ANNUAL FINANCIAL REPORT

YEAR ENDED AUGUST 31, 2025

Bluebonnet Trails Community Services
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INTRODUCTORY SECTION

Bluebonnet Trails Community Services
Certificate of Board Approval
Year Ended August 31, 2025

I, Judge Roxanne Nelson, Chair of the Board of Trustees of Bluebonnet Trails Community Services, do hereby certify that this accompanying audit report for fiscal year ended August 31, 2025, from Scott Singleton Fincher & Co, PC was reviewed and approved at a meeting of the Board of Trustees held on the 9th day of February, 2026.

Judge Roxanne Nelson
Chair of the Board of Trustees

Bluebonnet Trails Community Services

January 26, 2026

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

Presented herein is the Annual Financial Report for Bluebonnet Trails Community Mental Health and Mental Retardation Center d/b/a Bluebonnet Trails Community Services (the Center) for the fiscal year ending August 31, 2025. This report provides the Board of Trustees, the State of Texas, the sponsoring county governments of Bastrop, Burnet, Caldwell, Fayette, Lee, Gonzales, Guadalupe, and Williamson Counties, recipients of services, and those interested in the operations of the Center with detailed information concerning the financial condition and services provided by the organization.

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

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

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

The purpose of the independent audit is to provide reasonable assurance that the financial statements of the Center for the year beginning September 1, 2024, and ending August 31, 2025, are free of material misstatement. The independent audit has examined, on a test basis, evidence supporting the amounts and disclosures in the financial statements. The audit assessed the accounting procedures utilized by Center management and the veracity of the overall presentation of the financial statements.

Based upon the audit, the independent auditor concludes that there is reasonable basis for rendering an unmodified opinion that the financial statements of the Center for the year ending August 31, 2025 have been fairly presented in conformity with GAAP.

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

Acknowledgement

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

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

Above all, it is extraordinary what the staff of Bluebonnet Trails Community Services accomplish each day supporting babies, children, youth, adults and families. My sincere thanks goes to our dedicated and talented staff who serve our communities.

This letter, with the following financial review, captures the continued success, dedication and tenacity of Bluebonnet Trails Community Services and the outstanding efforts of our excellent staff, partners and Board Members in service to others.

Respectfully submitted,

Mike Maples
Chief Executive Officer

Bluebonnet Trails Community Services
Listing of Officials
August 31, 2025

Board of Trustees

Judge Roxanne Nelson	Chair
John Raeke	Vice-Chair
Judge Michael York	Secretary
Norma Mercado	Trustee
Judge Tom Bonn	Trustee
Shannon McBride	Trustee
Shirley Hester	Trustee
Judge Terence Davis	Trustee
Sgt. Robert Williams	Ex-Officio
Sgt. Brian Lumpkin	Ex-Officio

Executive Staff

Mike Maples	Chief Executive Officer
Paul Sisler	Chief Financial Officer
Dr. Mark Janes	Chief Medical Officer
Tiffany Guerrero	Chief of Staff
Amy Bodkins	Chief Human Resources Officer
Jessica Miller	Chief Health Programs Officer
Amanda Coleman	Chief Crisis Programs Officer
Meghan Nadolski	Chief Quality 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

Members of:
Governmental Audit Quality Center
American Institute of Certified Public Accountants
Texas Society of Certified Public Accountants

Independent Auditor's Report

To the Board of Trustees
Bluebonnet Trails Community Services

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bluebonnet Trails Community Services ("Center"), as of and for the year ended August 31, 2025, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements as listed in the table of contents.

In our opinion, 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 the 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Center, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Center's basic financial statements. The 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, 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 statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Scott, Singleton, Fincher and Company, PC

Greenville, Texas
February 9, 2026

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

Bluebonnet Trails Community Services
Management Discussion and Analysis
August 31, 2025

As management of Bluebonnet Trails Community Services (the "Center"), we offer readers of the Center's financial statements this narrative overview and analysis of the financial activities of the Center for the fiscal year ended August 31, 2025. We encourage the reader to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Financial Highlights

- The assets of the Center exceeded its liabilities at the close of the most recent fiscal year by $47,709,244 (net position). This compares to the previous year when assets exceeded liabilities by $47,764,409. Center's total net position (government-wide) decreased by $55,165.

- As of the close of the current fiscal year, the Center's governmental funds reported ending fund balance of $24,373,501 an increase from the prior year of $255,460.

- At the end of the current fiscal year, unassigned fund balance for the General Fund was $17,425,769 or 20.90% of General Fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Center's basic financial statements which have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements - The government-wide financial statements are designed to provide readers with a broad overview of the Center's finances in a manner similar to a private-sector business.

The statement of net position presents information on all of the Center's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Center is improving or declining.

The statement of activities presents information showing how the Center's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. The accrual basis of accounting is used which is similar to the accounting used by most private-sector companies. Some revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. One such example is earned but unused vacation leave which is expensed at the time it is accrued, but the cash flow occurs at the time the leave is taken.

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

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

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

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

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

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

  The Center adopts a budget for its general fund each year. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget on pages 19 and 20.

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

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

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

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

Other Information - In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information that is required by the Texas Health and Human Services Commission, the Uniform Guidance, and Texas Grant Management Standards. Required and other supplementary information can be found on page 39 of this report.

Government-Wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. The Center's assets exceeded liabilities by $47,709,244 at the close of the most recent fiscal year, which is a decrease of $55,165 over last year's net position of $47,764,409.

The largest portion of the Center's net position (55.9%) represents its investment in capital assets (e.g., land, buildings, vehicles, furniture, and equipment) less any related outstanding debt used to acquire those assets. The Center uses these capital assets to provide services to the consumers it serves. Consequently, these assets are not available for future spending.

The remaining balance of the Center's net position (44.1%) represents the unrestricted financial resources available for future operations.

Statement of Net Position
Government-Wide

	2025	2024
Current and other assets	$ 30,119,433	$ 30,886,148
Capital assets, net	29,701,598	30,030,966
Total assets	59,821,031	60,917,114
Current and other liabilities	5,608,569	6,466,725
Long-term liabilities	6,503,218	6,685,980
Total liabilities	12,111,787	13,152,705
Net investment in capital assets	26,690,793	26,517,294
Unrestricted	21,018,451	21,247,115
Total net position	$ 47,709,244	$ 47,764,409

Governmental activities decreased the Center's net position by $55,165. This information is presented as follows:

Statement of Activities
Government-Wide

	2025	2024
Revenues		
Program revenues		
Charges for services	$ 28,279,256	$ 29,612,601
Operating grants and contributions	53,972,314	53,656,769
Capital grants and contributions	179,086	-
General revenues		
Unrestricted investment earnings	945,401	1,042,804
Gain on disposal of capital assets	-	33,182
Total revenues	83,376,057	84,345,356
Expenses		
Mental Health Adult	43,491,572	44,889,737
Mental Health Child	20,513,476	20,171,909
Physical Care	2,379,267	3,181,169
Developmental disabilities	7,036,927	7,417,905
Early Childhood Intervention	4,167,411	4,195,833
Substance abuse	5,696,620	5,702,779
Interest	145,948	116,973
Total expenses	83,431,222	85,676,305
Change in net position	(55,165)	(1,330,949)
Net position, beginning	47,764,409	49,530,629
Prior period adjustment		(435,271)
Net position, ending	$ 47,709,244	$ 47,764,409

Governmental Fund Financial Analysis

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

Revenues and other financing sources for the Center's governmental fund totaled $83,651,631 while expenditures totaled $83,396,171. The change in fund balance was an increase of $255,460.

The unassigned fund balance may serve as a useful measure of the Center's net resources available for spending at the end of the fiscal year. At August 31, 2025, the unassigned fund balance of the general fund totaled $17,425,769 while the fund balance totaled $24,373,501. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 20.9% of total general fund expenditures.

General Fund Budgetary Highlights

Differences between the original FY 2025 budget and the final FY 2025 budget can be briefly summarized as follows:

- The Medicaid 1115 waiver program, the Directed Payment Program for Behavioral Health Services (DPP-BHS) continued to decrease in payment amounts and increase in complexity with multiple reconciliations and rebalancing actions during the year.
- Medicaid earned revenues were under budgeted amounts by about 5%, mainly due to the COVID 19 era emergency declarations ending and the Medicaid eligibility unwinding that started in April 2023. The effects continued to be less Medicaid revenue for FY 2025.
- Salaries and benefits expenses continued to increase with the implementation of service delivery awards, and continuation and expansion of the career ladder.
- Several cost savings/containment strategies were put into place during FY 2025. Those included:
    - Contracted nursing expenses decreased with a concerted effort to hire permanent nurses instead of relying on staffing with nurse agencies.
    - BTCS closed primary care programs in three Williamson County locations due to low patient volumes and difficulty earning revenue.
    - BTCS ended some subscriptions, decreased janitorial expenses, and other related operational expense reduction strategies were implemented.

Capital Assets and Debt Administration

Capital Assets

The Center's investment in capital assets, net of accumulated depreciation and amortization, for its governmental activities at August 31, 2025 consists of the following:

Capital Assets

	2025	2024
Land	$ 2,141,148	$ 2,141,148
Construction in progress	943,490	218,336
Buildings	30,167,184	29,761,536
Leasehold improvements	3,402,771	3,413,683
Furniture, fixtures, and equipment	897,461	740,455
Computer hardware and software	2,768,027	2,701,193
Vehicles	1,884,031	2,171,313
Telecommunications equipment	79,862	79,862
Right-of-use leased buildings	3,668,421	3,505,217
Right-of-use leased equipment	157,422	157,422
Right-of-use leased vehicles	2,011,420	1,899,050
Right-of-use SBITA assets	832,629	832,629
Less: accumulated depreciation/amortization	(19,252,268)	(17,595,869)
Total capital assets, net	$ 29,701,598	$ 30,025,975

Long-term obligations

The Center's long-term obligations consist of the following at August 31, 2025:

Long-Term Obligations

	2025	2024
Lease obligations	$ 2,782,093	$ 3,147,542
SBITA obligations	228,712	366,130
Compensated absences	3,492,413	3,172,308
	$ 6,503,218	$ 6,685,980

Economic Factors and Next Year's Budgets and Rates

The Center's finances are dependent upon the health of the state and national economy as approximately thirty nine percent (29%) of the gross revenues financing Center operations are derived from general revenue allocations from the state and federal government.

