

**COLLIN COUNTY  
MENTAL HEALTH MENTAL RETARDATION CENTER  
DBA LIFEPAATH SYSTEMS**

**ANNUAL FINANCIAL AND COMPLIANCE REPORT**

**FOR THE YEAR ENDED AUGUST 31, 2021**

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

**Collin County Mental Health Mental Retardation Center  
dba LifePath Systems  
Annual Financial and Compliance Report  
For The Year Ended August 31, 2021**

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**CERTIFICATE OF BOARD  
ACCEPTANCE OF AUDIT REPORT**

Collin County Mental Health Mental Retardation Center dba LifePath Systems

I, Doug Kowalski, Chairperson of the Board of Trustees of Collin County Mental Health Mental Retardation Center dba LifePath Systems do hereby certify that this accompanying audit report for FY 2021 from Scott, Singleton, Fincher & Company, P.C. was reviewed and accepted at a meeting of the Board of Trustees held on the 27th of January, 2022.

  
Chairperson, Board of Trustees

**Collin County Mental Health Mental Retardation Center  
Dba LifePath Systems  
List of Principal Officials  
August 31, 2021**

**Board of Trustees**

Ronald F. Crawford, Ed. D.	Chair
Dona Watson	Vice Chair
Anne Bramlett	Secretary
Trey (Arthur) Cotton	Member
Doug Kowalski	Member
Ernest Myers, Jr., Ph. D.	Member
Melvin Thathiah, J.D.	Member
Tony Nichols, CPA	Member
Matt Duncan	Member
Mitch Selman	Ex Officio Member

**Administrative Staff**

Tammy Mahan	Chief Executive Officer
Pete Kabira	Chief Operating Officer
Jennifer Morgan	Chief Financial Officer
Rik Lindahl	Compliance Director
Dr. Holly DuBois	Medical Director
Jennifer Day	Human Resources Director
Diane Kazlow	Special Projects Director
Brent Phillips-Broadrick	Strategic Initiatives Director
Danielle Sneed	Behavioral Health Director
Joanne Huffstetler	Early Childhood Services Director
Brandi Hazelwood	Intellectual and Developmental Disabilities Director

## **FINANCIAL SECTION**

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

CERTIFIED PUBLIC ACCOUNTANTS

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GREENVILLE, TEXAS 75401

Members of:  
American Institute of  
Certified Public Accountants

Texas Society of  
Certified Public Accountants

## **Independent Auditor's Report**

The Board of Trustees  
Collin County Mental Health Mental Retardation Center  
dba LifePath Systems

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Collin County Mental Health Mental Retardation Center dba LifePath Systems ("LifePath"), as of and for the year ended August 31, 2021, and the related notes to the financial statements, which collectively comprise LifePath's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

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 Collin County Mental Health Mental Retardation Center dba LifePath Systems, as of August 31, 2021, 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.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 10 through 18 and 45 through 46 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of 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.

## **Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise LifePath's basic financial statements. The supplementary schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the State of Texas *Uniform Grant Management Standards*, and is also not a required part of the basic financial statements.

The schedule of expenditures of federal and state awards 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with 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.

The supplementary schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2022, on our consideration of LifePath's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of LifePath's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering LifePath's internal control over financial reporting and compliance.

Respectfully submitted,

*Scott, Singleton, Fincher and Company, PC*

Scott, Singleton, Fincher and Company, PC

Certified Public Accountants

Greenville, Texas

January 27, 2022

**REQUIRED SUPPLEMENTARY INFORMATION**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

## Management's Discussion and Analysis

Our discussion and analysis of the Collin County Mental Health Mental Retardation Center dba LifePath Systems (the Center) financial performance provides an overview of the Center's financial activities for the fiscal year ended August 31, 2021. We encourage readers to consider the information presented here in conjunction with the financial statements and accompanying notes.

### FINANCIAL HIGHLIGHTS

- The assets of LifePath Systems exceeded its liabilities at the close of the most recent fiscal year by \$64,929,306 (net position). Of this amount, \$45,361,453 (unrestricted net position) may be used to meet the Center's ongoing obligations.
- The Center's total net position (government-wide) increased by \$10,080,150.
- As of the close of the current fiscal year, the Center's general fund reported ending fund balance of \$41,082,576, an increase of \$9,714,941 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$34,727,217 or approximately 84 percent of total general fund expenditures.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

**Government-wide financial statements.** The Statement of Net Position presents information on all of the Center's assets and liabilities. Increases or decreases in net position serve as a useful indicator of whether the financial position of LifePath Systems is improving or deteriorating.

The Statement of Activities includes all the revenue and expenses generated by the Center's operations during the year. The accrual basis of accounting is used, which is similar to the accounting method used by most private-sector companies. All of the current year's revenues and expenses are reported regardless of when cash is received or paid.

In the Statement of Net Position and the Statement of Activities, the Center is divided into two types of activities:

- *Governmental activities* – The Center’s basic services are reported in this section, including the Intellectual and Developmental Disabilities Division, Early Childhood Intervention, Behavioral Health Division and General Administration.
- *Business-type activity* – The Center has no activities that would be classified in the business-type activities category.

The government-wide financial statements can be found on pages 20 – 21 of this report.

## **REPORTING THE CENTER’S MOST SIGNIFICANT FUNDS**

The fund financial statements begin on page 22 and provide detailed information about the Center’s funds. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. LifePath Systems, 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 are divided into three categories: governmental funds, proprietary funds and fiduciary funds.

**Governmental funds** – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on how dollars flow 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 that measures cash and all other financial assets that can be readily converted to cash.

The governmental fund statements provide a *detailed short-term view* of the Center’s general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the Center’s programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation following the fund financial statements.

The Center adopts an annual budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget. This schedule can be found on pages 45-46 of this report.

**Proprietary funds** – When the Center charges customers for the services it provides – whether to outside customers or to other programs of the Center – these services are generally reported in proprietary funds. The Center maintains one type of proprietary fund. The *internal service fund* is an accounting device used to accumulate and allocate costs internally among the Center’s various functions. The Center uses an *internal service fund* to account for acquisition of capital assets as well as for the future replacement of existing capital assets.

**Fiduciary fund** – Fiduciary funds are used to account for resources held for the benefit of parties outside of the Center. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Center’s own programs. Funds held on behalf of consumers are considered fiduciary funds.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 30 – 43 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *supplementary information* that is required by the Texas Health and Human Services Commission’s *Guidelines for Annual and Compliance Audits of Community MHMR Centers*, the Uniform Guidance and the State of Texas *Uniform Grant Management Standards* (UGMS). This supplementary information can be found on pages 48 – 70 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of LifePath Systems, assets exceeded liabilities by \$64,929,306 at the close of the most recent fiscal year.

A portion of the Center’s net position (\$19,567,853 or 30%) reflect its investment in capital assets; land, buildings, vehicles and furniture and equipment, less any related debt used to acquire the assets that is still outstanding. The Center uses these assets to provide services to the consumers it serves; consequently, these assets are not available for future spending.

