insurance Corporation (FDIC) insurance. Deposited funds may be invested in certificates of deposit in institutions with an established record of fiscal health. Collateral agreements must be approved prior to deposit of funds. The Board of Trustees approves authorized depository institutions based on the recommendations of the Center’s management.

At year end the Center’s (primary government) deposits were underinsured or under-collateralized with securities held by the Center, its agent, or by the pledging financial institution’s trust department in the name of the Center by \$279,455.

**Investments**

During the year ending August 31, 2025, the Center did not own any investments.

## 2. CASH, CASH EQUIVALENTS AND INVESTMENTS - continued:

### Investment Policies

**Credit risk** is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Generally, the Center's investing activities are managed under the custody of the Chief Financial Officer. Investing is performed in accordance with investment policies adopted by the Board of Trustees complying with state statutes. The Center's investment policy and state statute generally permit the Center to invest in certificates of deposit, fully collateralized repurchase agreements, public funds investment pools, obligations of the United States of America or its agencies, direct obligations of the State of Texas or its agencies, prime domestic bankers acceptances, commercial paper, SEC registered no-load money market mutual funds, other obligations which are unconditionally guaranteed or insured by the State of Texas or the United States or its agencies and instrumentalities, and obligations of states, agencies, countries, cities and other political subdivisions 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. During the year ended August 31, 2025, the Center did not own any types of securities other than those permitted by statute or its investment policy.

**Interest rate risk** is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. Center policy requires that the maturity of investments correspond to anticipated cash flows. Policy also requires that investments be diversified to minimize the risk of loss from the concentration of assets in a specific maturity period.

Investments, when applicable, are stated at fair value within the fair value hierarchy established by generally accepted accounting principles (GAAP). The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. At year-end, the Center had no investments subject to the fair value hierarchy established by generally accepted accounting principles.

**Concentration of credit risk** is the risk of loss attributed to the magnitude of the Center's investment in a single issuer. The Center's investment policy requires that investments be diversified to minimize the risk of loss from the concentration of assets in a single issuer.

For investments, **custodial credit risk** is the risk that, in the event of the failure of the counterparty, the Center will not be able to recover the value of its investments or collateral securities in the possession of an outside party. The Center's policy provides that investment securities are held by a third party custodian in an account in the Center's name.

### 3. DUE FROM OTHER GOVERNMENTS:

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

TCOOMMI Programs	\$ 129,258
SAMHSA	62,568
YES Waiver	5,905
HHSC - Substance Abuse Programs	78,931
HHSC - MH Programs	82,240
Medicaid Administrative Claiming	246,663
HR-133 Covid	85,352
Senate Bill 292 contract	251,274
CSC contract	65,113
UT Health Science Center of San Antonio	32,092
Due from other governments	<u>\$ 1,039,396</u>

### 4. CAPITAL ASSETS:

The following table provides a summary of changes in capital assets:

	Beginning Balance	Additions	Retirements	Ending Balance
<b>Governmental Activities</b>				
Nondepreciable assets				
Land	\$ 369,758	\$ -	\$ -	\$ 369,758
Total Nondepreciable assets	<u>369,758</u>	<u>-</u>	<u>-</u>	<u>369,758</u>
Depreciable/amortizable assets				
Buildings	3,460,497		42,945	3,417,552
Leasehold and land improvements	100,974			100,974
Furniture and equipment	1,186,593	10,000	17,612	1,178,981
Vehicles	375,237	43,120		418,357
Right-of-use leased vehicles	711,804	25,049	347,955	388,898
Right-of-use leased equipment	497,335	19,604	169,351	347,588
Right-of-use SBITA assets	267,696			267,696
Total depreciable/amortizable assets	<u>6,600,136</u>	<u>97,773</u>	<u>577,863</u>	<u>6,120,046</u>
Less accumulated depreciation/amortization				
Buildings	1,087,443	140,202	26,539	1,201,106
Leasehold and Land Improvements	51,344	8,576		59,920
Furniture and equipment	755,031	80,210	7,453	827,788
Vehicles	302,749	22,040		324,789
Right-of-use leased vehicles	490,509	68,568	347,956	211,121
Right-of-use leased equipment	249,276	94,712	169,351	174,637
Right-of-use SBITA assets	93,675	94,082		187,757
Total	<u>3,030,027</u>	<u>508,390</u>	<u>551,299</u>	<u>2,987,118</u>
<b>Governmental Activities</b>				
<b>Capital Assets (Net)</b>	<u>\$ 3,939,867</u>	<u>\$ (410,617)</u>	<u>\$ 26,564</u>	<u>\$ 3,502,686</u>

**4. CAPITAL ASSETS (continued):**

Depreciation and amortization expense was charged to functions as follows:

Function	Amount
Mental Health Programs - Adult	\$ 119,538
Mental Health Programs - Children	3,657
Intellectual & Developmental Disabilities	59,243
Administration	325,952
Total	<u>\$ 508,390</u>

**5. LONG-TERM LIABILITIES AND DEBT:**

Following is a summary of changes in long-term liabilities for the year:

Governmental activities	Beginning			Ending	Due Within
	Balance	Additions	Retirements	Balance	One Year
Notes payable - Banks	\$ 816,400	\$ -	\$ (43,963)	\$ 772,437	\$ 544,438
Lease obligations	469,354	44,653	(163,279)	350,728	161,327
SBITA obligations	74,992		(73,338)	1,654	1,654
Total Notes Payable	1,360,746	44,653	(280,580)	1,124,819	707,419
Compensated absences	471,518	504,935	(471,518)	504,935	504,935
Total Long-term obligations	<u>\$ 1,832,264</u>	<u>\$ 549,588</u>	<u>\$ (752,098)</u>	<u>\$ 1,629,754</u>	<u>\$ 1,212,354</u>

Direct Borrowings:

On November 11, 2018, the Center secured a promissory note for \$384,000 with First United Bank to purchase 2113 Loy Lake Road, Sherman, Texas. The note is payable in monthly blended payments. Beginning December 19, 2024, the monthly blended payment changed from \$3,430 to \$3,329. Interest is calculated on the unpaid balance at a variable interest rate of Wall Street prime rate minus 0.9%. At August 31, 2025, the interest rate was 6.85% per annum. The note is scheduled to mature November 19, 2033 and is secured by the real estate purchased.