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

Part of the Center's sustainability planning revolves around focused cost containment strategies, that will continue in FY 2026 and beyond, especially since the Public Health Provider – Charity Care Provider (PHP-CCP) program is capped for another 2 years and the net amount of claims paid is going down.

Request for Information

This financial report is designed to provide a general overview of Center's finances and accountability of the funds it receives. Questions about this report or request fpr additional financial information should be addressed to Bluebonnet Trails Community Services, Attn: Director of Accounting Services, 1009 N. Georgetown St., Round Rock, Texas 78664 or emailed to cara.mehrens@bbtrails.org.

BASIC FINANCIAL STATEMENTS

Bluebonnet Trails Community Services
Statement of Net Position
August 31, 2025

		Governmental Activities
Assets		
Cash and cash equivalents	$	16,491,263
Investments		769,484
Accounts receivable, net		4,091,056
Receivables from other governments		5,312,311
Prepaid expenses		1,683,188
Advances for intergovernmental transfers		1,260,794
Deposits		51,337
Investment in Tejas Behavioral Health Management Association		460,000
Capital assets, net:		
Nondepreciable		3,084,637
Depreciable		26,616,961
Total assets	$	59,821,031
Liabilities		
Accounts payable	$	1,550,145
Accrued payroll		1,776,380
Accrued expenses		1,007,888
Unearned revenue		1,274,156
Compensated absences - due in one year		873,103
Lease obligations - due in one year		610,491
Subscription-based information technology asset (SBITA) obligations - due in one year		151,660
Compensated absences - due in more than one year		2,619,310
Lease obligations - due in more than one year		2,171,602
SBITA obligations - due in more than one year		77,052
Total liabilities	$	12,111,787
Net Position		
Net investment in capital assets	$	26,690,793
Unrestricted		21,018,451
Total net position	$	47,709,244

Bluebonnet Trails Community Services
Statement of Activities
Year Ended August 31, 2025

Function / Programs	Expenses	Administration Allocation	Expenses after Allocation of Administration	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
	Expenses			Program Revenues			
Governmental activities:							
Mental Health Adult	$ 38,488,078	$ 5,003,494	$ 43,491,572	$ 13,793,884	$ 33,434,152	$ 46,665	$ 3,783,129
Mental Health - Child and Adolescent	18,153,500	2,359,976	20,513,476	7,859,190	10,930,573	132,421	(1,591,292)
Primary care	2,105,544	273,723	2,379,267	715,646	54,283		(1,609,338)
Developmental disabilities	6,227,363	809,564	7,036,927	2,516,736	3,790,064		(730,127)
Early Childhood Intervention	3,687,971	479,440	4,167,411	2,050,526	2,216,869		99,984
Substance abuse	5,041,251	655,369	5,696,620	1,343,274	3,546,373		(806,973)
Administration	9,581,566	(9,581,566)					
Interest	145,948		145,948				(145,948)
Total governmental activities	$ 83,431,222	$ -	$ 83,431,222	$ 28,279,256	$ 53,972,314	$ 179,086	$ (1,000,566)
					General revenues:		
					Investment earnings		$ 945,401
					Change in net position		(55,165)
					Net Position - beginning of year - as previously reported		48,199,680
					Prior Period Adjustment		(435,271)
					Net Position - beginning of year - restated		47,764,409
					Net Position - ending of year		$ 47,709,244

Bluebonnet Trails Community Services
Balance Sheet - Governmental Funds
August 31, 2025

	General	Total Governmental Funds
Assets		
Cash and cash equivalents	$ 16,351,814	$ 16,351,814
Investments	769,484	769,484
Accounts receivable, net	4,091,056	4,091,056
Receivables from other governments	5,312,311	5,312,311
Prepaid items	1,683,188	1,683,188
Advances for Intergovernmental Transfers	1,260,794	1,260,794
Deposits	51,337	51,337
Investment in Tejas Behavioral Health Management Association	460,000	460,000
Total assets	$ 29,979,984	$ 29,979,984
Liabilities		
Accounts payable	$ 1,548,059	$ 1,548,059
Accrued payroll	1,776,380	1,776,380
Accrued expenses	1,007,888	1,007,888
Unearned revenue	1,274,156	1,274,156
Total liabilities	5,606,483	5,606,483
Fund Balances		
Nonspendable:		
Prepaid items	2,943,982	2,943,982
Deposits	51,337	51,337
Investment in Tejas Behavioral Health Management Association	460,000	460,000
Assigned:		
Compensated absences	3,492,413	3,492,413
Unassigned	17,425,769	17,425,769
Total fund balances	24,373,501	24,373,501
Total liabilities and fund balances	$ 29,979,984	$ 29,979,984

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

Bluebonnet Trails Community Services
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
August 31, 2025

Total fund balances	$	24,373,501
Amounts reported for governmental activities in the statement of net position are different because:		
Long-term liabilities, such as accrued compensated absences, are not due and payable in the current period and therefore are not reported in the governmental funds.		(3,492,413)
An internal service fund is used by management to charge the costs of capital assets to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		26,828,156
Net position - governmental activities	$	47,709,244

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

Bluebonnet Trails Community Services
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds
Year Ended August 31, 2025

	General Fund	Total Governmental Funds
Revenues		
Local funds	$ 27,304,536	$ 27,304,536
State programs	33,269,886	33,269,886
Federal programs	21,856,234	21,856,234
Investment earnings	945,401	945,401
Total revenues	83,376,057	83,376,057
Expenditures		
Current:		
Mental Health Adult	38,042,406	38,042,406
Mental Health - Child and Adolescent	17,909,678	17,909,678
Primary care	2,056,166	2,056,166
Developmental disabilities	6,144,382	6,144,382
Early Childhood Intervention	3,635,886	3,635,886
Substance abuse	4,994,496	4,994,496
Administration	9,413,197	9,413,197
Capital outlay	275,574	275,574
Debt service - principal	778,441	778,441
Debt service - interest	145,946	145,946
Total expenditures	**83,396,171**	**83,396,171**
Excess of revenues over expenditures	(20,114)	(20,114)
Other financing sources (uses)		
Issuance of lease obligations	275,574	275,574
Net change in fund balance	255,460	255,460
Fund balance - beginning of year	24,118,041	24,118,041
Fund balance - end of year	$ 24,373,501	$ 24,373,501

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

Bluebonnet Trails Community Services
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities
Year Ended August 31, 2025

Net change in fund balances - total governmental funds	$	255,460
Amounts reported for governmental activities in the statement of activities are different due to the following:		
Payment of long-term liabilities is an expenditure in the governmental funds, while increases are only recorded as an increase to long-term liabilities in the statement of net position. This is the net decrease in accrued compensated absences.		(320,105)
An internal service fund is used by management to charge the costs of capital assets to individual funds. The change in net position of the internal service fund is reported with governmental activities in the statement of activities.		9,480
The issuance of long-term liabilities for lease and SBITA obligations provide current resources in governmental funds but are recorded as a liability in the statement of net position. The change in net position is the difference between the liabilities issued ($275,574) less the principal paid for the year $778,441.		502,867
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is capitalized and depreciated/amortized over their useful lives. Thus, net position is decreased by the amount by which depreciation and amortization ($778,441) exceeded capital outlay $275,574 in the current period.		(502,867)
Change in net position of governmental activities	$	(55,165)

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

Bluebonnet Trails Community Services
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
Year Ended August 31, 2025

	Budgeted Amounts		Actual	Variance with Final
	Original	Final	Amounts	Budget
Local Revenues				
City and county governments	$ 994,264	$ 994,264	$ 994,264	$ -
Patient fees	1,324,924	1,324,924	1,685,118	360,194
Contract revenue	2,233,528	2,233,528	2,013,863	(219,665)
Medicare	148,571	148,571	177,044	28,473
Medicaid	7,611,756	7,111,756	6,851,276	(260,480)
YES Waiver	648,594	648,594	625,984	(22,610)
Medicaid 1115 Waiver - Charity Care Pool	11,700,000	11,391,203	11,390,314	(889)
Medicaid 1115 Waiver - Directed Payment Program	3,945,684	3,250,000	3,161,758	(88,242)
Miscellaneous Income and Contributions	307,321	307,321	404,915	97,594
Total local revenues	**28,914,642**	**27,410,161**	**27,304,536**	**(105,625)**
State Program Revenues				
General Revenue - Mental Health Adult	18,965,297	19,167,633	19,097,779	(69,854)
General Revenue - Mental Health Child	1,234,330	1,234,330	1,234,330	-
General Revenue - Developmental Disabilities	3,649,593	3,658,093	3,275,187	(382,906)
Early Childhood Intervention	268,259	268,259	1,333,667	1,065,408
Autism services	270,389	270,389	270,389	-
Substance abuse programs	430,735	430,735	430,735	-
Community Mental Health Grant Program	1,488,760	1,488,760	1,488,760	-
Mental Health Grant Program for Justice-Involved Individuals	516,325	516,325	516,325	-
TCOOMMI	766,428	785,283	836,498	51,215
IDD Outpatient MH Services Learning Collaborative	-	-	300,000	300,000
Multi-Systemic Therapy	692,045	692,045	582,020	(110,025)
Youth Crisis Outreach Team Grant Program	1,750,000.00	1,750,000	1,056,476	(693,524)
Supporting Mental Health and Resiliency in Texans	3,255,206.00	3,255,206.00	2,778,420	(476,786)
Parenting Awareness and Drug Risk Education Services	-	-	69,300	69,300
Total state program revenues	33,287,367	33,517,058	33,269,886	(247,172)
Federal Program Revenues				
Mental Health Block Grants	9,330,539	9,330,539	8,981,388	(349,151)
Social Services Block Grant	141,166	141,166	141,166	-
Temporary Assistance for Needy Families	208,237	208,237	304,601	96,364
Early Childhood Intervention	2,701,568	2,718,606	787,425	(1,931,181)
Medical Assistance Program	2,420,440	2,420,440	2,460,201	39,761
Substance Abuse Block Grants	3,015,752	3,036,585	2,541,272	(495,313)
Money Follows the Person	156,519	156,519	156,519	-
Transportation Grants	202,875	170,885	271,766	100,881
SAMHSA Projects of Regional and National Significance	3,568,312	3,543,312	3,412,950	(130,362)
SAMHSA CCBHC-IA	1,000,000	1,000,000	996,443	(3,557)
Coronavirus State and Local Fiscal Recovery Funds	710,000	872,000	1,251,514	379,514
Veteran's SSG Fox Suicide Prevention	-	27,438	26,047	(1,391)
Early Psychosis Intervention Network	-	-	14,190	14,190
Nurse-led Expanded SUD Training and Education	-	-	17,714	17,714
FEMA Grant	-	-	152,962	152,962
Bureau of Justice Assistance Grant	-	423,686	340,076	(83,610)
Total federal program revenues	23,455,408	24,049,413	21,856,234	(2,193,179)
Investment Earnings	850,000	850,000	945,401	95,401
Total revenues	$ 86,507,417	$ 85,826,632	$ 83,376,057	$ (2,450,575)