Collin County Mental Health Mental Retardation Center  
 dba LifePath Systems  
 Comparative  
 Statements of Net Position

	2021	2020
Current and other assets	\$ 49,971,189	\$ 39,310,547
Capital assets, net	19,567,853	20,420,268
Total assets	69,539,042	59,730,815
Long-term liabilities	1,078,283	1,284,644
Other liabilities	3,531,453	3,597,015
Total liabilities	4,609,736	4,881,659
Net position:		
Investment in capital assets	19,567,853	20,420,268
Unrestricted	45,361,453	34,428,888
Total net position	\$ 64,929,306	\$ 54,849,156

*Unrestricted net position* for the most current fiscal year of \$45,361,453 or approximately 70% may be used to meet the Center's ongoing obligations to consumers and creditors.

Collin County Mental Health Mental Retardation Center  
 dba LifePath Systems  
 Comparative  
 Statements of Activities

	<u>2021</u>	<u>2020</u>
Revenues		
Program revenues		
Charges for services	\$ 18,732,557	\$ 18,095,553
Operating grants/contributions	32,159,267	28,062,433
General revenues	755,305	1,712,965
Total revenues	<u>51,647,129</u>	<u>47,870,951</u>
Expenses		
Behavioral Health	26,790,902	23,666,481
Intellectual & Developmental Disabilities	6,996,311	7,331,181
Early Childhood Intervention	7,741,424	7,684,190
Interest on Long-term Debt	38,342	46,705
Total expenses	<u>41,566,979</u>	<u>38,728,557</u>
Change in net position	10,080,150	9,142,394
Net position – beginning of year	<u>54,849,156</u>	<u>45,706,762</u>
Net position – end of year	<u>\$ 64,929,306</u>	<u>\$ 54,849,156</u>

**GOVERNMENTAL ACTIVITIES**

Revenues for the Center’s governmental activities were \$51,647,129 while the total expenses were \$41,566,979. The change in net position was an increase of \$10,080,150. LifePath’s Behavioral Health programs ended the year with an increase in net position of \$9,130,122 primarily due to revenues from the 1115 waiver programs.

**BUSINESS-TYPE ACTIVITIES**

The Center had no activities that would be classified in the business-type activities category.

## FINANCIAL ANALYSIS OF THE CENTER'S FUNDS

**Governmental funds.** As the Center completed the year, its governmental funds (as presented in the balance sheet on page 22) reported combined fund balance of \$41,152,191, which is an increase of \$9,772,253 from last year's total of \$31,379,938.

The focus of the Center's General Fund is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Center's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the Center. At the end of the current fiscal year, unassigned fund balance in the general fund was \$34,727,217, while total fund balance reached \$41,082,576. As a measure of general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 84 percent of total general fund expenditures.

**Proprietary funds.** The Center's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

## GENERAL FUND BUDGETARY HIGHLIGHTS

Actual revenue is over the final budget by \$6,398,743, primarily due to revenue from the 1115 waiver program. Actual expenditures are under the final budgeted amount by \$3,344,772 due to lower expenditures in personnel cost, contracted services and staff travel and training.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

**Capital assets.** The Center's investment in capital assets for its governmental activities as of August 31, 2021, was \$19,567,853 (net of accumulated depreciation). The investment in capital assets includes facilities, vehicles, and furniture and equipment.

Major capital asset additions during the current fiscal year include:

- Computers and related equipment for Center's program personnel
- Vehicles for staff who travel to provide services to replace older vehicles
- Building renovations and repairs



Collin County Mental Health Mental Retardation Center  
 dba LifePath Systems  
 Capital Assets (net of depreciation)

Governmental Activities

	FY 2021	FY 2020
Construction in Progress	\$ 30,800	\$ -
Land	1,412,454	1,412,454
Buildings	20,520,949	20,419,748
Leasehold improvements	25,926	25,926
Furniture and Equipment	4,957,194	5,196,897
Vehicles	1,079,832	1,091,771
Less Accumulated Depreciation	(8,459,302)	(7,726,528)
Total Capital Assets	\$ 19,567,853	\$ 20,420,268

Note 4 on Page 40 of the financial statements provides detailed information of the Center’s capital assets.

**Long-term debt.** At the end of the current fiscal year, the Center had \$821,488 outstanding on a \$1,500,000 revenue anticipation note outstanding. In FY 2018, the Center received note proceeds which were utilized to finance facility construction improvements and renovations. Interest expense was \$38,342 for the fiscal year. Additional information on the Center’s long-term debt can be found in note 5 on pages 40 – 41 of this report.

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

The Center’s Board of Trustees and Management Team will continue to face significant challenges and opportunities in the coming year. Center operations are likely to continue to be affected by the COVID-19 pandemic for at least the next year. Even though most providers have returned to a physical office and provide in person services, a portion of services is currently being delivered via televideo and phone.

While services throughout LifePath have grown dramatically over the past several years, the rapid population growth in the Center’s catchment area is outpacing funding increases. Additionally, it is likely that LifePath will continue to see a sharp increase in demand for many of its services due to effects of the pandemic. LifePath, as the designated authority for mental health, substance abuse and intellectual/developmental disability (IDD) services, is responsible for addressing those needs without sufficient resources. In IDD programs, there are long waiting lists for some programs only afforded through dedicated state or federal funding. A lack of sufficient substance use detox and residential providers has led to limited access to these services in our area. Staff and Board must continue to collaborate with other entities, diversify funding

sources and work with community agencies to meet the most critical needs. The following issues will need addressing in the foreseeable future:

- The transition out of the 1115 Waiver/DSRIP funding will be completed through FY22 for the final year of the 1115 semi-annual payment structure unless the waiver is extended. While LifePath has utilized most of these funds strategically rather than operationally, there will be some adjustments that need to be made to ensure no disruption to services. In addition, the Directed Payment Program was approved in the Fall of 2021 and began September 1, 2021. In this program, 1115 funds are received through payments for Medicaid services. We are unable to estimate the return we will receive on these services in this new model but are in close collaboration with the HHSC and Texas Council.
- Staffing availability continues to provide a critical challenge to programs and competition for employees and increased salaries grows constantly.
- Multiple opportunities have arisen in our Behavioral Health services division including approval of a SAMHSA grant to implement a Crisis Living Room model diversion service and a high utilizers group. Quick turnaround time is required to begin operation of this and other facilities and hire necessary staff. In addition, due to increased opportunities, more workspace is needed for our growing staff so we have been forced to rent office space to meet short-term needs.
- IDD provider services, especially our group homes, have experienced significant increases in expenses and reduced revenues due to the pandemic. Cost for direct care staff (DCS) has significantly increased due to the area market increases for entry level positions and available staff is especially critical for these positions. Personal protective gear is an ongoing additional cost to protect the health of residents and staff. Increased rates are needed to stabilize this this service long term. Vacancies take longer to fill due to COVID precautions and family members' fear for the health and wellbeing of their loved one when moving into a group living condition.
- Early Childhood Intervention received additional funding and an increased enrollment target last year, however, the cost reimbursement per child decreased. LifePath has not been able to reach this target due to frequent cancelations due to COVID exposure and quarantine measures. While HHSC has waived enforcement of the enrollment target to date, this is an area LifePath will need to demonstrate improvement in as soon as possible.
- Strategic planning that includes analyzing the lessons learned from the COVID-19 pandemic will be essential. We expect some level of work from home and televideo services to continue long term. The development of supervisory skills in managing a mixture of in office workers and those working from home is critical

The Board and Management Team will continue to monitor the financial health of all programs on a regular basis. Elected officials will be apprised of all major developments and trends at the Center.