On August 17, 2020, the Center secured a promissory note for \$630,000 with First United Bank to purchase 902 Cottonwood Drive, Sherman, Texas. The note is payable at \$3,922 beginning September 17, 2020 with interest calculated on the unpaid balance at 4.25% interest per annum. The note is scheduled to mature February 17, 2026 and is secured by the real estate purchased.

Future debt service requirements for long-term notes payable are summarized as follows:

Governmental activities	Notes Payable		
	Principal	Interest	Total
Direct Borrowings			
2026	\$ 544,438	\$ 37,615	\$ 582,053
2027	24,895	15,054	39,949
2028	26,643	13,306	39,949
2029	28,591	11,358	39,949
2030	30,641	9,308	39,949
2031-2035	117,229	14,257	131,486
Total required	<u>\$ 772,437</u>	<u>\$ 100,898</u>	<u>\$ 873,335</u>

## 5. LONG-TERM LIABILITIES AND DEBT (continued):

The Center has entered into lease agreements for vehicles with total combined monthly payments ranging from \$507 to \$1,764 per month over the next five fiscal years, with an estimated incremental borrowing rate ranging from 3.18% to 8.35%.

The Center has entered into lease agreements for equipment with total combined monthly payments ranging from \$56 to \$2,957 per month over the next five fiscal years, with an estimated incremental borrowing rate ranging from 4.35% to 8.50%.

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

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

Governmental activities	Lease Obligations			
	Direct Borrowings	Principal	Interest	Total
2026	\$	161,327	\$ 19,906	\$ 181,233
2027		110,608	10,345	120,953
2028		54,525	4,210	58,735
2029		22,639	972	23,611
2030		1,629	76	1,705
Total required	\$	350,728	\$ 35,509	\$ 386,237

The Center has entered into subscription-based information technology agreements (SBITA). SBITA obligations are recorded at the present value of the remaining lease payments using an estimated incremental borrowing rate of 8.00%. Terms of existing agreements expire on various dates over the next fiscal year. SBITA payments are reflected as principal and interest payments in the financial statements.

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

Governmental activities	SBITA Obligations			
	Direct Borrowings	Principal	Interest	Total
2026	\$	1,654	\$ 22	\$ 1,676

Interest expense was \$74,984 for the year. No interest was capitalized.

**5. LONG-TERM LIABILITIES AND DEBT (continued):**

**Short-Term Debt (Direct Borrowings and Direct Placements):**

Short-term debt was incurred to facilitate cash flows necessary to fund intergovernmental transfers associated with Medicaid 1115 waiver revenues as well as to acquire property (land and a building).

On November 5, 2019, the Center secured a direct borrowing revolving line of credit loan of \$1,500,000 with First United Bank and Trust Co to provide working capital for operations in advance of the collection of revenues during the fiscal year. The note is payable in one principal installment upon maturity. Interest is payable monthly, commencing on December 5, 2019, and on the same date each month thereafter to maturity. The interest rate on the note is subject to change from time to time based on changes in an independent index which is the Wall Street prime rate as published in the Wall Street Journal (the "Index"). The revolving line of credit is secured by real estate. During the year ended August 31, 2025, the Center received a modification from the bank to extend the maturity of the note to February 17, 2026 and to reduce the available line of credit to \$1,000,000. Interest rate at August 31, 2025 was 8.5%.

Following is a summary of changes in short-term direct borrowings and direct placements for the year:

Governmental activities Direct Borrowings	Beginning Balance	Additions	Retirements	Ending Balance
First United Bank and Trust Line of Credit	\$ 4,959	\$ 5,043	\$ -	\$ 10,002

**6. RETIREMENT PLAN:**

The Center maintains a 401(a) defined contribution pretax retirement plan for the benefit of eligible employees and their beneficiaries. The name of the plan is the Texoma Community Center Defined Contribution Plan. The Center elected to contribute 5% of covered employees compensation to the plan this year. These contributions are used to purchase mutual funds and/or annuity contracts on behalf of eligible Center employees. Eligible employees are full-time employees of the Center. Employees vest in the Center's contributions to the plan on their behalf over a seven year period as follows:

<u>Vesting Schedule</u>	
Years of Service	Percentage
Less than 2	0%
2 but less than 3	20%
3 but less than 4	40%
4 but less than 5	60%
5 but less than 6	80%
6 or more	100%

**6. RETIREMENT PLAN (continued):**

All amounts forfeited are used to first pay any administrative expenses and then are accumulated and used to reduce employer contributions. The required contribution by the Center for the fiscal year ending August 31, 2025 was \$195,165 and the actual Center contribution was \$195,165, of which \$3,023 was funded by employee forfeitures. At year-end, the amount to due to the plan was \$8,076.

**7. DEFERRED COMPENSATION PLAN:**

The Center offers its employees a deferred Compensation Plan (the "Plan") consistent with Internal Revenue Code Section 457(a). Vesting in the Plan is immediate with plan assets held in trust until the employee terminates employment, retires, or experiences an unforeseeable emergency. Employees may contribute voluntarily to the Plan an amount not to exceed limits established by the Internal Revenue Service. The Center matches up to a maximum of 5% of each employees elective deferrals. Employee elective deferrals were \$309,450 for the year.