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

Bluebonnet Trails Community Services
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
Year Ended August 31, 2025

	Budgeted Amounts		Actual	Variance with Final
	Original	Final	Amounts	Budget
EXPENDITURES				
Current				
Salaries	$ 44,471,506	$ 43,352,067	$ 42,600,822	$ 751,245
Fringe Benefits	11,681,162	11,306,479	10,682,502	623,977
Contracted and Professional Fees	19,159,370	19,304,306	18,461,306	843,000
Travel	348,849	348,849	399,644	(50,795)
Building/Equipment Rental and Leasing	842,932	1,122,532	352,639	769,893
Repairs and Maintenance	1,197,067	1,197,067	1,094,163	102,904
Equipment	1,400,000	1,661,340	1,815,151	(153,811)
Drugs and Medications	340,273	340,273	366,664	(26,391)
Utilities	908,407	908,407	908,407	-
Telecommunications	1,067,349	985,237	703,707	281,530
Gas and Oil	114,903	114,903	104,291	10,612
Supplies	445,624	445,624	491,835	(46,211)
Client Support	752,335	758,335	783,884	(25,549)
Insurance, Fees and Premiums	1,084,457	1,084,457	1,047,099	37,358
Capital Use Fees	1,140,787	1,140,787	1,184,948	(44,161)
Other	1,383,037	1,383,036	1,199,148	183,888
Capital outlay	-	-	275,574	(275,574)
Debt service principal	109,662	109,662	778,441	(668,779)
Debt service interest	-	-	145,946	(145,946)
Total expenditures	86,447,720	85,563,361	83,396,171	2,167,190
Excess of revenues over expenditures	59,697	263,271	(20,114)	(283,385)
Other financing sources (uses)				
Issuance of lease obligations	-	-	275,574	275,574
Net change in fund balance	59,697	263,271	255,460	(7,811)
Fund balance - beginning of year	24,118,041	24,118,041	24,118,041	-
Fund balance - end of year	$ 24,177,738	$ 24,381,312	$ 24,373,501	$ (7,811)

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

Bluebonnet Trails Community Services
Statement of Net Position - Proprietary Fund
August 31, 2025

	Governmental Activities Internal Service Fund
Assets	
Current assets	
Cash and cash equivalents	$ 139,449
Noncurrent assets	
Capital assets, net:	
Nondepreciable	3,084,637
Depreciable	23,606,156
Total noncurrent assets	26,690,793
Total assets	$ 26,830,242
Liabilities	
Current liabilities:	
Accounts payable	$ 2,086
Total liabilities	$ 2,086
Net Position	
Investment in capital assets	$ 26,690,793
Unrestricted	137,363
Total net position	$ 26,828,156

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

Bluebonnet Trails Community Services
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Fund
Year Ended August 31, 2025

	Governmental Activities Internal Service Fund
Operating Revenues	
Charges for services/user fees	$ 1,184,948
Operating Expenses	
Depreciation	1,184,948
Operating income	-
Nonoperating Expenses	
Gain on sale of capital assets	9,480
Net income before transfers	9,480
Transfers in	-
Change in net position	9,480
Net position - beginning	27,253,947
Prior period adjustment (correction)	(435,271)
Net position - ending	$ 26,828,156

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

Bluebonnet Trails Community Services
Statement of Cash Flows - Proprietary Fund
Year Ended August 31, 2025

	Governmental Activities Internal Service Fund
Cash flows from operating activities	
Cash received from user fees charged to the General Fund	$ 1,184,948
Payments to vendors	-
Net cash provided by operating activities	**1,184,948**
Cash flows from noncapital financing activities	
Transfers in from the General Fund	-
Net cash used by noncapital financing activities	**-**
Cash flows from capital and related financing activities	
Proceeds from capital grant	(4,991)
Acquisition of capital assets	(1,416,433)
Proceeds from the sale of capital assets	53,737
Net cash used by capital and related financing activities	(1,367,687)
Net change in cash and cash equivalents	(182,739)
Cash and cash equivalents - beginning	322,188
Cash and cash equivalents - ending	$ 139,449
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	$ -
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	1,184,948
Net cash provided by operating activities	$ 1,184,948

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

Note 1 - Reporting Entity

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

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

Note 2 - Government-Wide and Fund Financial Statements

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

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

Separate financial statements are provided for governmental and proprietary funds.

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

The government-wide financial statements and the proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon thereafter to pay liabilities from the current period. For this purpose, the government considers revenues to be available if they are collected within 150 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

Grant revenues are recognized only as grant expenditures are incurred to the extent that the expenditures are allowable and eligible for reimbursement. Grant revenue, patient fees, and interest associated with the current fiscal year have been recognized as revenue of the current fiscal year. All other revenue items are considered to be measurable and available only when cash is received by the Center.

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

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

The Center reports the following major governmental fund:

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

Additionally, the Center reports the following fund type:

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

Note 3 - Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Leases - The Center follows the provisions of Governmental Accounting Standards Board (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.

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

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

Note 4 - Assets, Liabilities and Net Position or Equity

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

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

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

Accounts Receivable - Accounts receivable from patients and insurance companies for services rendered are reduced by the amount of such billings deemed by management to be ultimately uncollectible. The Center provides for an amount of uncollectible patient fees using the reserve method based on past history. The allowance for uncollectible accounts in the General Fund at August 31, 2025 is $1,007,684. Accounts receivable from cost reimbursement contracts are determined to be 100% collectible based on past collection history from various granting agencies.

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

Note 4 - Assets, Liabilities and Net Position or Equity (Continued)

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

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

Tejas Behavioral Health Management Association (TMHA) was formed through an interlocal agreement between three founding community center members: Austin Travis County Integral Care, Bluebonnet Trails Community Services, and The Center for Health Care Services. Over time, Hill Country MHDD Centers and Tropical Texas Behavioral Health have been added as members. TMHA is governed by the members, with each member having one vote. Tejas reported net income totaling $430,085 for the year ending August 31, 2025. Member contributions to TMHA totaled $-0- during the year ended August 31, 2025.

Tejas Next Health, Inc. has THMA as its sole member. Tejas Next Health, Inc. reported net income totaling $85,545 for the year ending August 31, 2025. Member contributions to Tejas Next Health, Inc. totaled $-0- during the year ended August 31, 2025.

The carrying amount represents the Center's investment in the non-profit at August 31, 2025. Financial statements for Tejas may be obtained from the Director of Business Operations, 801 S. Highway 183, #2354, Leander, TX 78641.

Capital Assets - Capital assets, which include property, plant and equipment, are reported in the government-wide and proprietary fund financial statements. Capital assets are defined by the Center as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Capital assets also include intangible right-of-use leased assets and SBITA assets which are recorded at implementation cost plus the net present value of the future contractual payment obligations. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

Estimated useful lives for depreciable and amortizable capital assets are as follows:

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

Note 4 - Assets, Liabilities and Net Position or Equity (Continued)

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

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

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

Compensated absences are not expensed at the time of usage. Instead, the liability is reduced when leave is taken or paid out. For governmental fund financial reporting purposes, expenditures for compensated absences are recognized in the period in which the related payments are made.

Line of Credit – During the year, the Center maintained a $3,000,000 line of credit with a maturity date of May 1, 2025, and an interest rate of 9.75%. The Center did not utilize this line of credit during the year and did not renew the line of credit upon its expiration.

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

Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. All amounts reported as nonspendable at August 31, 2025 are nonspendable in form. The Center has not reported any amounts that are legally or contractually required to be maintained intact.

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

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

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

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

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

Note 4 - Assets, Liabilities and Net Position or Equity (Continued)

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

Source of Funds - Some funds from federal and other state sources represent fee for service reimbursements, as well as project grants. The funds that are specifically for the individual patient service reimbursements are reported as local funds.

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

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

Note 5 - Stewardship, Compliance, and Accountability

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

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

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

Note 6 - Deposits and Investments

Cash and time deposits credit risk

The Center’s cash deposits were fully secured at August 31, 2025 by federal deposit insurance and by pledged securities held by the Center’s agent in the Center’s name. Such total collateralization and insurance coverage is required by the Rules of the Commissioner of the Health and Human Services Commission and the Board of Trustees of the Center.

Note 6 - Deposits and Investments (Continued)

Investments

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

As August 31, 2025, the Center had the following investments and maturities:

Investment Type	Fair Value	Percentage of Total	Credit Rating	Weighted Avg Days to Maturity
TexPool	$ 155,297	20.18%	AAAm	43 days
TexPool Prime	614,187	79.82%	AAAm	46 days
	$ 769,484	100.00%		

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

Credit risk - This is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. State law and Center policy limits investments in public funds investment pools and money market mutual funds to those rated no lower than AAA or AAAm or an equivalent rating by at least one nationally recognized rating service. TexPool manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to 90 days. At August 31, 2025, the Center was not significantly exposed to credit risk. The Center's investments are rated as to credit quality as shown in the above table.

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

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

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

Investments, when applicable, are stated at fair value within the fair value hierarchy established by 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. Throughout the year and at year-end, the Center had no investments subject to the fair market value hierarchy required by GAAP.