### **REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of LifePath Systems finances and the Center's accountability for the funds it receives. If you have questions about this report or need additional information, contact the LifePath Systems Finance Department, 1515 Heritage Drive McKinney, TX 75069.

**BASIC  
FINANCIAL STATEMENTS**

**Collin County Mental Health Mental Retardation Center**  
**DBA Lifepath Systems**  
**Statement of Net Position**  
**August 31, 2021**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 29,964,840
Investments	15,151,682
Due from other governments	3,166,915
Accounts receivable, net	722,040
Deposits and prepaid expenses	965,712
Land	1,412,454
Construction in progress	30,800
Capital assets, net	18,124,599
<b>Total Assets</b>	<b>69,539,042</b>
<b>LIABILITIES</b>	
Accounts payable	555,843
Accrued salaries and benefits	1,618,826
Other accrued expenses	430,972
Unearned program revenues	925,812
Compensated absences	256,795
Notes payable due within one year	217,268
Notes payable due in more than one year	604,220
<b>Total Liabilities</b>	<b>4,609,736</b>
<b>NET POSITION</b>	
Investment in capital assets	19,567,853
Unrestricted	45,361,453
<b>Total Net Position</b>	<b>\$ 64,929,306</b>

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

**Collin County Mental Health Mental Retardation Center**  
**DBA Lifepath Systems**  
**Statement of Activities**  
**For the Year Ending August 31, 2021**

Functions/Programs	Expenses			Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Administration Allocation	Expenses After Allocation of Administration	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental activities:</b>							
Intellectual and Developmental Disabilities programs	\$ 6,282,227	\$ 714,084	\$ 6,996,311	\$ 4,400,620	\$ 2,556,076	\$ -	\$ (39,615)
Early Childhood Intervention program	7,022,436	718,988	7,741,424	2,918,959	5,095,145		272,680
Behavioral Health programs	24,143,710	2,647,192	26,790,902	11,412,978	24,508,046		9,130,122
Administration	4,080,264	(4,080,264)	-				-
Debt Service Interest	38,342		38,342				(38,342)
<b>Total governmental activities</b>	<b>\$ 41,566,979</b>	<b>-</b>	<b>\$ 41,566,979</b>	<b>\$ 18,732,557</b>	<b>\$ 32,159,267</b>	<b>\$ -</b>	<b>\$ 9,324,845</b>
<b>General revenues:</b>							
Unrestricted investment earnings							67,255
Other revenues							688,050
<b>Total general revenues</b>							<b>755,305</b>
<b>Change in net position</b>							<b>10,080,150</b>
<b>Net position - beginning</b>							<b>54,849,156</b>
<b>Net position - ending</b>							<b>\$ 64,929,306</b>

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

**Collin County Mental Health Mental Retardation Center  
DBA Lifepath Systems  
Balance Sheet  
Governmental Funds  
August 31, 2021**

	<b>General Fund</b>	<b>Other Governmental Fund</b>	<b>Total Governmental Funds</b>
<b>Assets</b>			
Cash and cash equivalents	29,886,967	77,873	\$ 29,964,840
Accounts receivable, net	722,040		722,040
Due from other governments	3,166,915		3,166,915
Investments	13,888,801		13,888,801
Deposits and prepaid expenses	965,712		965,712
Advance to other governmental fund	8,258		8,258
<b>Total Assets</b>	<b>\$ 48,638,693</b>	<b>\$ 77,873</b>	<b>\$ 48,716,566</b>
<b>Liabilities</b>			
Accounts payable	555,843		555,843
Accrued salaries and benefits	1,618,826		1,618,826
Other accrued expenses	430,972		430,972
Unearned program revenues	925,812		925,812
Advance from general fund		8,258	8,258
Advance from internal service fund	3,525,012		3,525,012
<b>Total Liabilities</b>	<b>7,056,465</b>	<b>8,258</b>	<b>7,064,723</b>
<b>Deferred Inflows of Resources</b>			
Unavailable Medicaid administrative claiming revenues	499,652		499,652
<b>Total Deferred Inflows of Resources</b>	<b>499,652</b>	<b>-</b>	<b>499,652</b>
<b>Fund Balances</b>			
<b>Non-spendable:</b>			
Deposits and prepaid expenses	965,712		965,712
Advance to other governmental fund	8,258		8,258
<b>Assigned:</b>			
Facility expansion	5,381,389		5,381,389
<b>Unassigned</b>			
	34,727,217	69,615	34,796,832
<b>Total Fund Balances</b>	<b>41,082,576</b>	<b>69,615</b>	<b>41,152,191</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 48,638,693</b>	<b>\$ 77,873</b>	<b>\$ 48,716,566</b>
<b>Governmental fund balances as presented above:</b>			<b>\$ 41,152,191</b>
<b>Amounts presented for governmental activities in the Statement of Net Position are different because:</b>			
An Internal Service Fund is used by management to charge the costs of certain 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.			24,355,746
Long-term liabilities for notes payable (\$821,488) and compensated absences (\$256,795) are reported in the Statement of Net Position but they are not due and payable in the current period and therefore are not reported as liabilities in the fund balance sheet.			(1,078,283)
Long-term receivables are not available to pay current-period expenditures and, therefore, are deferred in the fund balance sheet.			499,652
<b>Net Position - Governmental Activities</b>			<b>\$ 64,929,306</b>

**Collin County Mental Health Mental Retardation Center  
DBA Lifepath Systems  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended August 31, 2021**

	<u>General Fund</u>	<u>Other Governmental Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES:</b>			
Local and earned sources	\$ 20,214,973	114,042	\$ 20,329,015
State programs	19,433,541		19,433,541
Federal programs	11,546,973		11,546,973
Investment income	66,202		66,202
<b>Total revenues</b>	<u>51,261,689</u>	<u>114,042</u>	<u>51,375,731</u>
<b>EXPENDITURES:</b>			
Current:			
Intellectual and Developmental Disabilities	6,248,309		6,248,309
Behavioral Health	24,051,341		24,051,341
Early Childhood Intervention	7,002,292		7,002,292
Administration	3,997,909	56,730	4,054,639
Debt service:			
Principal	208,555		208,555
Interest	38,342		38,342
<b>Total expenditures</b>	<u>41,546,748</u>	<u>56,730</u>	<u>41,603,478</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>9,714,941</u>	<u>57,312</u>	<u>9,772,253</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
None	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	9,714,941	57,312	9,772,253
<b>Fund balance - beginning of year</b>	<u>31,367,635</u>	<u>12,303</u>	<u>31,379,938</u>
<b>Fund balance - end of year</b>	<u>\$ 41,082,576</u>	<u>\$ 69,615</u>	<u>\$ 41,152,191</u>