**8. COMMITMENTS AND CONTINGENCIES:**

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

**9. ECONOMIC DEPENDENCE:**

The Center receives a substantial portion of its revenues in the form of annual performance contracts with the Texas Health and Human Services Commission (HHSC) to provide mental health services and intellectual & developmental disability services to its service area. The Center is economically dependent on the continuation of these contracts. At fiscal year end, these contracts have been continued through August 31, 2026.

**10. INTERFUND RECEIVABLES/PAYABLES:**

Generally, outstanding balances between funds reported as "due to/from funds" include outstanding charges by one fund to another for services or other miscellaneous receivables/payables between funds. Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are described as "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans).

The government-wide statement of activities eliminates receivables and payables reported within the governmental activities.

**10. INTERFUND RECEIVABLES/PAYABLES (continued):**

Interfund balances as of August 31, 2025 were as follows:

	Interfund Receivables	Interfund Payables
General Fund	\$ 348,091	\$ -
Internal Service Fund	-	348,091
Fiduciary Fund	-	-
Total	<u>\$ 348,091</u>	<u>\$ 348,091</u>

These amounts exist primarily due to payments for employee health benefits and are not expected to be repaid within one year.

**11. PHARMACY PROGRAMS:**

The Center participates in a patient assistance program (PAP) in order to decrease medication costs incurred by the Center and its consumers. Under this program, the Center receives pharmaceuticals at no charge on behalf of consumers and dispenses these items to consumers in accordance with service provider instructions. This program does not meet the criteria established by generally accepted accounting principles for recording in the financial statements; however, the cost savings achieved by this program are significant to the Center. Management estimates the value of pharmacy items distributed under this program to be \$5,187,287 for the year.

**12. 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 a statewide reconciliation process for the cost of CCP services. The cost report reconciliation will result in a settlement of an amount due to the Center. The results of the final reconciliation will not be known for several months after the report release date. Due to the uncertainty associated with this estimate and the effects of the statewide reconciliation, management has determined that an estimate is not possible at year-end. Revenues associated with this program are recorded as revenues when actually received. The amount received in FY 2025 was \$1,253,429.

**REQUIRED SUPPLEMENTARY  
INFORMATION**

**TEXOMA COMMUNITY CENTER  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDING AUGUST 31, 2025**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>LOCAL AND EARNED REVENUES:</b>				
County/City/Local tax funds	\$ 310,000	\$ 310,000	\$ 283,200	\$ (26,800)
Patient fees, net/insurance	108,400	108,400	128,722	20,322
1115 Waiver - DPP	950,000	950,000	884,698	(65,302)
1115 Waiver - CCP	1,200,000	1,200,000	1,253,429	53,429
Contract funding	87,000	87,000	102,813	15,813
YES waiver	54,000	54,000	32,197	(21,803)
Miscellaneous income/contributions	317,880	317,880	84,217	(233,663)
Earned income-Medicare/Medicaid	2,693,400	2,693,400	1,742,307	(951,093)
<b>Total local and earned revenues</b>	<b><u>5,720,680</u></b>	<b><u>5,720,680</u></b>	<b><u>4,511,583</u></b>	<b><u>(1,209,097)</u></b>
<b>STATE PROGRAM REVENUES:</b>				
General Revenue - Mental Health	4,680,092	4,680,092	4,680,092	-
General Revenue - Developmental Disabilities	1,047,671	1,047,671	1,078,225	30,554
Mental Health First Aid	27,500	27,500	27,500	-
Mental Health Grant Program for Justice-Involved Individuals (SB 292)	807,025	807,025	923,988	116,963
Community Mental Health Grant Program	265,000	265,000	168,634	(96,366)
Texas Correctional Office on Offenders with Medical or Mental Impairments	278,200	278,200	305,742	27,542
<b>Total state program revenues</b>	<b><u>7,105,488</u></b>	<b><u>7,105,488</u></b>	<b><u>7,184,181</u></b>	<b><u>78,693</u></b>
<b>FEDERAL PROGRAM REVENUES:</b>				
Mental Health Block Grant	1,130,076	1,130,076	1,046,227	(83,849)
Temporary Assistance for Needy Families	65,992	65,992	65,992	-
Substance Use Disorder Programs	496,451	496,451	310,460	(185,991)
Social Services Block Grant	38,455	38,455	38,455	-
Money Follows the Person	46,004	46,004	45,989	(15)
Opioid STR	400,000	400,000	387,372	(12,628)
SAMHSA	725,870	725,870	713,387	(12,483)
Medical Assistance Program	437,350	437,350	416,653	(20,697)
<b>Total federal program revenues</b>	<b><u>3,340,198</u></b>	<b><u>3,340,198</u></b>	<b><u>3,024,535</u></b>	<b><u>(315,663)</u></b>
Interest income	600	600	390	(210)
<b>TOTAL REVENUES</b>	<b><u>\$ 16,166,966</u></b>	<b><u>\$ 16,166,966</u></b>	<b><u>\$ 14,720,689</u></b>	<b><u>\$ (1,446,277)</u></b>

(Continued)