Note 7 - Receivables from Other Governments

Receivables from other governments are for reimbursement of expenditures and fees for service provided under various programs and grants. All amounts are expected to be collected within the next year. A summary of these receivables at August 31, 2025 are as follows:

	Amount
Austin-Travis Integral Care	$ 16,447
Bastrop County	88,091
Burke Center	61,600
Capital Metropolitan Transportation Authority	38,303
Central Counties Center for MHMR Services	34,580
Community Health Centers	19,813
Texas Department of Family and Protective Services	130,000
HHSC - Autism Services	88,124
HHSC - Disability Services	33,996
HHSC - Early Childhood Intervention	317,667
HHSC - Hospital Transition Pilot Program	407,477
HHSC - Mental Health Programs	1,679,032
HHSC - Substance Use Disorder Programs	317,999
Other Counties	42,665
Medicaid Administrative Claiming	1,194,923
Metrocare Services	2,128
Independent School Districts (Marble Falls and Prairie Lea)	10,833
SAMHSA	494,812
Texas Department of Criminal Justice	157,228
Texas Department of Transportation	384
Texas A&M University	23,272
U.S Department of Veterans Affairs	60,735
Williamson County	92,202
Total receivables from other governments	$ 5,312,311

Note 8 - Capital Assets

Capital asset activity is recorded in the government-wide financial statements and the internal service fund. A summary of changes in capital asset balances for the year ended August 31, 2025 is as follows:

Governmental Activities:	Beginning Balance	Additions	Deletions	Ending Balance
Nondepreciable assets:				
Land	$ 2,141,148	$ -	$ -	$ 2,141,148
Construction in progress	218,336	725,154		943,490
Total nondepreciable assets	2,359,484	725,154	-	3,084,638
Depreciable/amortizable assets:				
Buildings	29,761,536	405,648		30,167,184
Leasehold improvements	3,413,683	8,795	19,707	3,402,771
Furniture, fixtures, and equipment	740,455	157,006		897,461
Computer hardware and software	2,701,193	66,834		2,768,027
Vehicles	2,171,313		287,282	1,884,031
Telecommunications equipment	79,862			79,862
Right-of-use leased buildings*	3,505,217	163,204		3,668,421
Right-of-use leased equipment*	157,422			157,422
Right-of-use leased vehicles*	1,899,050	112,370		2,011,420
Right-of-use SBITA assets	832,629			832,629
Total depreciable assets	45,262,360	913,857	306,989	45,869,228
Less accumulated depreciation/amortization:				
Buildings	8,786,002	782,735		9,568,737
Leasehold improvements	1,311,411	191,409	19,707	1,483,113
Furniture, fixtures, and equipment	381,778	69,964		451,742
Computer hardware and software	2,248,927	110,075		2,359,002
Vehicles	1,918,988	26,849	287,282	1,658,555
Telecommunications equipment	68,117	3,915		72,032
Right-of-use leased buildings*	1,415,767	273,974		1,689,741
Right-of-use leased equipment*	130,537	26,885		157,422
Right-of-use leased vehicles*	867,843	340,164		1,208,007
Right-of-use SBITA assets**	466,499	137,418		603,917
Total accumlated depreciation/amortization	17,595,869	1,963,388	306,989	19,252,268
Total capital assets, net	$ 30,025,975	$ (324,377)	$ -	$ 29,701,598

*Right-of-use leased assets, $5,837,263, less accumulated amortization, $3,055,170, resulting net book value, $2,782,093.

**Right-of-use SBITA assets, $832,629, less accumulated amortization, $603,917, resulting net book value, $228,712.

Note 8 - Capital Assets (Continued)

In the government-wide financial statements, depreciation expense totaling $1,184,948 and amortization expense totaling $778,441 totaling $1,963,388 was charged to the Center's programs as follows:

Governmental Activities:	
Mental Health Adult	$ 837,859
Mental Health - Child and Adolescent	485,613
Developmental Disabilities	144,272
Early Childhood Intervention	82,966
Substance Abuse	87,011
Primary Care	114,557
Administration	211,110
Total depreciation and amortization expense	$ 1,963,388

Note 9 - Long-Term Liabilities

Long-term liability activity is recorded in the government-wide financial statements. Retirements of compensated absences are typically paid out of the general fund. A summary of changes in long-term liabilities for the year ended August 31, 2025,is as follows:

Governmental Activities:	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Direct Borrowing:					
Lease obligations	$ 3,147,542	$ 275,574	$ 641,023	$ 2,782,093	$ $ 610,491
SBITA obligations	366,130	-	137,418	228,712	151,660
Other:					
Compensated absences	3,172,308	3,492,413	3,172,308	3,492,413	873,103
Total long-term liabilities	$ 6,685,980	$ 3,767,987	$ 3,950,749	$ 6,503,218	$ 1,635,254

The Center has entered into lease agreements for real estate with monthly payments ranging from $3,000 to $19,138 per month with an estimated incremental borrowing rate ranging from 3.25% to of 8.25%. Terms of existing agreements expire on various dates through March 2036.

The Center has entered into lease agreements for vehicles with total combined monthly payments ranging from $1,236 to $31,725 per month over the next five fiscal years with an estimated incremental borrowing rate ranging from 3.25% to 9.75%. Terms of existing agreements expire on various dates through June 2030.

The Center has entered into lease agreements for equipment with total combined monthly payments of $3,883 per month with an estimated incremental borrowing rate of 3.5%. Terms of existing agreements expired in March 2025.

Note 9 - Long-Term Liabilities (Continued)

Lease payments are reflected as principal and interest payments in the financial statements. There were no material variable payments that were not included in the measurement of the lease liability. There are no material residual value guarantees or termination penalties that were not previously included in the measurement of the lease liability.

Future debt service requirements for lease obligations at August 31, 2025 are as follows:

Year Ending	Principal	Interest	Total
2026	$ 610,491	$ 105,745	$ 716,236
2027	472,042	76,271	548,313
2028	249,788	56,522	306,310
2029	189,080	45,548	234,628
2030	168,477	38,622	207,099
2031-2035	959,700	105,179	1,064,879
2036	132,515	1,447	133,962
Total	$ 2,782,093	$ 429,334	$ 3,211,427

The Center has entered into subscription-based information technology agreements (SBITA) with combined monthly payments ranging from $12,844 per year for the year ended August 31, 2025 to $6,763 per year through the year ended August 31, 2027. SBITA obligations are recorded at the present value of the remaining lease payments using an estimated incremental borrowing rate of 5.5%. Terms of existing agreements expire on various dates through August 2027. SBITA payments are reflected as principal and interest payments in the financial statements.

Future debt service requirements for SBITA obligations at August 31, 2025 are as follows:

Year Ending	Principal	Interest	Total
2026	$ 151,660	$ 9,229	$ 160,889
2027	77,052	1,376	78,428
Total	$ 228,712	$ 10,605	$ 239,317

Note 10 - Interfund Transfers

For the year ending August 31, 2025, there were no transfers from the General Fund to the Internal Service Fund to use unrestricted revenues collected in the General Fund for the acquisition and maintenance of capital additions accounted for in the Internal Service Fund in accordance with budgetary authorizations.

Note 11 - Deferred Compensation Plan

The Center has a Section 457 deferred compensation plan that is administered by ISC Group, Inc. Vesting in the plan is immediate. Participating employees must make a minimum contribution of 5% of their salary. Loans are not available in the plan. Employees made contributions totaling $1,927,469 to the plan for the year ended August 31, 2025.

Note 12 - Retirement Plan

The Center maintains a 401(a) defined contribution retirement plan that is administered by ISC Group, Inc. The name of the plan is the Bluebonnet Trails Community Center Retirement Plan. All salaried employees are eligible for the plan after 90 days of employment. The Center contributes 7% of each participating employee's salary to the plan each year. Participants start to vest in the employer's contribution at the completion of two years of service with 100% vesting occurring after five years. Forfeited contributions are used to reduce Center contributions. For the year ended August 31, 2025, the Center contributed $2,055,512 net of forfeitures of $279,087 to the plan. Employer contributions in the amount of $176,201 were due to the plan at August 31, 2025.

The Center offers a Section 403(b) tax sheltered annuity program for its employees that is administered by the ISC Group, Inc. Eligible employees must be at least 18 years of age and achieve six months of service to be eligible to participate in the plan. Employees may enter the program at any time but must contribute a minimum of 3% up to the maximum allowed by law. Employees contributed $340,079 to the plan for the year ended August 31, 2025.

Note 13 - Concentrations of Credit Risk

The Center enters into contracts with the HHSC for the delivery of mental health services, disability services, substance use disorder services and early childhood services. These contracts represent a significant portion of the Center's total revenues. At year-end, these contracts have been continued through August 31, 2026. The Center's overall exposure to credit risk is contingent upon future funding by the State.

Note 14 - Risk Management

The Center is exposed to various risks of loss related to general liability, torts, theft of, damage to and destruction of assets, errors and omissions, injuries to employees, doctors' malpractice and natural disasters. The Center's workers compensation, property, liability and automobile physical damage losses are covered under a partially self-funded insurance pool managed by the Texas Council Risk Management Fund. Under these policies, the Center could be assessed for additional premiums if losses exceed specified amounts. Management estimates that any additional assessments for these claims would not be material to the financial statements. The Center has not accrued any estimated liabilities for this contingency in the accompanying financial statements. There were no significant reductions in coverage during the year ended August 31, 2025, and there were no settlements exceeding the maximum amounts to be paid by the pool in any of the past three fiscal years.

Note 15 - Commitments and Contingencies

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

Note 16 - Patient Assistance Program

Consumers periodically receive prescription medications through a program known as the Patient Assistance Program. These prescriptions are provided at no cost to the consumer. These items do not meet the criteria for recognition on the Center's financial statements; however, they do provide significant assistance to the consumers the Center serves. Management estimates that consumers received prescription medications through this program valued at approximately $6,413,065 during the year ending August 31, 2025.

Note 17 - Clinic Facility – Seguin, Texas

The Center, along with Community Health Centers of South Central Texas, Inc. (CHCSCT), a federally qualified health center, operate a joint project to provide physical and mental health services in one location at a clinic facility located in Seguin, Texas. The clinic facility was constructed with a federal grant award in the amount of $5 million dollars made to Community Health Centers of South Central Texas, Inc. by the U.S. Department of Health and Human Services - Health Resources and Services Administration (HRSA). The facility was constructed on land owned by the Center prior to the grant award. Title to the land contains a deed restriction stating that the property will always be used to serve individuals with mental and intellectual developmental disabilities.

The notice of federal award to CHCSCT provides for a federal continuing interest in the property which has been reflected on the public record in Guadalupe County, Texas. This continuing interest in the property specifies that the property may not be: 1) used for any purpose inconsistent with the federal statute or program regulations governing the grant award to CHCSCT; 2) mortgaged or otherwise used as collateral without the written permission of HRSA or its designee; or 3) sold or transferred to another party without the written permission of HRSA or its designee.

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

Note 18: Medicaid Cost Report Reconciliation – Direct Payment Program (DPP)

Community Centers statewide participate in a Medicaid 1115 Waiver program identified as the Direct Payment Program (DPP). As a part of the DPP program, a reconciliation is performed between community centers and managed care organizations. This reconciliation will result in a settlement of an amount due to the Center or an amount due back to the program. The results of the final reconciliation will not be known for several months after the report date. Management has made a reasonable estimate of the reconciliation results in the financial statements.