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



**Collin County Mental Health Mental Retardation Center  
DBA Lifepath Systems**

**Reconciliation of the Statement of Revenues, Expenditures,  
And Changes in Fund Balance of Governmental Funds  
to the Statement of Activities  
For the Year Ended August 31, 2021**

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

<b>Net change in fund balances - total governmental funds (see previous page)</b>	<b>\$ 9,772,253</b>
Internal service funds are used by management to charge the costs of certain capital assets to individual funds. The results of the internal service fund excluding capital contributions are reported with governmental activities.	(128,773)
The issuance of long-term debt (e.g., bonds, notes, capital leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This is the amount of long-term debt that was repaid during the year (\$208,555). No new debt was issued.	208,555
Changes in the liability for compensated absences are reported as an increase or decrease to expense in the statement of activities but are not reported in governmental funds if the amounts are not expected to be paid from current financial resources.	(2,194)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds. This includes the increase of \$230,309 in Medicaid administrative claiming revenues.	<u>230,309</u>
<b>Change in net position - governmental activities</b>	<b><u><u>\$ 10,080,150</u></u></b>

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

**Collin County Mental Health Mental Retardation Center**  
**DBA Lifepath Systems**  
**Statement of Net Position**  
**Proprietary Fund**  
**August 31, 2021**

	<b>Governmental Activities Internal Service Fund</b>
<b>ASSETS</b>	
<b>Current Assets</b>	
Cash and cash equivalents	\$ -
Investments	1,262,881
Advance to General Fund	3,525,012
<b>Total Current Assets</b>	<b>4,787,893</b>
<b>Non-Current Assets</b>	
<b>Capital Assets</b>	
Land and improvements	1,412,454
Construction in progress	30,800
Buildings	20,520,949
Leasehold improvements	25,926
Vehicles	1,079,832
Furniture and equipment	1,528,724
Computers and equipment	3,428,470
Less accumulated depreciation	(8,459,302)
Capital Assets, net	19,567,853
<b>Total Non-Current Assets</b>	<b>19,567,853</b>
<b>Total Assets</b>	<b>\$ 24,355,746</b>
<b>LIABILITIES</b>	
<b>Current Liabilities</b>	
None	
Total Current Liabilities	-
<b>Non-Current Liabilities</b>	
None	
Total Non-Current Liabilities	-
<b>Total Liabilities</b>	-
<b>NET POSITION</b>	
Investment in capital assets	19,567,853
Unrestricted	4,787,893
<b>Total Net Position</b>	<b>\$ 24,355,746</b>

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

**Collin County Mental Health Mental Retardation Center  
DBA Lifepath Systems  
Statement of Revenues, Expenses, and Changes in Net Position  
Proprietary Fund  
For the Year Ended August 31, 2021**

	<u>Governmental Activities Internal Service Fund</u>
<b>Operating Revenues:</b>	
Internal charges for services/uses	\$ 1,038,633
Other operating receipts	-
<b>Total operating revenues</b>	<u>1,038,633</u>
<b>Operating Expenses:</b>	
Maintenance, repairs & vehicle expense	4,994
Depreciation	1,203,501
<b>Total operating expenses</b>	<u>1,208,495</u>
<b>Operating income (loss)</b>	<u>(169,862)</u>
<b>Nonoperating Revenues (Expenses)</b>	
Interest income	1,053
Gain on disposal of capital assets	40,036
<b>Total nonoperating revenues (expenses)</b>	<u>41,089</u>
<b>Net income (loss) before transfers and capital contributions</b>	<u>(128,773)</u>
<b>Change in net position</b>	<u>(128,773)</u>
<b>Net position - beginning of year</b>	<u>24,484,519</u>
<b>Net position - end of year</b>	<u>\$ 24,355,746</u>

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

**Collin County Mental Health Mental Retardation Center  
DBA Lifepath Systems  
Statement of Cash Flows  
Proprietary Fund  
For the Year Ended August 31, 2021**

	<b>Governmental Activities Internal Service Fund</b>
<b>Cash Flows From Operating Activities:</b>	
Receipts for services/internal charges	\$ 1,038,633
Payments to suppliers	(4,994)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b><u>1,033,639</u></b>
<b>Cash Flows from Noncapital Financing Activities:</b>	
None	-
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<b><u>-</u></b>
<b>Cash Flows From Capital and Related Financing Activities:</b>	
Change in amount due from/to General Fund	(2,125,665)
Purchases of capital assets	(374,324)
Proceeds from disposal of capital assets	63,274
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b><u>(2,436,715)</u></b>
<b>Cash Flows From Investing Activities:</b>	
Redemption of investments	1,393,680
Interest and investment earnings	1,053
<b>Net Cash Provided (Used) by Investing Activities</b>	<b><u>1,394,733</u></b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(8,343)</b>
<b>Cash and Cash Equivalents-Beginning of Year</b>	<b><u>8,343</u></b>
<b>Cash and Cash Equivalents-End of Year</b>	<b><u>\$ -</u></b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:</b>	
<b>Operating income (loss)</b>	<b>(169,862)</b>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	1,203,501
Changes in assets and liabilities:	
None	-
<b>Net Cash Provided (Used) by Operating Activities</b>	<b><u>\$ 1,033,639</u></b>

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

**Collin County Mental Health Mental Retardation Center  
 DBA Lifepath Systems  
 Statement of Fiduciary Net Position  
 Fiduciary Fund  
 August 31, 2021**

	<b>Client Custodial Fund</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 31,836
<b>Total Assets</b>	<b>31,836</b>
<b>Liabilities</b>	
None	-
<b>Total Liabilities</b>	-
<b>Net Position</b>	
Restricted for:	
Individual consumers	31,836
<b>Total Net Position</b>	<b>\$ 31,836</b>

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

**Collin County Mental Health Mental Retardation Center  
 DBA Lifepath Systems  
 Statement of Changes in Fiduciary Net Position  
 Fiduciary Fund  
 For the Year Ended August 31, 2021**

	<b>Client Custodial Fund</b>
<b>Additions</b>	
Cash collections on behalf of consumers	\$ 122,942
Total Additions	122,942
<b>Deductions</b>	
Payments of behalf of consumers	104,921
Total Deductions	104,921
<b>Net Increase (Decrease) in Fiduciary Net Position</b>	<b>18,021</b>
<b>Net Position - Beginning</b>	<b>13,815</b>
<b>Net Position - Ending</b>	<b>\$ 31,836</b>

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

**Collin County Mental Health Mental Retardation Center  
dba LifePath Systems  
Notes to Basic Financial Statements  
August 31, 2021**

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

**(a) Introduction**

The accounting and reporting framework and the more significant accounting principles and practices of Collin County Mental Health Mental Retardation Center dba LifePath Systems (LifePath) are discussed in subsequent sections of this note. The remaining notes are organized to provide explanations, including required disclosures, of LifePath's financial activities for the fiscal year ended August 31, 2021.