**TEXOMA COMMUNITY CENTER  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDING AUGUST 31, 2025**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>EXPENDITURES:</b>				
Current:				
Personnel	\$ 9,305,835	\$ 9,305,835	\$ 8,796,163	\$ 509,672
Employee benefits	2,589,850	2,589,850	2,754,816	(164,966)
Consultation & professional fees	1,620,310	1,620,310	1,919,237	(298,927)
Travel - board and staff	114,565	114,565	93,315	21,250
Consumable supplies	144,930	144,930	135,196	9,734
Furniture and equipment	324,163	324,163	50,146	274,017
Repair and maintenance	90,105	90,105	113,906	(23,801)
Building rent	41,610	41,610	38,435	3,175
Vehicles	135,500	135,500	170,832	(35,332)
Drugs and medications	120,800	120,800	129,370	(8,570)
Laboratory Fees	18,800	18,800	17,846	954
Utilities	269,945	269,945	255,406	14,539
Audit and legal	56,000	56,000	56,000	-
Insurance	191,980	191,980	205,102	(13,122)
Computer expense	324,600	324,600	325,987	(1,387)
Training and development	62,590	62,590	60,535	2,055
Client costs	113,840	113,840	170,455	(56,615)
Dues	30,350	30,350	27,115	3,235
Other costs	413,583	413,583	308,229	105,354
<b>Total current</b>	<b><u>15,969,356</u></b>	<b><u>15,969,356</u></b>	<b><u>15,628,091</u></b>	<b><u>341,265</u></b>
Capital outlay	100,000	100,000	97,773	2,227
Debt service - principal	43,530	43,530	280,580	(237,050)
Debt service - interest	44,420	44,420	74,984	(30,564)
<b>Total expenditures</b>	<b><u>16,157,306</u></b>	<b><u>16,157,306</u></b>	<b><u>16,081,428</u></b>	<b><u>75,878</u></b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>9,660</b>	<b>9,660</b>	<b>(1,360,739)</b>	<b>(1,370,399)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Issuance of lease obligations	-	-	44,653	44,653
<b>Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses</b>	<b>9,660</b>	<b>9,660</b>	<b>(1,316,086)</b>	<b>(1,325,746)</b>
<b>Fund balance-Beginning</b>	<b><u>4,380,265</u></b>	<b><u>4,380,265</u></b>	<b><u>4,380,265</u></b>	<b><u>-</u></b>
<b>Fund balance-Ending</b>	<b><u>\$ 4,389,925</u></b>	<b><u>\$ 4,389,925</u></b>	<b><u>\$ 3,064,179</u></b>	<b><u>\$ (1,325,746)</u></b>

**SUPPLEMENTARY SCHEDULES**

**TEXOMA COMMUNITY CENTER**  
**Schedule of Revenue and Expenditures by Source of Funds - General Fund**  
**(Unaudited)**  
**Year Ended August 31, 2025**

Fund Source	Revenue	Total Mental Health Adult Expenditures	Total Mental Health Child Expenditures	Total Mental Health Crisis Expenditures	Community Hospital (Inpatient Only) Expenditures	Total Intellectual & Developmental Disabilities Expenditures	Total Other Services Expenditures	Total Center Expenditures	Excess Revenue over Expenditures
Objects of Expense									
Personnel	\$ 6,743,068	\$ 2,400,336	\$ 796,664	\$ 379,737	\$ 2,166	\$ 699,946	\$ 2,464,219	\$ 6,743,068	\$ -
Employee benefits	2,086,397	802,854	263,491	74,340	2,049	196,896	746,767	2,086,397	-
Professional and consultant services	258,347	42,084	39,515	14,139	-	43,231	119,378	258,347	-
Training and travel	121,430	39,797	9,778	10,386	-	19,877	41,592	121,430	-
Debt service	-	-	-	-	-	-	-	-	-
Capital outlay	43,120	43,120	-	-	-	-	-	43,120	-
Non-capitalized Equipment	213,854	64,526	21,425	7,598	-	30,297	90,008	213,854	-
Pharmaceutical expense	129,370	97,859	-	-	-	-	31,511	129,370	-
Pharmaceutical expense (PAP only)	5,187,287	4,963,863	-	-	-	-	223,424	5,187,287	-
Other operating expenses	3,173,217	763,830	151,777	135,497	1,569,970	113,154	438,989	3,173,217	-
Allocation of general administration to strategies	3,651,232	1,180,906	334,543	178,106	450,978	354,753	1,151,946	3,651,232	-
<b>Total expenditures</b>	<b>\$ 21,607,322</b>	<b>\$ 10,399,175</b>	<b>\$ 1,617,193</b>	<b>\$ 799,803</b>	<b>\$ 2,025,163</b>	<b>\$ 1,458,154</b>	<b>\$ 5,307,834</b>	<b>\$ 21,607,322</b>	<b>\$ -</b>
Method by Finance									
General revenue - mental health	\$ 2,320,389	\$ 1,840,761	\$ 479,628	\$ -	\$ -	\$ -	\$ -	\$ 2,320,389	\$ -
General revenue - IDD	604,543	-	-	-	-	604,543	-	604,543	-
Crisis services	596,903	-	-	596,903	-	-	-	596,903	-
Other - general revenue	86,000	86,000	-	-	-	-	-	86,000	-
Mental health block grant	389,553	50,717	-	-	-	-	338,836	389,553	-
GR Project private beds	1,676,800	-	-	-	1,676,800	-	-	1,676,800	-
Crisis respite	7,132	-	-	-	-	7,132	-	7,132	-
Crisis and behavioral support	129,475	-	-	-	-	129,475	-	129,475	-
TANF	52,941	-	52,941	-	-	-	-	52,941	-
Permanency planning	3,298	-	-	-	-	3,298	-	3,298	-
Other state agencies	1,874,132	196,134	-	-	-	78,671	1,599,327	1,874,132	-
TX council on offenders with MI	305,742	305,742	-	-	-	-	-	305,742	-
Other federal funds	3,966,166	1,185,684	669,034	62,089	-	565,446	1,483,913	3,966,166	-
Other waivers	2,103,017	624,582	252,139	123,772	250,360	-	852,164	2,103,017	-
Required local match	353,064	149,686	136,071	-	-	67,307	-	353,064	-
Additional local funds	7,138,167	5,959,869	27,380	17,039	98,003	2,282	1,033,594	7,138,167	-
<b>Total expended sources</b>	<b>\$ 21,607,322</b>	<b>\$ 10,399,175</b>	<b>\$ 1,617,193</b>	<b>\$ 799,803</b>	<b>\$ 2,025,163</b>	<b>\$ 1,458,154</b>	<b>\$ 5,307,834</b>	<b>\$ 21,607,322</b>	<b>\$ -</b>