Note 19 - Medicaid Cost Report Reconciliation – Charity Care Program

During 2023, community centers statewide began participating in a state-wide Medicaid 1115 waiver program identified as the Charity Care Pool (CCP). As a part of the CCP program, all centers file a cost report based on the cost of the program and the services provided. The Center’s cost report will be considered as a part of a statewide reconciliation process for the cost of CCP services. The cost report reconciliation will result in a settlement of an amount due to the Center. The results of the final reconciliation will not be known for several months after the report release date.

Note 19 - Medicaid Cost Report Reconciliation – Charity Care Program (continued)

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 for the year ended August 31, 2025 totaled $11,390,314.

Note 20 - Prior Period Adjustment

During fiscal year 2025, management determined that the 2024 financial statements included leasehold improvements related to the Center's Jarrell location that were no longer in service as of August 31, 2024.

In accordance with GASB authoritative guidance for the correction of errors in previously issued financial statements, beginning net position for the Internal Service Fund has been restated to reflect the correction of this prior-period error. The restatement decreased beginning net position by $435,271 for the net book value of the disposed assets.

The effect of this restatement on beginning net position for fiscal year 2025 is summarized below:

Internal Service Fund

Beginning net position, as previously reported	$ 27,253,947
Restatement for prior period adjustment	(435,271)
Beginning net position, as restated	$ 26,818,676

Capital assets (leasehold improvements) and related accumulated depreciation have been reduced accordingly.

Government-wide Financial Statement

Beginning net position, as previously reported	$ 48,199,680
Restatement for prior period adjustment	(435,271)
Beginning net position, as restated	$ 47,764,409

Capital assets (leasehold improvements) and related accumulated depreciation have been reduced accordingly.

STATISTICAL SECTION (UNAUDITED)

Bluebonnet Trails Community Services
Schedule of Revenue and Expenditures by Source of Funds (Unaudited)
General Fund
Year Ended August 31, 2025

Fund Source	Total Revenue	Total Mental Health Adult Expenditures	Total Mental Health Child and Adolescent Expenditures	Total Mental Health Crisis Expenditures	Total Developmental Disabilities Expenditures	Total Other Services Expenditures	Total Center Expenditures	Excess Revenue over Expenditures
Objects of expense:								
Salaries	$ 42,671,128	$12,980,431	$ 6,264,237	$ 8,818,024	$ 3,924,709	$10,683,727	$42,671,128	$ -
Employee benefits	10,682,502	3,216,137	1,569,072	2,074,084	1,073,565	2,749,645	10,682,502	-
Professional and consultant services	18,188,229	3,028,022	1,810,441	10,545,721	832,458	1,971,588	18,188,229	-
Training and travel	646,939	195,130	99,653	129,621	49,819	172,716	646,939	-
Capital outlay	1,586,768	757,433	82,846	286,965	305,622	153,901	1,586,768	-
Non-capitalized equipment	1,967,769	525,932	257,193	507,702	145,575	531,367	1,967,769	-
Pharmaceutical expense	364,724	185,854	86,690	72,448	-	19,732	364,724	-
Pharmaceutical expenses (PAP Only)	6,413,065	5,900,020	513,045	-	-	-	6,413,065	-
Other operating expense	7,081,420	1,830,665	924,383	2,135,121	686,677	1,504,574	7,081,420	-
Total expenditures	$ 89,602,544	$28,619,624	$11,607,559	$24,569,686	$ 7,018,425	$17,787,250	$89,602,544	$ -
Method of finance:								
General revenue - Mental Health (MH)	$ 13,878,507	$11,623,728	$ 1,234,330	$ 1,020,449	$ -	$ -	$13,878,507	$ -
General revenue - Intellectual or Developmental Disabilities (IDD)	2,617,207				2,617,207		2,617,207	-
Permanency planning	21,433				21,433		21,433	-
Crisis and behavioral support	182,110				182,110		182,110	-
Behavioral crisis respite in/out of home	282,209				282,209		282,209	-
Crisis services	1,855,742			1,855,742			1,855,742	-
Other general revenue - MH	6,907,028	35,000	182,975	5,388,683		1,300,370	6,907,028	-
Other general revenue - IDD							-	-
Project private beds	4,200,800			4,200,800			4,200,800	-
Temporary Assistance for Needy Families	208,237	48,952	159,285				208,237	-
Title XX - Social Services Block Grant	141,166	141,166					141,166	-
Mental Health Block Grant	448,091	333,816	114,275				448,091	-
New generation medications							-	-
Other state agencies	6,622,471				810,720	5,811,751	6,622,471	-
Other federal funds	39,103,737	7,990,522	7,580,455	10,625,793	2,671,622	10,235,345	39,103,737	-
Required local match	12,694,022	8,446,440	2,336,239	1,478,219	433,124		12,694,022	-
Additional local funds	480,024					439,784	439,784	40,240
Total expended sources	$ 89,642,784	$28,619,624	$11,607,559	$24,569,686	$ 7,018,425	$17,787,250	$89,602,544	$ 40,240

Bluebonnet Trails Community Services
Reconciliation of Total Revenues to Fourth Quarter Financial Report (Unaudited)
Year Ended August 31, 2025

	Revenues				
	Care Report III	Additions		Deletions		Audited Financial Statements
Local revenues						
City and county governments	$ 994,264	$ -		$ -		$ 994,264
Patient fees, insurance, and reimbursements	1,763,110			(77,992)	(e)	1,685,118
Contract revenue	1,979,941	33,922	(e)			2,013,863
Title XVII - Medicare	205,186			(28,142)	(e)	177,044
YES Waiver	655,751			(29,767)	(e)	625,984
Title XIX - Medicaid	6,611,810	515,792	(e)	(276,326)	(e)	6,851,276
Medicaid 1115 Waiver - Charity Care Pool	11,390,314					11,390,314
Medicaid 1115 Waiver - Directed Payment Program	3,250,086			(88,328)	(e)	3,161,758
Transfers from reserves						-
Pharmaceutical expense (PAP only)	6,413,065			(6,413,065)	(a)	-
Miscellaneous income, contributions, and interest	512,830			(107,915)	(e)	404,915
Total local revenues	33,776,357	549,714		(7,021,535)		27,304,536
State program revenues						
General Revenue - Mental Health Adult	18,723,657	397,060	(e)	(22,938)	(e)	19,097,779
General Revenue - Mental Health Child	1,234,330					1,234,330
General Revenue - Developmental Disabilities	3,163,209	111,978	(e)			3,275,187
Early Childhood Intervention	2,216,869			(883,202)	(e)	1,333,667
Autism services	270,389					270,389
Substance abuse programs	2,711,307			(2,226,440)	(e)	484,867
Community Mental Health Grant Program	1,488,760					1,488,760
Mental Health Grant Program for Justice-Involved Individuals	516,325					516,325
TCOOMMI	822,139	14,359	(e)			836,498
IDD Outpatient MH Services Learning Collaborative	300,000					300,000
Multi-Systemic Therapy	582,020					582,020
Youth Crisis Outreach Team Grant Program	1,056,476					1,056,476
Supporting Mental Health and Resiliency in Texans	2,843,447					2,843,447
Construction Grant Program	179,086					179,086
Mental Health First Aid Grant Program	35,000					35,000
Rapid Access Crisis Prevention Grant Program	182,975					182,975
Parenting Awareness and Drug Risk Education Services	330,000			(330,000)	(e)	-
Transportation grants	271,766			(271,766)	(e)	-
Total state program revenues	36,927,755	523,397		(3,734,346)		33,716,806
Federal program revenues						
Mental Health Block Grant	8,981,386					8,981,386
Social Services Block Grant - Title XX	141,166					141,166
Temporary Assistance for Needy Families	208,237	96,364	(e)			304,601
Early Childhood Intervention		883,790	(e)	(96,365)	(e)	787,425
Medicaid Administrative Claiming	2,198,247	261,954	(e)			2,460,201
Crisis Counseling	152,962					152,962
PASRR Evaluations	117,954			(117,954)	(e)	-
Substance Abuse Programs		2,280,572	(e)	(54,132)	(e)	2,226,440
Money Follows the Person		156,519	(e)			156,519
Parenting Awareness and Drug Risk Education Services		330,000	(e)			330,000
Transportation Grants		271,766	(e)			271,766
SAMHSA Projects of Regional and National Significance		2,996,681	(e)			2,996,681
SAMHSA CCBHC-IA		986,772	(e)			986,772
Expanding Early Diversion and Behavioral Health Services		379,642	(e)			379,642
Coronavirus State and Local Fiscal Recovery Funds		1,275,677	(e)			1,275,677
Comprehensive Opioid, Stimulant, and Substance Use Program		340,076	(e)			340,076
Nurse-led Expanded SUD Training and Education		17,714	(e)			17,714
Veteran's SSG Fox Suicide Prevention		26,047	(e)			26,047
Early Psychosis Intervention Network		14,190	(e)			14,190
Other Federal Programs	6,193,319			(6,633,270)	(e)	(439,951)
Total federal program revenues	17,993,271	10,317,764		(6,901,721)		21,409,314
Investment earnings	945,401					945,401
Total revenues	$ 89,642,784	$ 11,390,875		$(17,657,602)		$ 83,376,057

Bluebonnet Trails Community Services
Reconciliation of Total Expenditures to Fourth Quarter Financial Report (Unaudited)
Year Ended August 31, 2025

Function	Expenditures						
	Care Report III	Additions		Deletions		Audited Financial Statements
Personnel	$ 42,671,128	$ 249,798	(e)	$ (320,105)	(e)	$ 42,600,821
Employee benefits	10,682,502					10,682,502
Professional and consultant services	18,188,229	273,077	(e)			18,461,306
Training and travel	646,939			(247,295)	(e)	399,644
Capital outlay	1,586,768	275,574	(e)	(1,586,768)	(b)	275,574
Non-capitalized equipment	1,967,769	1,508	(e)	(154,126)	(e)	1,815,151
Pharmaceutical expense	364,724	1,940	(e)			366,664
Pharmaceutical expense (PAP only)	6,413,065			(6,413,065)	(a)	-
Capital use fees		1,184,948	(b)			1,184,948
Debt service principal	-	778,441	(e)			778,441
Debt service interest	-	145,946	(e)			145,946
Other operating expense	7,081,420	228,131	(e)	(624,377)	(e)	6,685,174
Total expenditures	$ 89,602,544	$ 3,139,363		$ (9,345,736)		$ 83,396,171