**(b) Financial Reporting Entity - Basis of Presentation**

LifePath is a public entity established under the Texas Mental Health Mental Retardation Act of 1965 and organized under Chapter 534, Title 7 of the Texas Health and Safety Code. This act provided for the creation of local boards of trustees. LifePath's current board of trustees was appointed by the Commissioner's Court of Collin County, Texas, to develop and implement community-based mental health services, intellectual and developmental disability services, and early childhood services. LifePath is governed by an independent board, has the authority to make decisions, appoint administrators and managers, significantly influence operations, and has the primary accountability for fiscal matters. LifePath is not included in any other governmental "reporting entity" as defined in Section 2100, codification of Governmental Accounting and Financial Reporting Standards.

The criteria used by LifePath for including activities in preparing its financial statements is in conformity with Government Accounting Standards Board Statements 14 and 39 as amended by GASB Statement 61 "*The Financial Reporting Entity: Omnibus*". Based on these criteria LifePath has the following component unit:

LifePath Systems Foundation (Foundation) is a charitable organization established to provide support for the programs and services of LifePath Systems in order to serve the community in the areas of early childhood intervention, behavioral health, intellectual and developmental disabilities, and substance abuse needs. The Foundation is a non-profit corporation established under the Texas Non-Profit Corporation Act and Section 501(c)(3) of the Internal Revenue Code. Financial information of the Foundation may be obtained at the office of 1515 Heritage Drive, McKinney, Texas 75069. The Foundation is presented as a blended component unit due to the Foundation being fiscally dependent on LifePath and the Foundation exclusively benefiting LifePath.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

### (c) Government-wide and Fund Financial Statements

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

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

#### Fund Financial Statements

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

### (d) Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

The government-wide statements, as well as the proprietary fund financial statements, are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. As a general rule the effect of inter-fund activity has been eliminated from the government-wide financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Charges for services are recognized in the year for which they are provided while grants are recognized as revenue as soon as all eligibility requirements imposed by the grantor have been met.



## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

### (d) Measurement Focus, Basis of Accounting, and Financial Statement Presentation – continued

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of LifePath's Internal Service Fund are internal charges to the General Fund for management of capital assets and the principal operating expenses are the costs of maintaining those assets. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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

When both restricted and unrestricted assets are available for use, it is LifePath's policy to use restricted resources first, then unrestricted resources as needed.

### (e) Allocation of Indirect Expenses

LifePath allocates indirect expenses primarily comprised of administrative services to operating functions and programs benefitting from those services. Administrative services include overall management, centralized budgetary formulation and oversight, accounting, financial reporting, payroll, procurement contracting and oversight, investing and cash management, personnel services, and other central administrative services. Allocations are charged to programs based on use of central services determined by various allocation methodologies.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):**

**(f) Fund Types and Major Funds**

LifePath reports the following major governmental fund:

**Governmental Fund**

General Fund - reports as the primary operating fund of LifePath. This fund is used to account for all financial resources of the entity, except for those required to be accounted for in another fund.

**Other Funds**

**Other Governmental Fund**

Special Revenue Fund – reports activity of the LifePath Systems Foundation and accounts for revenue sources that are legally restricted to expenditure for that specific purpose.

**Proprietary Fund**

Internal Service Fund - reports the activities of management to charge the costs of capital assets such as buildings and vehicles to the General Fund.

**Fiduciary Fund**

Custodial Fund – A fiduciary fund type, includes assets held for clients of the Center. The fund is purely custodial and reports the changes in assets held on behalf of clients.

**(g) Budget and Budgetary Accounting**

LifePath's annual budget for the General Fund is prepared based on estimated expenditures provided on a unit basis summarized by program category. The budget is submitted to the Chief Executive Officer and the Board of Trustees. The budget must have the Board of Trustees' approval and that of the Texas Health and Human Services Commission (HHSC) for services related to intellectual and developmental disabilities services, behavioral health services, and early childhood services. The final budget is approved by HHSC, generally before the beginning of the new fiscal year.

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):**

**(h) Cash and Investments**

Outstanding cash and cash equivalents consist principally of interest bearing bank accounts with original maturities of three months or less from the date of acquisition.

Investments consist of investments in Texas Local Government Pool (“TexPool”). Authorized investments of TexPool include obligations of the United States of America or its agents, direct obligations of the State of Texas or its agencies, certificates of deposit, and repurchase agreements. Interest revenue on investments is recorded in the applicable operating fund. Investments are stated at fair value within the fair hierarchy established by generally accepted accounting principles. For investments in local government investment pools, the reported value of the pool is the same as the fair value of the pool shares.

Unrestricted and restricted cash and investments purchased by LifePath within three months of maturity are considered to be cash equivalents for purposes of the statement of cash flows.

**(i) Prepaid Items**

Prepaid expenses reflect payments to vendors that benefit future reporting periods and are reported on the consumption basis. Prepaid expenses are similarly reported in the government-wide and fund financial statements. Prepaid items are reflected as non-spendable fund balance in the governmental fund balance sheet, because these assets do not constitute available spendable resources even though they are components of current assets.

**(j) Capital Assets, Depreciation, and Amortization**

LifePath’s property, plant, equipment and vehicles with useful lives of more than one year are recorded at historical cost and comprehensively reported in the government-wide financial statements. Donated assets are stated at acquisition value. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date, or the amount at which a liability could be liquidated with the counterparty on the acquisition date. The costs of normal maintenance and repairs that do not add to the asset value or materially extend the useful lives are not capitalized. Capital assets are depreciated using the straight-line method. 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, in years, for depreciable assets are as follows:

<u>Asset Type</u>	<u>Years</u>
Buildings and related improvements	15-40
Computer equipment	3-5
Vehicles	4
Furniture and fixtures	5-12

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):**

**(k) Long-Term Liabilities**

In the government-wide financial statements, and proprietary fund statements, outstanding long-term liabilities, if any, are reported as liabilities. The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures.

**(l) Deferred Inflows and Outflows of Resources**

Deferred inflows of resources represent the acquisition of resources that apply to a future period and so will not be recognized as an inflow of resources (revenue) until that time. Deferred outflows of resources represent a consumption of resources that applies to a future period and so will not be recognized as an outflow of resources (expense) until that time.

**(m) Leave Policies**

LifePath employees earn paid time off (PTO) as work is performed for LifePath. Progressive accrual of PTO is based on the number of years an individual is employed by LifePath. Employees can accumulate PTO up to a maximum of 31 days or 248 hours. Employees carryover unused PTO hours to the next fiscal year. Unused PTO hours are vested and paid to employees upon termination of employment at the current salary if the employee meets the following criteria: the employee must have a minimum of 5 years of full time employment with LifePath; must not be on probation; and must not be terminated from their position. If this criteria is met the employee will be paid up to 40 hours unused PTO for every 5 years of full time employment at a maximum of 160 hours. In accordance with Governmental Accounting Standards Board Statement 16, "*Accounting for Compensated Absences*", LifePath accrues its liability for such accumulated unpaid benefits. LifePath records its liability for compensated absences as an expense and liability in the government-wide and proprietary fund financial statements. In the governmental fund statements, compensated absences are reported as an expenditure and liability when the payments are due to be paid out of current resources.