**TEXOMA COMMUNITY CENTER**  
**Reconciliation of Total Revenues and Expenditures to Fourth Quarter Financial Report**  
**(Unaudited)**  
**Year Ended August 31, 2025**

**Reconciliation of final 4th quarter Report III to audit:**

Expenditures per audit report	\$	16,081,428
Pharmaceutical expenses (PAP only)		5,187,287
Volunteer Services		285,377
In Kind		52,977
Miscellaneous variance		2
		2
Expenditures per Report III	\$	21,607,071
Revenues and other financing sources per audit report	\$	14,720,689
Pharmaceutical expenses (PAP only)		5,187,287
Volunteer Services		285,377
In Kind		52,977
Gain/loss from disposal of capital assets		(26,564)
Proceeds from long-term debt reported in audit but not on Report III		44,653
Use of fund balance reserve for FY25		1,342,905
Miscellaneous variance		(2)
		(2)
Revenue sources per final Report III	\$	21,607,322

**TEXOMA COMMUNITY CENTER**  
**Schedule of Indirect Costs**  
**(Unaudited)**  
**Year Ended August 31, 2025**

The following presentation excludes Patient Assistance Pharmacy Program and Volunteer Costs:

	Total Costs	Nonallowable Costs	Depreciation	Total Adjusted Cost	Direct Costs	Indirect Costs
Personnel	\$ 8,796,163	\$ (25,619)		\$ 8,770,544	\$ 7,246,329	\$ 1,524,215
Fringe Benefits	2,754,816	(10,396)		2,744,420	2,246,878	497,542
Capital Outlay	97,773	(97,773)		-	-	-
Depreciation	-	-	508,390	508,390	508,390	-
Other Operating Expense	4,077,112	(48,325)		4,028,787	3,700,699	328,088
Debt Service						
Principal	280,580	(280,580)		-	-	-
Interest	74,984	-		74,984	18,526	56,458
<b>Total Expenses</b>	<b>\$ 16,081,428</b>	<b>\$ (462,693)</b>	<b>\$ 508,390</b>	<b>\$ 16,127,125</b>	<b>\$ 13,720,822</b>	<b>\$ 2,406,303</b>

Indirect Costs	\$ 2,406,303
Direct Costs	\$ 13,720,822

**Indirect Cost Rate** **17.54%**

The following presentation includes Patient Assistance Pharmacy Program and Volunteer Costs:

	Total Costs	Nonallowable Costs	Depreciation	Total Adjusted Cost	Direct Costs	Indirect Costs
Personnel	\$ 8,796,163	\$ (25,619)		\$ 8,770,544	\$ 7,246,329	\$ 1,524,215
Fringe Benefits	2,754,816	(10,396)		2,744,420	2,246,878	497,542
Capital Outlay	97,773	(97,773)		-	-	-
Depreciation	-	-	508,390	508,390	508,390	-
PAP drugs	5,525,641	-		5,525,641	5,524,832	809
Other Operating Expense	4,077,112	(48,325)		4,028,787	3,700,699	328,088
Debt Service						
Principal	280,580	(280,580)		-	-	-
Interest	74,984	-		74,984	18,526	56,458
<b>Total Expenses</b>	<b>\$ 21,607,069</b>	<b>\$ (462,693)</b>	<b>\$ 508,390</b>	<b>\$ 21,652,766</b>	<b>\$ 19,245,654</b>	<b>\$ 2,407,112</b>

Indirect Costs	\$ 2,407,112
Direct Costs	\$ 19,245,654

**Indirect Cost Rate** **12.51%**

**Texoma Community Center  
Schedule of Leases In Effect (Unaudited)  
Year Ended August 31, 2025**

<b>Lessor</b>	<b>Location</b>	<b>Period Covered</b>	<b>Monthly Rental</b>
Ace Affordable Storage	2 Storage units	Month to month	\$ 478
Dell Financial Services	Equipment - Laptops	September 1, 2024 through August 31, 2025	\$ 5,550
Enterprise Fleet	Vehicles	September 1, 2024 through August 31, 2025	\$ 15,192
Pitney Bowes	Postage Lease Agreement	September 1, 2024 through August 31, 2025	\$ 511
Culligan Quench	Water Coolers	September 1, 2024 through August 31, 2025	\$ 274
Stovall, Connie	Realty - 301 N Grand Ave Gainesville, Texas	September 1, 2024 through August 31, 2025	\$ 2,750
Xerox	Equipment - Copiers	September 1, 2024 through August 31, 2025	\$ 3,520