(a) Free medicine used
(b) Capital assets are maintained in an internal service fund on the audited financial statements. A capital use fee is charged to the General Fund, which is not included in Report III, for recording depreciation and debt service expenditures.
(c) Adjustment for compensated absences
(d) GASB 87/GASB adjustment
(e) Reclassification/adjustment

Bluebonnet Trails Community Services
Schedule of Indirect Costs (Unaudited)
Year Ended August 31, 2025

	Total Costs	Non - allowable Costs	Depreciation	Total Adjusted Costs	Direct Costs	Indirect Costs
Personnel	$ 42,920,926	$ -	$ -	$ 42,920,926	$ 38,587,899	4,333,027
Fringe benefits	10,682,502			10,682,502	9,782,330	900,172
Professional and Consultant Services	18,461,306			18,461,306	17,650,938	810,368
Training and Travel	545,528			545,528	523,184	22,344
Capital Usage Fees	1,184,948	(1,184,948)		-	-	-
Depreciation			1,184,948	1,184,948	1,004,640	180,308
Non-capitalized equipment	1,969,277			1,969,277	942,738	1,026,539
Pharmaceutical expense	366,664			366,664	366,664	-
Other operating expenses	7,265,020	(118,964)		7,146,056	6,340,114	805,942
Total expenses	$ 83,396,171	$ (1,303,912)	$ 1,184,948	$ 83,277,207	$ 75,198,507	$ 8,078,700
Indirect cost rate						10.74%

Bluebonnet Trails Community Services
Schedule of Leases in Effect (Unaudited)
Year Ended August 31, 2025

Lessor	Location	Termination	Monthly Amount
Georgetown Healthcare Foundation	711 North College, Georgetown	Monthly	$ 5,100
RCT Holdings LLC	404 Carlos Parker Blvd., Taylor	4/30/2026	4,200
Welltower OM Group, LLC	1401 Medical Parkway, Cedar Park	3/31/2036	14,144
HHSC	Bulding 785, Austin State Hospital	Monthly	180
HHSC	Lease 781, Austin State Hospital	Monthly	49
John Cannan	110 Golden Oaks, Georgetown	8/31/2026	3,000
John Cannan	112 Golden Oaks, Georgetown	8/31/2026	3,000
High Meadow Assisted Living, LLC	211 Meadow Lake, Seguin	7/31/2027	4,800
Enterprise fleet Management Trust. LLC	P. O. Box 80089, Kansas City, MO	Various	52,656

Bluebonnet Trails Community Services

Schedule of Space Occupied in a State-Owned Facility (Unaudited)

Year Ended August 31, 2025

Location	Building Utilization	Cost	
		Monthly	Annual
None			

Bluebonnet Trails Community Services
Schedule of Insurance in Force (Unaudited)
Year Ended August 31, 2025

Insurer	Policy Period	Coverage	Limits or Amounts
Texas Council Risk Management Fund	9-1-24 to 9-1-25	Automobile Liability Physical Damage	$ 1,000,000 per occurrence
Texas Council Risk Management Fund	9-1-24 to 9-1-25	Workers' Compensation	Statutory
Texas Council Risk Management Fund	9-1-24 to 9-1-25	Errors and Omissions	1,000,000
Texas Council Risk Management Fund	9-1-24 to 9-1-25	General Liability	1,000,000
Texas Council Risk Management Fund	9-1-24 to 9-1-25	Excess Liability	2,000,000
Texas Council Risk Management Fund	9-1-24 to 9-1-25	Professional Liability	3,000,000 aggregate
Texas Council Risk Management Fund	9-1-24 to 9-1-25	Property includes Boiler and Machinery	46,601,497
Texas Council Risk Management Fund	9-1-24 to 9-1-25	Sexual or Physical Abuse or Molestation	300,000
Texas Council Risk Management Fund	9-1-24 to 9-1-25	Crime	100,000
ASSURANT American Bankers Insurance Company of Florida	01/20/25 to 01/20/26	Flood	1,000,000
Admiral Insurance Group	12/13/25 to 12/13/26	Primary care	3,000,000 aggregate
Corvus Insurance	06/09/25 to 06/09/26	Cyber Liability	3,000,000 aggregate

Bluebonnet Trails Community Services
Schedule of Bond Coverage (Unaudited)
Year Ended August 31, 2025

Title	Surety Company	Scope of Coverage	Bond Amount
None			

Bluebonnet Trails Community Services
Schedules of Professional and Consulting Fees (Unaudited)
Year Ended August 31, 2025

Name	Type of Service	Amount
Ability Center	Contr. Clin. Day Hab.	$ 405
Ali Kirby	Contracted Respite	540
Alison Gass	Contr. Clin. SHL/Respite	1,235
Amy H. Nebrat	Contr. Clin. Speech	9,030
Ana Saravia	Contracted Respite	480
Andrea Robledo	Contracted Respite	1,760
Angel Heart Day Hab	Contr. Clin. Day Hab.	630
Angela Diane Jackson	Contracted Admin Miscellaneous/Training	7,963
Anna E Pineda	Contr. Clin. Psychologist	8,550
Annabelle M. Icaro	Contracted Respite	200
Arturo Kalifa	Contr. Clin. SHL/Respite	10,415
Ascension Seton	Contracted Residential	18,200
Avail Solutions Inc.	Contr. Clin. Crisis OC	2,327,772
Avail Telemedicine, Pllc	Contr. Clin. Psych.	368,074
Bastrop Medical Clinic, Pa	Contracted Admin Miscellaneous	1,710
Be Still Counseling And Consulting Pllc	Contracted Admin Miscellaneous	2,530
Beate Donnelly Hinze	Contr. Clin. SHL/Respite	7,015
Beloved And Beyond	Contracted Respite	1,500
Bentley Health Center Llc	Contracted Residential	53,300
Blair Rhodes	Contracted Admin Miscellaneous	1,400
Blanca Hidalgo	Contracted Respite	280
Blanca Orduna	Contracted Respite	820
Brittany Danielle Pena	Contr. Clin. Counseling	97,795
Brittany Henricksen	Contracted Respite	2,000
Brock Deshay	Contracted Respite	795
Brown & Brown Absence Services Group, Llc	Contracted Admin Miscellaneous	15,000
Burke Center	Contr. Clin. Psych./Admin	48,994
Burns Virtual Psychological Solutions Pc	Contr. Clin. Psychologist	1,000
Camp Blessing Texas	Contracted Respite	10,500
Camp C.A.M.P.	Contracted Respite	32,700
Camp Cummins Activity Center	Contr. Clin. Day Hab.	10,719
Carlton Fairley	Contr. Clin. Rec. Thx	84,090
Carly Moore	Contr. Clin. BHS. Supp.	1,903
Carma Health Pllc	Contr. Clin. Psych.	109,720
Carrie Sue Turner-Gray	Contracted Respite	1,230
Charla Brooks Ross	Contr. Clin. SHL/Respite	2,410
Charles Francis Gass, Jr	Contr. Clin. SHL	1,400
Chayah Ministries, Inc	Contr. Clin. Animal Thx	2,459
Cherri Storey	Contr. Clin. SHL/Respite	17,518
Christi Macwilliams	Contr. Clin. Rec. Thx	30,492
Christopher Lee Orton	Contracted Admin Miscellaneous	10,657
Cindy Elizabeth Pena	Contr. Clin. Counseling	30,801
City Of Round Rock	Contracted Respite	1,790
Clarity Child Guidance Center	Contracted Residential	12,350
Clinical Pathology Laboratories, Inc.	Contracted Lab Services	4,452
Cold Shower Design, Llc	Contracted Admin IT Svcs	6,863
Communication By Hand,Llc	Contr. Clin. Interpreter	38,778
Community Health Centers So Central Tx	Contr. Clin. Counseling	180,570
Connected Health Care, Llc	Contr. Clin. Speech	12,178
Dale Marie Sims	Contracted Respite	1,710
David T Eaton Iii	Contr. Clin. Rec. Thx	126,092
Dayaneetha Shamalie Lawrence Hewa	Contracted Respite	250
Demetri Ivy	Contracted Respite	280
Derbie Allen-Roberson	Contr. Clin. Day Hab.	4,305
Diana M Ingroum	Contr. Clin. SHL	406

Bluebonnet Trails Community Services
Schedules of Professional and Consulting Fees (Unaudited)
Year Ended August 31, 2025