**(n) Net Position/Fund Balances**

LifePath implemented GASB Statement 54 standards for the classification of fund balances in the governmental funds. The fund balances of governmental funds are defined as follows:

*Non-spendable* - amounts that cannot be spent either because they are in non-spendable form, such as inventory, prepaid items, or because they are legally or contractually required to be maintained intact.

*Restricted* - amounts that can be spent only for specific purposes because of constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):**

**(n) Net Position/Fund Balances (continued)**

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

*Assigned* - amounts that do not meet the criteria to be classified as restricted or committed but are intended to be used for specific purposes that have been established by the Board of Trustees.

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

When both restricted and unrestricted resources are available for use, it is LifePath's policy to use restricted resources first, then unrestricted resources as needed. For expenditures of fund balance with alternative choices, committed funds are considered to have been spent first, then assigned, and then unassigned funds.

**(o) Risk Management**

LifePath is exposed to various risks of loss related to general liability; torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; doctors' malpractice; and natural disasters. During fiscal year 2021, LifePath was covered by insurance for these various risks at a cost it considered to be economically justifiable.

LifePath maintains workers compensation, general and auto liability, directors' and officers' liability, and property insurance coverage through commercial insurance carriers. There was no significant reduction in insurance coverage from the prior year. The amount of settlements has not exceeded insurance coverage for any of the past three years. LifePath does not anticipate any additional assessments for insurance premiums as a result of activities during the year.

**(p) Estimates**

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

**(q) Tax-Exempt Status**

**Primary Government:**

The Internal Revenue Service has issued a determination letter dated January 15, 2002, stating that LifePath qualifies as an organization described in Section 501(c)(3) of the Internal Revenue Code and, accordingly, is exempt from federal income taxes. This determination letter further specifies that LifePath is not considered to be a private foundation as specified by Section 509(a)(1).

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):**

**(q) Tax-Exempt Status (continued)**

**Component Unit (LifePath Systems Foundation):**

The Internal Revenue Service has issued a determination letter dated March 13, 2012, stating that LifePath Systems Foundation qualifies as an organization described in Section 501(c)(3) of the Internal Revenue Code and accordingly, is exempt from federal income taxes. This determination letter further specifies that LifePath Systems Foundation is a public charity under Section 170(b)(1)(A)(vi).

**(r) Due To/From Other Funds**

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

The government-wide statement of net position eliminates receivables and payables between funds.

Interfund balances as of August 31, 2021 were as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 8,258	\$ 3,525,012
Other Governmental Fund		8,258
Internal Service Fund	<u>3,525,012</u>	
Total	<u>\$ 3,533,270</u>	<u>\$ 3,533,270</u>

The amounts between the general fund and the internal service fund exist primarily due to the user fees charged by the internal service fund and are not expected to be repaid within one year.

The amounts between the general fund and the other governmental fund exist primarily due to general operating expenditures and are not expected to be repaid within one year.

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

### Deposits

**Custodial credit risk** for deposits is the risk that in the event of a bank failure, LifePath's deposits may not be returned or LifePath will not be able to recover collateral securities in the possession of an outside party. LifePath's policy requires deposits to be fully secured by collateral valued at market or par, whichever is lower, less the amount of Federal Deposit Insurance Corporation (FDIC) insurance.

Deposited funds may be invested in certificates of deposit in institutions with an established record of fiscal health. Collateral agreements must be approved prior to deposit of funds. The Board of Trustees approves authorized depository institutions based on the recommendations of LifePath's management.

At August 31, 2021, deposits of LifePath were fully insured or collateralized with securities held by the pledging financial institution in the name of LifePath.

### Investments

LifePath categorizes its fair value measurements of investments within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

At August 31, 2021, LifePath held the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Weighted Average Days to Maturity</u>
Texas Local Government Investment Pool (TexPool)	\$ 15,151,682	AAAm	30
Total Investments	<u>\$ 15,151,682</u>		

(1) Ratings are provided where applicable to indicate associated **credit risk**.

(2) TexPool investments are not subject to the fair value hierarchy established by GAAP.

During the year, LifePath invested in Texas Local Government Investment Pool ("TexPool"). TexPool, a public funds investment pool created by the Treasurer of the State of Texas acting by and through the Texas Treasury Safekeeping Trust Company, is empowered to invest funds and act as custodian of investments purchased with local investment funds. Authorized investments of TexPool include obligations of the United States of America or its agencies, direct obligations of the State of Texas or its agencies, certificates of deposit, repurchase agreements.

**2. CASH, CASH EQUIVALENTS, AND INVESTMENTS (continued):**

**Investment Policies**

*Credit risk* is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Generally, LifePath's investing activities are managed under the custody of the Chief Financial Officer. Investing is performed in accordance with investment policies adopted by the Board of Trustees in compliance with state statutes. LifePath's investment policy and state statute generally permit LifePath to invest in certificates of deposit, fully collateralized repurchase agreements, public funds investment pools, obligations of the United States of America or its agencies, direct obligations of the State of Texas or its agencies, prime domestic bankers acceptances, commercial paper, SEC registered no-load money market mutual funds, other obligations which are unconditionally guaranteed or insured by the State of Texas or the United States or its agencies and instrumentalities, and obligations of states, agencies, countries, cities and other political subdivisions having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than "A" or its equivalent. During the year ended August 31, 2021, LifePath did not own any types of securities other than those permitted by statute or its investment policy.

*Interest rate risk* is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. LifePath's policy requires management to determine the appropriate average weighted value maturity of the portfolio based on anticipated cash flows. Maximum maturities of investments are limited to five years unless specific authority is granted by the Board.

**3. ACCOUNTS RECEIVABLE:**

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

<u>Due from other governments:</u>	
HHSC Mental Health Contracts	\$ 602,218
Medicaid Administrative Claiming	715,501
Collin County	468,581
TCOOMMI Programs	12,615
Substance Abuse Contracts	189,478
Early Childhood Services Contract	841,470
HHSC IDD Contracts	67,864
CCBHC Program	177,769
ICF Homes	76,506
Other	14,913
Receivables from other governments	\$ <u>3,166,915</u>
<u>Client fees receivable:</u>	
Medicaid, private insurance, private patient fees	1,599,389
Allowance for doubtful accounts	(877,349)
Accounts receivable, net	\$ <u>722,040</u>



**4. CAPITAL ASSETS:**

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

	September 1, 2020	Additions	Retirements	Transfers	August 31, 2021
<i>Governmental activities:</i>					
<i>Nondepreciable assets:</i>					
Land	\$ 1,412,454	\$ -	\$ -	\$ -	\$ 1,412,454
Construction in progress	-	30,800			30,800
Total nondepreciable assets	1,412,454	30,800	-	-	1,443,254
<i>Depreciable assets</i>					
Buildings and improvements	20,419,748	129,948	(28,747)		20,520,949
Leasehold improvements	25,926				25,926
Furniture and equipment	5,196,897	75,916	(315,619)		4,957,194
Vehicles	1,091,771	137,660	(149,599)		1,079,832
Total depreciable assets	26,734,342	343,524	(493,965)	-	26,583,901
<i>Accumulated depreciation</i>					
Less accumulated depreciation	(7,726,528)	(1,203,501)	470,727		(8,459,302)
<b>Capital assets, net</b>	<b>\$ 20,420,268</b>	<b>\$ (829,177)</b>	<b>\$ (23,238)</b>	<b>\$ -</b>	<b>\$ 19,567,853</b>