**Texoma Community Center  
Schedule of Insurance in Force  
(Unaudited)  
Year Ended August 31, 2025**

Insurer	Term	Coverage	Amount
Cysurance	9/1/2024-9/1/2025	Aggregate Limit of Liability	3,000,000
		Retention each and every claim	10,000
		Business Interruption Loss	3,000,000
		Digital Asset Destruction	3,000,000
		Incident Response Expenses	3,000,000
		Cyber Extortion	3,000,000
		Regulatory Defense and Penalties	3,000,000
		Payment Card Industry Fines and Expenses	3,000,000
		Security and Privacy Liability	3,000,000
		Multimedia Liability	3,000,000
Texas Council Risk Management Fund	9/1/2024-9/1/2025	Workers' Compensation	Statutory
		Blanket Waiver	No
		Volunteers	Yes
		Elected Officials	Yes
Texas Council Risk Management Fund	9/1/2024-9/1/2025	Automobile Liability:	
		Per Occurrence Limit	1,000,000
		Deductible	1,000
		Additional Per Claim and Annual Aggregate Limit of Liability in Excess of \$1,000,000	1,000,000
Texas Council Risk Management Fund	9/1/2024-9/1/2025	Automobile Physical Damage Coverages	
		Valuation method	Actual cash value
		Property coverage	As scheduled
		Collision Deductible per vehicle	Varies by vehicle
		Comprehensive Deductible per vehicle	Varies by vehicle
		Specified Causes Deductible per vehicle	N/A
		Rental Reimbursement Coverage	Yes
Texas Council Risk Management Fund	9/1/2024-9/1/2025	General Liability:	
		Per Occurrence Limit of Liability	1,000,000
		Deductible	1,000
		Additional Per Claim and Annual Aggregate Limit of Liability in Excess of \$1,000,000	1,000,000
		Expanded Communicable Disease Defense Endorsement	
		Per Occurrence Limit of Liability	25,000
		Annual Aggregate	25,000
Texas Council Risk Management Fund	9/1/2024-9/1/2025	Professional Liability:	
		Per claim limit of liability	1,000,000
		Annual Aggregate	3,000,000
		Deductible	1,000
		Sexual Misconduct Endorsement:	
		Per Claim Limit	100,000
		Annual Aggregate	300,000
		Expanded Professional Liability Professional Defense Endorsement:	
		Per Claim Limit of Liability	30,000
		Annual Aggregate	100,000
		Primary Care Endorsement Exposure:	
Physician Assistants/Nurse Practitioners	5		
Nurses	9		
Texas Council Risk Management Fund	9/1/2024-9/1/2025	Errors and Omissions Liability:	
		Per Claim Limit of Liability	1,000,000
		Annual Aggregate	1,000,000
		Deductible	1,000
		Additional Per Claim and Annual Aggregate Limit of Liability in Excess of \$1,000,000	1,000,000
		Expanded Employment Practices:	
		Per claim limit of liability	50,000
Annual Aggregate	100,000		
Texas Council Risk Management Fund	9/1/2024-9/1/2025	Property Coverage	
		Coverage Basis	All Risk
		Valuation Method for Loss Adjustment	
		Real and Personal Property	Replacement cost
		Mobile Equipment and Automobile Physical Damage Catastrophe	Actual Cash Value
		Blanket Limit Each Occurrence	14,219,396
Blanket Per Occurrence Deductible	5,000		

**Texoma Community Center**  
**Schedule of Insurance in Force**  
**(Unaudited)**  
**Year Ended August 31, 2025**

Insurer	Term	Coverage	Amount
Texas Council Risk Management Fund	9/1/2024-9/1/2025	Property Values:	
		Buildings	11,555,633
		Contents	2,341,064
		Boiler and Machinery Equipment	18,204
		Electronic Data Processing Equipment	304,495
		Deductible per occurrence	5,000
Texas Council Risk Management Fund	9/1/2024-9/1/2025	Crime Coverage:	
		Public Employee Dishonesty Per Occurrence Limit	50,000
		Theft, Disappearance, and Destruction Per Occurrence Limit	50,000
		Forgery or Alteration Per Occurrence Limit	50,000
		Employee Theft of Client Property Per Occurrence Limit	25,000
		Computer and Transfer Fraud Per Occurrence Limit	25,000
		Deductible Per Occurrence	1,000
			deductible
			Unlimited individual
			lifetime limit Unlimited annual aggregate stop-loss
QBE	9/1/2024-8/31/2025	Self-insured - Health Plan: stop-loss coverage	50,000
Travelers	6/1/2024-6/1/2025	Fiduciary Responsibility:	
	6/1/2025-6/1/2026	Limit of Liability for all claims	1,000,000
		Settlement Program Limit of Liability	250,000
		HIPAA Limit of Liability	1,000,000
		502© Penalties Limit of Liability	100,000
		Additional Defense Limit of Liability	Not covered
	Retention for each claim	5,000	

**Texoma Community Center  
Schedule of Bond Coverage (Unaudited)  
Year Ended August 31, 2025**

<b>Surety Company</b>	<b>Scope of Coverage</b>	<b>Amount</b>
	None	

**Texoma Community Center**  
**Schedule of Space Occupied in a State-owned Facility (Unaudited)**  
**Year Ended August 31, 2025**

<u>Property Location</u>	<u>Building Utilization</u>	<u>Space</u>	<u>Square Ft</u>	<u>Monthly Cost</u>	<u>Annual Cost</u>
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None

**Texoma Community Center**  
**Schedule of Professional and Consulting Fees**  
**(Unaudited)**  
**Year Ended August 31, 2025**

Name	Type of Service	Amount
ADP	Payroll Software/Management Services	\$ 55,702
Avail Solutions	Crisis Hotline Services	45,600
Burgos, MD, Dante	Medical Director Services	54,750
Burke Center	Clinical Authorization Services	11,976
Carrus Behavioural Hospital	Inpatient Psychiatric Services	31,500
Claim, M.D.	Claim Form Billiing Reviews	1,440
Clinical Pathology	Lab Services	15,246
Cody, Brettjet Ph.D.	DIDS Assessment Services	102,120
Cole's Pest Control, LLC	Exterminating Services	9,025
Divine Equine	Animal Assisted Therapy Services	10,203
Don-Al Cleaning	Janitorial Services	100,700
eClinical Works	EHR Services	18,983
Everon, LLC	Safety and Security Monitoring	2,418
In Platinum Technologies	Safety and Security Monitoring	6,430
Language Link	Interpretation Services	1,546
Sherman Medical	Drug Screens	2,600
Marsh McLennan	Employee TPA Services	3,794
Miles, M.D., PLLC	Supervisory Oversight of Medical Staff	42,000
My Lawn Guy, LLC	Lawn Services	39,275
Myndfit Mental Health	Recreational Therapy Services	1,413
North Star Therapy	Music Therapy Services	6,098
Olive Branch Recovery	Medical Record Reviews	72,275
Patty Kake, Inc	MedData Services/Licenses	8,790
Perimeter Behavioral Hospital of Garland, LLC	Inpatient Psychiatric Services	39,750
Red River Hospital	Inpatient Psychiatric Services	202,920
Scott, Singleton, Fincher & Co., PC	Single Audit Services	56,000
Texoma Fire Equipment, Inc	Annual Fire Inspections	835
Texoma Medical Center	Inpatient Psychiatric Services	1,282,396
Total Fire and Safety, Inc	Safety and Security Monitoring	5,869
TLC Help, Inc.	Software Support Services	3,600
Wilson N. Jones Regional Medical Center	Inpatient Psychiatric Services	2,800