Name	Type of Service	Amount
Dianne K Henline	Contracted Respite	$ 900
DISA Global Solutions, Inc	Contr. Lab Srvc Drug Screen	12,856
Down Home Ranch, Inc.	Contr. Clin. Day Hab./Respite	41,776
Dream A Dream Therapuetic Horsemanship	Contracted Respite	1,300
Eileen Bercu	Contracted Respite	1,150
Ericka M. Williams-Shaw	Contracted Respite	4,082
Erika J Canales	Contr. Clin. Psychologist	10,200
Ethan Montague	Contracted Respite	240
Falon Bridwell	Contr. Clin. Rec. Thx	503
Freda Kay Rhodes	Contracted Respite	770
Gabriella Delgado	Contr. Clin. Day Hab.	7,770
Gonzales Independent School District	Contr. Clin. Counseling	60,381
Harrington-Delgado, Kimberly	Contracted Admin Training	450
Haynette Miller	Contracted Respite	1,970
Higginbotham Insurance Agency, Inc.	Contracted Admin Miscellaneous	13,145
Hill Country Mhdd Centers	Contracted Admin Training	9,000
Hopeful Acres	Contr. Clin. SHL	32,466
Inclusion Therapies Llc	Contr. Clin. Rec. Thx	23,522
Irene Gauquier	Contracted Respite	810
Iron Mountain	Contracted Admin Miscellaneous	64,721
Isabella Carrasco	Contracted Respite	720
James Daniel Hunter	Contr. Clin. SHL	3,228
James Leach Inc	Contr. Clin. Day Hab./Residential Services	352,542
Jamie Ziegler	Contracted Respite	440
Janet A Goldman-Hayat	Contr. Clin. Rec. Thx	8,811
Jasmeen Shante' Wilson	Contr. Clin. SHL	17,790
Jeniffer Paola Carrera Trejo	Contracted Respite	1,500
Jenna K Fitzgerald	Contr. Clin. Counseling	44,352
Jennifer Lopez	Contr. Clin. BHS. Supp.	5,025
Jennifer Marie Knotts	Contr. Clin. SHL	24,555
Jennifer Riat	Contr. Clin. Speech	4,125
Jennifer Williamson	Contracted Respite	910
Joch Psychological Consulting, Inc	Contr. Clin. Psychologist	35,900
Jonathan Fraley	Contr. Clin. Day Hab.	4,620
Jordan Levine	Contr. Clin. Psychologist	26,450
Juanita V Torres	Contracted Respite	840
Justin Weir Boytim	Contracted Admin Miscellaneous	88,252
Kanessa Aldridge	Contracted Respite	1,000
Katie Sue Christen	Contracted Respite	350
Kenmar Residential Services, Inc.	Contr. Clin. Day Hab.	372
Kierdis Jayde Contreras	Contracted Respite	1,390
Kroll Associates, Inc	Contracted Admin IT Svcs	162
Krystal Dawn Allan	Contr. Clin. SHL/Respite	2,350
Krystal Lofton	Contracted Admin Training	2,650
L&J Staffing Solutions, Inc	Contracted Residential	1,260,404
Language Line Services	Contr. Clin. Interpreter	15,364
Laura Alzalde	Contracted Respite	1,200
Laura Christine Hill	Contr. Clin. Counseling	98,593
Leenayvia Rodriguez	Contr. Clin. Counseling	66,731
Leigh Lessenberry McCann	Contr. Clin. Psychologist	58,800
Leonel De La Garza	Contracted Admin Miscellaneous/Training	3,856
Lifetime Living, Inc	Contr. Clin. Day Hab.	12,103
Linda Ngoc Tram Nguyen-Kessler	Contr. Clin. BHS. Supp.	7,485
Lisa Kalifa	Contr. Clin. SHL/Respite	3,635
Lynn D. Hartje	Contracted Admin Miscellaneous	23,716

Bluebonnet Trails Community Services
Schedules of Professional and Consulting Fees (Unaudited)
Year Ended August 31, 2025

Name	Type of Service	Amount
Lynn D. Hartje	Contracted Admin Training	$ 1,647
Makalay Janneh	Contracted Respite	882
Makini Leno	Contracted Respite	1,053
Marci Lois White	Contracted Admin IT Svcs	13,200
Marcia Campagna	Contr. Clin. Speech	49,130
Marcie Ochsner	Contr. Clin. Phys. Thx	4,724
Margie Saucedo	Contr. Clin. SHL/Respite	7,485
Martha Young	Contr. Clin. Day Hab.	10,728
Matthew Williams,Phd	Contr. Clin. Psychologist	8,600
Maureen S Burrows	Contr. Clin. Psych.	73,920
Maxim Healthcare Services Holding, Inc	Contr. Clin. Nursing	777,624
Melinda D Silva	Contracted Respite	950
Melissa Peterson Fleming	Contracted Admin Miscellaneous	1,575
Michelle Hernandez	Contracted Respite	360
Monica M. Davis	Contracted Respite	1,500
Morghan Alaina Neshia Williams	Contracted Respite	1,500
Naijah Eubanks	Contracted Respite	280
New Roads Psychological And Wellness Services	Contr. Clin. Psychologist	10,300
Nexus Technologies	Contracted Admin IT Svcs	4,550
Niki Lynn Land	Contr. Clin. Speech	26,343
Nora Carter	Contr. Clin. Day Hab.	30,520
North American Rural Health Services, Inc.	Contracted Admin Miscellaneous	7,675
Nurturing Change	Contracted Admin Training	19,200
Oceans Behavioral Hospital Of Waco, Llc	Contracted Residential	76,700
Pioneer Day Hab, Llc	Contr. Clin. Day Hab.	38,583
Pondurance, Llc	Contracted Admin IT Svcs	3,000
Quest Diagnostics, Inc	Contracted Lab Services	26,138
Ricardo Francisco Gonzales	Contr. Clin. Day Hab.	8,237
RNB Consulting, Llc	Contracted Admin Miscellaneous	87,600
Robert Thomas Schiener	Contr. Clin. Psychologist	1,050
Rock Springs Llc	Contracted Residential	1,416,731
S&S Extravaganza	Contracted Respite	2,359
Sally Bell	Contr. Clin. Day Hab.	18,103
San Antonio Fitness Independent	Contr. Clin. Day Hab.	598
Sarah Ferguson	Contr. Lab Srvc Drug Screen	25
Sarah Fry	Contr. Clin. Psych.	168,865
Scott, Singleton, Fincher & Company, Pc	Contracted Admin Audit	70,850
Shannon B. Aguirre	Contracted Admin Training	425
Sharon V Munroe	Contracted Admin Training	1,250
Sonia S. Zuniga	Contracted Respite	1,500
Soon K. Kim	Contracted Residential	702,500
Southwestern Music Therapy Llc	Contr. Clin. Animal Thx	19,070
Stacy Brown	Contracted Respite	1,300
Susan A Gonzales	Contracted Admin Miscellaneous	600
Swarna Radhakrishnan	Contracted Respite	900
Sylvia Segovia	Contracted Respite	875
Tabitha Ammons	Contr. Clin. SHL	76,300
Tatiana Blane	Contracted Respite	280
Tejas Behavioral Health Management Assoc	Contracted Admin IT Svcs	72,807
Temple Behavioral Health Hospital	Contracted Residential	344,500
Texas A& M University System	Contr. Clin. Nursing	45,012
Texas Department Of Public Safety	Contracted Admin Miscellaneous	1,021
Texas Laurel Ridge Hospital, Lp	Contracted Residential	244,410
Texas Oaks Psychiatric Hospital, Lp	Contracted Residential	19,500
The Arc Of The Capital Area	Contr. Clin. Day Hab.	53,270

Bluebonnet Trails Community Services
Schedules of Professional and Consulting Fees (Unaudited)
Year Ended August 31, 2025

Name	Type of Service	Amount
The Georgetown Palace Theatre,Inc	Contracted Respite	$ 655
The Grove Church Hill Country	Contracted Respite	450
The University Of Texas At Austin	Contr. Clin. Prim Care	89,783
TWG Investments, Ltd	Contracted Residential	3,802,093
Tyler Technologies, Inc	Contracted Admin IT Svcs	667
Ulysses Moore	Contr. Clin. SHL	11,129
Valeria T Williams	Contr. Clin. Day Hab.	63,245
Valeria Theresa Williams	Contracted Respite	11,782
Virginia Douglas	Contracted Respite	1,500
Walter James Ricketts, Jr	Contracted Respite	1,200
Weaver Government Solutions, Llc	Contracted Admin IT Svcs	6,560
Westways Staffing Services, Inc.	Contr. Clin. Nursing	145,407
William McMahan	Contracted Respite	300
Workers Assistance Program, Inc.	Contracted Admin Miscellaneous	20,072
Youth Advocate Programs, Inc	Contr. Clin. SHL	12,569

Bluebonnet Trails Community Services

Schedule of Legal Services (Unaudited)

Year Ended August 31, 2025

Name	City	Type of Service	Amount
Mullen Coughlin LLP	Devon, PA	General Counsel	$ 17,025

SINGLE AUDIT SECTION

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

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

Member of:
Governmental Audit Quality Center
American Institute of Certified Public Accountants
Texas Society of Certified Public Accountants

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

To the Board of Trustees
Bluebonnet Trails Community Services

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bluebonnet Trails Community Services (Center), as of and for the year ended August 31, 2025, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements, and have issued our report thereon dated February 9, 2026.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Scott, Singleton, Fincher and Company, PC

Greenville, Texas
February 9, 2026

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

4815-A KING STREET
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Texas Society of Certified Public Accountants

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

To the Board of Trustees
Bluebonnet Trails Community Services

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited Bluebonnet Trails Community Services' (Center) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement,* Texas Grant Management Standards, 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 the Center's major federal and state programs for the year ended August 31, 2025. The Center's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Center complied, in all material respects, with the 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 (TxGMS); 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 the Center and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of the Center's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Center's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 the 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 the Center's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the Center's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 the Center's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal 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, TxGMS, 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 9, 2026

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

Bluebonnet Trails Community Services
Schedule of Expenditures of Federal and State Awards
Year Ended August 31, 2025

	Pass-through Entity Identifying Number	Expenditures
State Awards		
Texas Health and Human Services Commission		
General Revenue - Mental Health Adult	HHS001324500005	$ 10,416,812
Crisis Services	HHS001324500005	1,695,388
Veterans Support Services	HHS001324500005	87,488
Veterans Counselor Program	HHS001324500005	100,000
Supportive Housing	HHS001324500005	344,489
Psychiatric Emergency Service Center	HHS001324500005	1,855,742
Private Psychiatric Beds	HHS001324500005	4,200,800
Total General Revenue - Mental Health Adult		**18,700,719**
General Revenue - Mental Health Child	HHS001324500005	1,234,330
Rapid Access Crisis Prevention Grant Program	176595/176594	182,975
Construction Grant Program for Mental Health Facilities	HHS001416000008	179,086
Mental Health First Aid Grant Program	HHS001335500005	35,000
IDD Outpatient Mental Health Services Learning Collaborative	HHS001333300006	300,000
Community Mental Health Grant Program	HHS000477100029	1,488,760
Mental Health Grant Program for Justice-Involved Individuals	HHS000406600001	516,325
Youth Crisis Outreach Team Grant Program	HHS001442900001	1,056,476
Supporting Mental Health and Resiliency in Texas	HHS001513400001	2,778,420
General Revenue - Developmental Disabilities	HHS001333300006	2,621,537
IDD Crisis Intervention Specialists FY2024	HHS001333300006	182,110
IDD Crisis Respite Services FY2024	HHS001333300006	282,209
Permanency Planning	HHS001333300006	21,433
Nursing Facility Specialized Services		103,582
OBRA PASSR	HHS001333300006	8,396
Total General Revenue - Intellectual & Developmental Disabilities		**3,219,267**
General Revenue - Substance Abuse (SA/TRA)	HHS000663700045	69,821
General Revenue - Substance Abuse (SA/TRA)	HHS000663700177	20,664
General Revenue - Substance Abuse (SA/TRF)	HHS000663700220	9,817
General Revenue - Substance Abuse (SA/TRY)	HHS000663700229	13,606
General Revenue - Substance Abuse (SA/TRF)	HHS000663700239	32,185
General Revenue - Substance Abuse (SA/COPSD)	HHS000663700125	3,550
General Revenue - Substance Abuse (SA/COPSD)	HHS000663700211	3,306
General Revenue - Substance Abuse (SA/OSR)	HHS000782500013	223,654
Parenting Awarenessand Drug Risk Education Services	HHS001433900001	69,300
Block Grants for Prevention and Treatment of Substance Abuse (SA/YPU)	HHS001344700009	52,500
Block Grants for Prevention and Treatment of Substance Abuse (SA/YPI)	HHS001344700009	1,632
COVID-19 Employment Apprenticeship Pilot Services	HHS001329600001	55,919
Multisystemic Therapy Grant Program	HHS001285300001	582,020
Early Childhood Intervention Comprehensive Services	HHS000640200023	1,328,524
Early Childhood Intervention Respite Services	HHS000640200023	5,143
Children's Autism Grant Program	HHS000693900010	226,703
Children's Autism Grant Program	HHS000693900017	43,686
Total Texas Health and Human Services Commission		**32,433,388**
Total expenditures of state awards		**$ 32,433,388**