Depreciation was charged to functions as follows:

<b>Governmental Activities:</b>	
Intellectual and Developmental Disabilities programs	\$ 118,633
Behavioral Health programs	556,697
Early Childhood Intervention program	122,935
Administration	405,236
Total depreciation expense	<u>\$ 1,203,501</u>

**5. LONG-TERM LIABILITIES:**

Long-term debt:

*Direct borrowing:* On March 30, 2018, LifePath secured a Revenue Anticipation Note, Series 2018 with JPMorgan Chase Bank to finance construction improvements and renovations to a building owned by LifePath. The principal amount of the note was \$1,500,000. The note calls for monthly payments of principal and interest in the total amount of \$20,575 until maturity on April 1, 2025. The interest rate is 4.10%. The note is secured by a lien on and pledge of all legally available revenues, deposit accounts, and funds of LifePath.

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

Following is a summary of changes in long-term liabilities for the year ended August 31, 2021:

	Balance Beginning of Year	Additions	Retirements	Balance End of Year	Due Within One Year
<i>Governmental activities</i>					
<i>Direct Borrowing:</i>					
Note payable, Series 2018	\$ 1,030,043	\$ -	\$ 208,555	\$ 821,488	\$ 217,268
Compensated absences	254,601	2,435,468	2,433,274	256,795	256,795
<b>Total Long-term obligations</b>	<b>\$ 1,284,644</b>	<b>\$ 2,435,468</b>	<b>\$ 2,641,829</b>	<b>\$ 1,078,283</b>	<b>\$ 474,063</b>

Interest expense recorded in governmental activities was \$38,342. No interest has been capitalized in the financial statements.

Future debt service requirements for the note payable are as follows:

Year Ending	Direct Borrowing		Total Required
	Note Principal	Note Interest	
2022	217,268	29,628	246,896
2023	226,345	20,551	246,896
2024	235,801	11,095	246,896
2025	142,074	1,948	144,022
2026	-	-	-
	<b>\$ 821,488</b>	<b>\$ 63,222</b>	<b>\$ 884,710</b>

**6. LEASES:**

**Operating Leases**

LifePath has entered into various non-cancelable lease agreements for facilities and equipment. These agreements provide for future minimum rental payments for the next five fiscal years as follows:

	Operating Leases
2022	\$ 195,039
2023	147,267
2024	20,314
2025	-
2026	-
<b>Total minimum lease payments</b>	<b>\$ 362,620</b>

Rental expenditures in the fiscal year ending August 31, 2021 were \$172,339.

**7. RETIREMENT PLAN:**

LifePath maintains a 401(a) defined contribution pre-tax retirement plan for the benefit of eligible employees and their beneficiaries. The name of the plan is the LifePath Systems Retirement Plan. LifePath contributes to the plan 5% of each covered employee's compensated each year. These contributions are used to purchase mutual funds and/or annuity contracts on behalf of eligible LifePath employees. Eligible employees are full-time employees of LifePath who have completed 6 months of service and are over the age of 18 years. Forfeitures remain in the plan to pay expenses and reduce future employer contributions to the plan.

Employees vest in LifePath's contributions to the plan on their behalf over a five year period as follows:

<u>Years of Service</u>	<u>Vesting Schedule</u>	<u>Percentage</u>
2		25%
3		50%
4		75%
5		100%

The required contribution by LifePath for the year was \$841,797 and the actual LifePath contribution was \$841,797, none of which was funded by employee forfeitures of non-vested amounts. The year-end contribution of \$62,252 was due to the plan on August 31.

**8. DEFERRED COMPENSATION PLANS:**

LifePath offers its employees a deferred Compensation Plan (the "Plan") consistent with Internal Revenue Code Section 457(a). Vesting in the Plan is immediate with plan assets held in trust until the employee terminates employment, retires, or experiences an unforeseeable emergency. Employees may contribute voluntarily to the Plan in amounts not to exceed limits established by the Internal Revenue Service. Employee contributions were \$441,813.

LifePath offers its employees a deferred Compensation Plan (the "Plan") consistent with Internal Revenue Code Section 403(b). Vesting in the Plan is immediate with plan assets held in trust until the employee terminates employment, retires, or experiences an unforeseeable emergency. Employees may contribute voluntarily to the Plan in amounts not to exceed limits established by the Internal Revenue Service. Employee contributions were \$36,511.

**9. COMMITMENTS AND CONTINGENCIES:**

During the year ended August 31, 2021, the Center has been impacted by the effects of the world-wide coronavirus pandemic. The Center continues to closely monitor its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the date of issuance of these financial statements, the full impact to the Center's financial position is not known.

LifePath is involved in litigation arising in the ordinary course of business. It is management's belief that any liability resulting from such litigation would not be material in relation to LifePath's financial position.

**9. COMMITMENTS AND CONTINGENCIES (continued):**

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

**10. ECONOMIC DEPENDENCE:**

LifePath receives a substantial portion of its revenues in the form of annual performance contracts with the Texas Health and Human Services Commission (HHSC) for services relating to intellectual and developmental disabilities, mental health services and early childhood intervention services. LifePath is economically dependent on the continuation of these contracts. At August 31, 2021, these contracts have been continued through August 31, 2022.

**11. PHARMACY PROGRAMS:**

LifePath participates in a patient pharmacy assistance program (PAP) in order to decrease medication costs incurred by LifePath and its consumers. Under this program, LifePath receives pharmaceuticals at no charge on behalf of consumers and dispenses these items to consumers in accordance with service provider instructions. This program does not meet the criteria established by generally accepted accounting principles for recording in the financial statements, however, the cost savings achieved by these programs are significant to LifePath. Center management estimates the value of pharmacy items distributed under this program was \$4,646,472 for the year.

**12. IMPLEMENTATION OF NEW STANDARDS:**

The Center implemented the provisions of Governmental Accounting Standards Board (GASB) Statement 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes as well as how those activities should be reported. Implementation of this standard required the presentation of a Statement of Changes in Fiduciary Activities for the Center's Client Custodial Fund.