**Texoma Community Center  
Schedule of Legal Services  
(Unaudited)  
Year Ended August 31, 2025**

<b>Name</b>	<b>City</b>	<b>Type of Service</b>	<b>Amount</b>	
Hynds & Gordon, PC	Sherman, TX	General Legal Services	\$	2,391
Mullen Coughlin	Devon, PA	Refund Cybersecurity & Data Privacy		(1,536)

**COMPLIANCE AND  
INTERNAL CONTROLS SECTION**

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

CERTIFIED PUBLIC ACCOUNTANTS

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

Member of:  
Governmental Audit Quality Center

Members of:  
American Institute of  
Certified Public Accountants

Texas Society of  
Certified Public Accountants

## **Independent Auditor's Report on Internal Control Over Financial Reporting and On Compliance And Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

To the Board of Trustees  
Texoma Community Center

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 Texoma Community Center, as of and for the year ended August 31, 2025, and the related notes to the financial statements, which collectively comprise Texoma Community Center's basic financial statements, and have issued our report thereon dated February 4, 2026.

### **Report on Internal Control over Financial Reporting**

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

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

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

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

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

## **Purpose of This Report**

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

*Scott, Singleton, Fincher and Company, PC*

Greenville, Texas  
February 4, 2026

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

CERTIFIED PUBLIC ACCOUNTANTS

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TELEPHONE 903-455-4765  
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**Independent Auditor's Report on Compliance For Each Major Program  
And on Internal Control Over Compliance Required by the Uniform Guidance and  
Texas Grant Management Standards**

To the Board of Trustees  
Texoma Community Center

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## **Report on Internal Control over Compliance**

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

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

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

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

*Scott, Singleton, Fincher and Company, PC*

Greenville, Texas  
February 4, 2026

**TEXOMA COMMUNITY CENTER**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDING AUGUST 31, 2025**

**Section I – Summary of Auditor's Results**

**Financial Statements**

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

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	_____ yes	_____ <u>x</u> _____	no
Significant deficiency(ies) identified?	_____ yes	_____ <u>x</u> _____	none reported
Noncompliance material to financial statements noted?	_____ yes	_____ <u>x</u> _____	no

**Federal Awards**

Internal control over major programs:

Material weakness(es) identified?	_____ yes	_____ <u>x</u> _____	no
Significant deficiency(ies) identified?	_____ yes	_____ <u>x</u> _____	none reported

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

Unmodified

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

\_\_\_\_\_ yes      \_\_\_\_\_ x \_\_\_\_\_ no

**State Awards**

Internal control over major programs:

Material weakness(es) identified?	_____ yes	_____ <u>x</u> _____	no
Significant deficiency(ies) identified?	_____ yes	_____ <u>x</u> _____	none reported

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

Unmodified

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

\_\_\_\_\_ yes      \_\_\_\_\_ x \_\_\_\_\_ no

**TEXOMA COMMUNITY CENTER**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**FOR THE FISCAL YEAR ENDING AUGUST 31, 2025**

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

Identification of major federal programs:

<u>ALN/CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.958	Block Grants for Community Mental Health Services originating from the U.S. Department of Health and Human Services and passed through the Texas Health and Human Services Commission.

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

Auditee qualified as low-risk auditee?        x      yes                      \_\_\_\_\_ no

Identification of major state programs:

<u>ALN/CFDA Number(s)</u>	<u>Name of State Program or Cluster</u>
N/A	State General Revenue – Adult Mental Health Services passed through the Texas Health and Human Services Commission (HHSC)
N/A	State General Revenue – Intellectual and Developmental Disabilities Services passed through the Texas Health and Human Services Commission (HHSC)

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

Auditee qualified as low-risk auditee?        x      yes                      \_\_\_\_\_ no

**TEXOMA COMMUNITY CENTER**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**FOR THE FISCAL YEAR ENDING AUGUST 31, 2025**

**Section II – Financial Statement Findings**

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

No findings were noted.

**Section III – Federal Award Findings and Questioned Costs**

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

No findings were noted.

**Section IV – State Award Findings and Questioned Costs**

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

No findings were noted.

**TEXOMA COMMUNITY CENTER**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE FISCAL YEAR ENDING AUGUST 31, 2025**

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

No findings for fiscal year 2024 or 2023.