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

Bluebonnet Trails Community Services
Schedule of Expenditures of Federal and State Awards
Year Ended August 31, 2025

	Federal ALN Number	Pass-through Entity Identifying Number	Total Center Expenditures	Total Subrecipient Expenditures
Federal Awards				
U.S. Department of Education				
Passed through Texas Health and Human Services Commission:				
Special Education - Grants for Infants and Families	84.181	HHS000640200023	$ 638,336	$ -
Special Education - Grants to States (IDEA, Part B)	84.027	HHS000640200023	103,320	
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities	84.325	HHS000640200023	9,759	
Total U.S. Department of Education			**751,415**	
U.S. Department of Agriculture				
Passed through Texas Health and Human Services Commission:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	HHS000640200023	21,192	
Total U.S. Department of Agriculture			**21,192**	
U.S. Department of Health and Human Services				
Direct Awards				
Certified Community Behavioral Health Clinic Expansion Grants	93.696	Direct Award	996,443	
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	Direct Award	379,642	
Total Direct Awards			**1,376,085**	
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	HHS001277500001	3,033,308	
Every Student Succeeds Act/Preschool Development Grants	93.434	HHS000640200023	14,818	
Temporary Assistance for Needy Families (TANF)	93.558	HHS001324500005	208,237	
Temporary Assistance for Needy Families (TANF)	93.558	HHS000640200023	96,364	
Social Services Block Grant	93.667	HHS001324500005	141,166	
Medicaid Admistrative Claiming - Medical Assistance Program	93.778	HHS000537900308	1,995,356	
Medicaid Admistrative Claiming - Medical Assistance Program (ECI)	93.778	HHS000537900308	202,891	
Habilitation Coordination - Medical Assistance Program	93.778	HHS000994300001	261,953	
Opioid STR (SA/OSR)	93.788	HHS000782500013	65,000	
Money Follows the Person Rebalancing Demonstration	93.791	HHS000994300001	156,519	
Block Grants for Community Mental Health Services	93.958	HHS000866900001	4,273,957	
Block Grants for Community Mental Health Services	93.958	HHS001324500005	539,549	
Block Grants for Community Mental Health Services	93.958	2016-049419-001	973,886	
Block Grants for Community Mental Health Services	93.958	HHS000176600001	138,050	
Block Grants for Community Mental Health Services	93.958	HHS001222700001	1,469,086	
COVID-19 Block Grants for Community Mental Health Services (MH/COVID)	93.958	HHS001108400005	921,465	
Block Grants for Community Mental Health Services	93.958	HHS001375500004	603,715	
Block Grants for Community Mental Health Services (BHIS)	93.958	HHS001492800001	61,679	
Block Grants for Prevention and Treatment of Substance Abuse (SA/COPSD)	93.959	HHS000663700125	31,772	
Block Grants for Prevention and Treatment of Substance Abuse (SA/COPSD)	93.959	HHS000663700211	15,430	
Block Grants for Prevention and Treatment of Substance Abuse (SA/TRF)	93.959	HHS000663700220	45,016	
Block Grants for Prevention and Treatment of Substance Abuse (SA/TRF)	93.959	HHS000663700239	128,829	
Block Grants for Prevention and Treatment of Substance Abuse (SA/TRA)	93.959	HHS000663700045	443,565	
Block Grants for Prevention and Treatment of Substance Abuse (SA/TRA)	93.959	HHS000663700177	150,796	
Block Grants for Prevention and Treatment of Substance Abuse (SA/TRY)	93.959	HHS001040100002	68,718	
Block Grants for Prevention and Treatment of Substance Abuse (SA/TRY)	93.959	HHS000663700229	78,531	
Block Grants for Prevention and Treatment of Substance Abuse (SA/OSR)	93.959	HHS000782500013	920,935	
Block Grants for Prevention and Treatment of Substance Abuse (SA/YPU)	93.959	HHS001344700009	171,980	
Block Grants for Prevention and Treatment of Substance Abuse (SA/YPI)	93.959	HHS001344700009	160,000	
Block Grants for Prevention and Treatment of Substance Abuse (SA/PADRES)	93.959	HHS001433900001	260,700	
Total Passed through HHSC			**17,633,271**	
Passed through Texas A&M University Health Science Center				
Mental and Behavioral Health Education and Training Grants	93.732	M2303898	17,714	
Total Passed through Texas A&M University Health Science Center			**17,714**	
Passed through University of Texas				
Mental Health Research Grants	93.242	UTA20-001213	14,192	
Total Passed through University of Texas			**14,192**	
Total U.S. Department of Health and Human Services			**$ 19,041,262**	**$ -**

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

Bluebonnet Trails Community Services
Schedule of Expenditures of Federal and State Awards
Year Ended August 31, 2025

Federal Awards - Continued	Federal ALN Number	Pass-through Entity Identifying Number	Total Center Expenditures	Total Subrecipient Expenditures
U.S. Department of Homeland Security				
Passed through Texas Health and Human Services Commission:				
Crisis Counseling	97.032	HHS001453900005	$ 152,962	$ -
Total U.S. Department of Homeland Security			**152,962**	**-**
U.S. Department of Transportation				
Passed through Texas Department of Transportation:				
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	51016011422	120,447	-
Passed through Capital Metropolitan Transit Authority:				
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	TX-2022-008-BBT	151,319	-
Total U.S. Department of Transportation			**271,766**	**-**
U.S. Department of Justice				
Passed through Williamson County, Texas				
Comprehensive Opioid, Stimulant, and other Substances Use Program	16.838	14198183	340,076	-
Total United States Department of Justice			**340,076**	**-**
U.S. Department of the Treasury				
Passed through Williamson County, Texas				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	1,251,514	117,955
Total United States Department of the Treasury			**1,251,514**	**117,955**
U.S. Department of Veterans Affairs				
Staff Sergeant Parker Gordon Fox Suicide Prevention Grant Program	64.055	Direct Award	26,047	-
Total U.S. Department of Veterans Affairs			**26,047**	**-**
Total Expenditures of Federal Awards			**21,856,234**	**117,955**
Total Expenditures of Federal and State Awards			**$ 54,289,622**	**$ 117,955**

ALN 20.513 - $271,766
ALN 93.243 - $3,412,950
ALN 93.558 - $304,601
ALN 93.778 - $2,460,200
ALN 93.958 - $8,919,708
ALN 93.959 - $2,215,572

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

Bluebonnet Trails Community Services
Notes to the Schedule of Expenditures of Federal and State Awards
Year Ended August 31, 2025

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal and state awards (the "Schedule") includes the federal and state award activity of Bluebonnet Trails Community Services (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.

Note 2 - Summary of Significant Accounting Policies

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

Expenditures reported for the Medical Assistance Program 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 ("HHSC"). Due to the timing of the submission of these invoices, actual reimbursements received during the year will differ from these amounts.

Note 3 - Indirect Cost Rate

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

Note 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.

Note 5 - Relationship to the Basic Financial Statements

Federal and state award programs are reported in the Center's basic financial statements in the General Fund. State award programs presented in the accompanying Schedule of Federal and State Awards do not include funds received from the Texas Correctional Office on Offenders with Medical or Mental Impairments in the amount totaling $836,498. These revenues have been excluded from the Schedule of Expenditures of Federal and State Awards by specific request of the funding agency. These revenues are included in total state program revenues in the basic financial statements. These state programs excluded from the accompanying schedule are not considered financial assistance as defined in TxGMS.

Note 5 - Relationship to the Basic Financial Statements (Continued)

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

State expenditures per schedule:	$ 32,433,388
TCOOMMI program	836,498
State revenues per basic financial statements	$ 33,269,886

Note 6 - State Award Guidelines

State awards are subject to the 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, TxGMS, and *Government Auditing Standards*, issued by the Comptroller General of the United States.

Bluebonnet Trails Community Services
Schedule of Findings and Questioned Costs
Year Ended August 31, 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	__x__ no
Significant deficiency(ies) identified?	_____ yes	__x__ none reported
Noncompliance material to financial statements noted?	_____ yes	__x__ no

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	_____ yes	__x__ no
Significant deficiency(ies) identified?	_____ yes	__x__ none reported
Type of auditor's report issued on compliance for major federal programs (unmodified, qualified, adverse or disclaimer):	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	_____ yes	__x__ no

State Awards

Internal control over major programs:		
Material weakness(es) identified?	_____ yes	__x__ no
Significant deficiency(ies) identified?	_____ yes	__x__ none reported
Type of auditor's report issued on compliance for major state programs (unmodified, qualified, adverse or disclaimer):	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with Texas Grant Management Standards?	_____ yes	__x__ no

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

Identification of major federal programs:

ALN Number(s)	Name of Federal Program or Cluster
93.778	Medical Assistance Program originating from U.S. Department of Health and Human Services passed through the Texas Health and Human Services Commission
21.027	Coronavirus State and Local Fiscal Recovery Funds originating from U.S. Department of the Treasury passed through Williamson County, Texas

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

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

Identification of major state programs:

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

Dollar threshold used to distinguish between Type A and Type B state programs: $973,002

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

Section II - Financial Statement Findings

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

No findings were noted.

Section III - Federal Award Findings and Questioned Costs

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

No findings were noted.

Section IV - State Award Findings and Questioned Costs

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

No findings were noted.

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

No findings were noted in fiscal year 2024 or fiscal year 2023.