**FEDERAL AND STATE  
EXPENDITURES SECTION**

**TEXOMA COMMUNITY CENTER**  
**Schedule of Expenditures of Federal and State Awards**  
**For The Year Ended August 31, 2025**

Federal Grantor/Pass-through Grantor/Program Title	Federal ALN/CFDA Number	Pass- Through Grantor's Number	Expenditures
<b>Federal Awards</b>			
<b>U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<i>Direct Awards</i>			
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	H79SM087220	\$ 713,387
<i>Passed through the Texas Health and Human Services Commission (HHSC):</i>			
Temporary Assistance for Needy Families	93.558	HHS001324500034	65,992
Social Services Block Grant	93.667	HHS001324500034	38,455
Medical Assistance Program (Medicaid, Title XIX)	93.778	HHS000537900331	284,619
Habilitation Coordination - Medical Assistance Program	93.778	HHS001333300034	132,034
Money Follows the Person Rebalancing Demonstration	93.791	HHS001333300034	45,989
Block Grants for Community Mental Health Services	93.958	HHS001324500034	258,065
Block Grants for Community Mental Health Services	93.958	HHS001108400033	349,276
Block Grants for Community Mental Health Services	93.958	HHS001329300019	338,836
Block Grants for Community Mental Health Services	93.958	HHS001335500034	100,050
Block Grants for Prevention and Treatment of Substance Abuse (SA/TRA)	93.959	HHS001040100029	46,913
Block Grants for Prevention and Treatment of Substance Abuse (SA/TRY)	93.959	HHS001040100030	452
Block Grants for Prevention and Treatment of Substance Abuse (SA/TRF)	93.959	HHS001040100031	23,486
			<u>1,684,167</u>
<i>Passed through the University of Texas Health Science Center at San Antonio:</i>			
Opioid State Targeted Response (RSS-OBOT)	93.788	176652/42943/OBOT-16	287,372
Block Grants for Prevention and Treatment of Substance Abuse (RSS-PRS)	93.959	176444/42919/PRS-RS-RSS-07	60,157
Block Grants for Prevention and Treatment of Substance Abuse (RSS-MAT AUD)	93.959	175499/14189/MSUD-07	179,452
Opioid State Targeted Response (RSS-TO TTOR)	93.788	176842/42943	100,000
			<u>626,981</u>
<b>Total Expenditures of Federal Awards</b>			<u><u>\$ 3,024,535</u></u>
	Total CFDA 93.778	\$ 416,653	
	Total CFDA 93.958	\$ 1,046,227	
	Total CFDA 93.959	\$ 310,460	
	Total CFDA 93.788	\$ 387,372	

See accompanying notes to schedule of expenditures of federal and state awards  
and accompanying independent auditor's report.

**TEXOMA COMMUNITY CENTER**  
**Schedule of Expenditures of Federal and State Awards**  
**For The Year Ended August 31, 2025**  
**(Continued)**

<u>State Grantor/Pass-through Grantor/Program Title</u>	<u>Grantor's Number</u>	<u>Expenditures</u>
<b>State Awards</b>		
<b>Texas Health and Human Services Commission (HHSC):</b>		
General Revenue - Adult Mental Health	HHS001324500034	\$ 2,200,821
Crisis Redesign Services	HHS001324500034	465,204
Private Psychiatric Beds	HHS001324500034	1,676,800
Post-Discharge Meds Civil Committ (PDMCC)	HHS001324500034	5,405
Veterans Services	HHS001324500034	70,000
<b>Total General Revenue - Mental Health Adult *</b>		<b>4,418,230</b>
General Revenue - Intellectual and Developmental Disabilities (IDD)	HHS001333300034	747,860
Permanency Planning	HHS001333300034	3,298
Crisis Intervention Specialists	HHS001333300034	138,740
Crisis Respite Services	HHS001333300034	51,773
Nursing Facility Specialized Services Form 1048	HHS001333300034	57,884
COVID-19 General Revenue - ARPA Texas Workforce Challenge	HHS000994400001	72,612
<b>Total General Revenue - IDD</b>		<b>1,072,167</b>
General Revenue - Children's Mental Health *	HHS001324500034	261,862
Mental Health First Aid	HHS001335500034	27,500
Mental Health Grant Program for Justice-Involved Individuals	HHS000134400018	923,988
Community Mental Health Grant Program	HHS001392500010	168,634
Preadmission Screening and Resident Review	HHS001573900001	6,058
<b>TOTAL HHSC</b>		<b>6,878,439</b>
<b>Total Expenditures of State Awards</b>		<b>\$ 6,878,439</b>
<b>Total Expenditures of Federal and State Awards</b>		<b>\$ 9,902,974</b>

\* Total General Revenue - Mental Health \$ 4,680,092

**TEXOMA COMMUNITY CENTER  
NOTES TO SCHEDULE OF EXPENDITURES OF  
FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED AUGUST 31, 2025**

**1. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal and state awards (the "Schedule") includes the federal and state award activity of Texoma Community Center (the "Center") under programs of the federal and state governments for the year ended August 31, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Texas Grant Management Standards (TxGMS). Because the Schedule presents only a selected portion of the operations of the Center, it is not intended to and does not present the financial position, changes in financial position, or cash flows of the Center.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

**3. INDIRECT COST RATE**

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

**4. NATURE OF ACTIVITIES**

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

**TEXOMA COMMUNITY CENTER  
NOTES TO SCHEDULE OF EXPENDITURES OF  
FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED AUGUST 31, 2025  
(CONTINUED)**

**5. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

Federal and state awards are reported in the Center's basic financial statements in the General Fund. One state program has been excluded from the Schedule of Expenditures of Federal and State Awards by specific request of the funding agency. The state program excluded from the schedule is the Texas Correctional Office on Offenders with Medical or Mental Impairments program in the amount of \$305,742. This state program excluded from the accompanying schedule is not considered financial assistance as defined in Texas Grant Management Standards (TxGMS).

Following is a reconciliation of the financial statement presentation to the Schedule of Federal and State Awards:

State expenditures per schedule:	\$ 6,878,439
TCOOMMI program	<u>305,742</u>
State revenues per basic financial statements	<u>\$ 7,184,181</u>
Federal expenditures per schedule:	<u>\$ 3,024,535</u>
Federal revenues per basic financial statements	<u>\$ 3,024,535</u>

**6. STATE AWARD GUIDELINES**

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