**REQUIRED SUPPLEMENTARY  
INFORMATION**

**Collin County Mental Health Mental Retardation Center**  
**DBA Lifepath Systems**  
**Budgetary Comparison Schedule - General Fund**  
**For the Year Ending August 31, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>LOCAL REVENUES AND EARNED SOURCES:</b>				
City and County funds	\$ 2,678,458	\$ 2,678,457	\$ 2,480,911	\$ (197,546)
Patient fees, net	2,252,830	2,251,189	707,308	(1,543,881)
Medicaid and Medicare	4,337,469	4,331,669	5,584,603	1,252,934
Title XIX - HCS	1,288,373	1,308,696	1,396,803	88,107
Title XIX - TxHLW	415,531	415,531	344,229	(71,302)
Title XIX - ICF/IDD	817,519	817,518	539,017	(278,501)
1115 waiver	813,203	813,203	8,382,133	7,568,930
Other revenues	654,181	777,613	779,969	2,356
<b>Total local revenues and earned sources</b>	<b>13,257,564</b>	<b>13,393,876</b>	<b>20,214,973</b>	<b>6,821,097</b>
<b>STATE PROGRAM REVENUES:</b>				
General revenue	16,286,464	16,286,464	16,224,590	(61,874)
Mental Health First Aid	14,200	14,200	14,200	-
Early Childhood Intervention - state portion	1,883,955	1,883,955	1,883,955	-
Substance Abuse programs - state portion	282,365	282,365	282,365	-
TCOOMMI	102,958	102,958	98,114	(4,844)
Mental Health Grant for Justice-Involved Individuals	683,903	683,903	604,985	(78,918)
Texas Rehabilitation Commission	394,388	394,388	325,332	(69,056)
<b>Total state program revenues</b>	<b>19,648,233</b>	<b>19,648,233</b>	<b>19,433,541</b>	<b>(214,692)</b>
<b>FEDERAL PROGRAM REVENUES:</b>				
Mental Health Block Grant	992,152	992,152	1,146,709	154,557
Temporary Assistance to Needy Families	867,554	867,554	867,555	1
Social Services Block Grant	131,058	131,058	131,058	-
Early Childhood Intervention	3,029,048	3,029,048	2,999,786	(29,262)
Substance Use Disorders	2,058,187	2,058,187	1,693,190	(364,997)
Money Follows the Person	-	-	68,749	68,749
System of Care	493,913	493,913	154,428	(339,485)
Coordinated Specialty Care	270,000	270,000	253,500	(16,500)
Coronavirus Relief Funds	-	-	452,133	452,133
Provider Relief Funds	-	445,293	343,608	(101,685)
Crisis Counseling	-	523,760	251,020	(272,740)
SAMHSA - CCBHC Grant	4,000,000	2,000,000	2,027,728	27,728
Medicaid Administrative Claiming	1,009,172	1,009,172	1,157,509	148,337
<b>Total federal program revenues</b>	<b>12,851,084</b>	<b>11,820,137</b>	<b>11,546,973</b>	<b>(273,164)</b>
Interest income	700	700	66,202	65,502
<b>TOTAL REVENUES</b>	<b>\$ 45,757,581</b>	<b>\$ 44,862,946</b>	<b>\$ 51,261,689</b>	<b>\$ 6,398,743</b>

See independent accountant's report on required supplementary information.

**Collin County Mental Health Mental Retardation Center  
DBA Lifepath Systems  
Budgetary Comparison Schedule - General Fund  
For the Year Ending August 31, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>EXPENDITURES:</b>				
Salaries	\$ 28,668,508	25,661,330	23,273,992	\$ 2,387,338
Employee benefits	5,613,893	5,531,990	4,902,077	629,913
Contracted services	9,789,017	9,381,262	8,325,285	1,055,977
Legal and professional services	65,000.00	65,000	178,425	(113,425)
Building and equipment rents	182,762	174,587	172,339	2,248
Maintenance	869,807	785,687	1,038,614	(252,927)
Insurance	361,413	330,048	196,634	133,414
Vehicle fuel and maintenance	71,720	71,217	57,907	13,310
Utilities and telephone	605,981	554,119	642,701	(88,582)
County support program	130,000	130,000	87,343	42,657
Quality assurance fees	18,000	16,470	24,957	(8,487)
Consumer related costs	569,028	570,783	347,725	223,058
Staff travel and training	1,350,181	132,832	327,175	(194,343)
User fees	887,346	812,372	1,038,516	(226,144)
Other costs	462,951	565,066	686,161	(121,095)
<b>Total current</b>	<u>49,645,607</u>	<u>44,782,763</u>	<u>41,299,851</u>	<u>3,482,912</u>
Capital outlay	58,740	62,052	-	62,052
Debt service:				
Principal	-	-	208,555	(208,555)
Interest	46,705.00	46,705	38,342	8,363
<b>Total expenditures</b>	<u>49,751,052</u>	<u>44,891,520</u>	<u>41,546,748</u>	<u>3,344,772</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(3,993,471)</b>	<b>(28,574)</b>	<b>9,714,941</b>	<b>9,743,515</b>
<b>Other financing sources (uses)</b>				
None	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)</b>	<b>(3,993,471)</b>	<b>(28,574)</b>	<b>9,714,941</b>	<b>9,743,515</b>
<b>Fund balance - Beginning of Year</b>	<u>31,367,635</u>	<u>31,367,635</u>	<u>31,367,635</u>	<u>-</u>
<b>Fund balance - End of Year</b>	<u>\$ 27,374,164</u>	<u>\$ 31,339,061</u>	<u>\$ 41,082,576</u>	<u>\$ 9,743,515</u>

See independent accountant's report on required supplementary information.

**SUPPLEMENTARY SCHEDULES**  
**(UNAUDITED)**



**COLLIN COUNTY MENTAL HEALTH MENTAL RETARDATION CENTER  
DBA LIFEPAATH SYSTEMS**

**SCHEDULE OF REVENUE AND EXPENDITURES BY SOURCE OF FUNDS  
GENERAL FUND  
YEAR ENDED AUGUST 31, 2021  
(UNAUDITED)**

Fund Source	Total Revenue	Total Mental Health Child and Adolescent		Total Mental Health Crisis		Total Mental Health Community Hospital		Total Intellectual and Developmental Disabilities		Total Other Expenditures	Total Center Expenditures	Excess Revenue Over Expenditures
		Expenditures	Expenditures	Expenditures	Expenditures	Expenditures	Expenditures	Expenditures	Expenditures			
<b>Objects of Expense:</b>												
Personnel	\$ 20,164,587	\$ 2,442,073	\$ 1,907,636	\$ 62,479	\$ 2,752,836	\$ -	\$ 7,774,175	\$ 20,164,587	\$ -	\$ -	\$ -	\$ -
Employee benefits	4,282,331	520,216	361,680	10,634	680,484	1,589,714	4,282,331	4,282,331	-	-	-	-
Professional and Consulting Services	7,437,623	188,010	1,128,542	2,318,883	1,117,267	2,326,500	7,437,623	7,437,623	-	-	-	-
Training and Travel	312,828	49,400	37,076	502	5,001	220,210	312,828	312,828	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-	-	-	-	-
Capital Outlay	902,573	274,840	76,877	5,132	189,430	275,639	902,573	902,573	-	-	-	-
Non-Capitalized Equipment	513,946	109,525	53,430	27,591	82,189	240,539	513,946	513,946	-	-	-	-
Pharmaceutical Expense	704,887	641,729	18,630	672	33,902	704,887	704,887	704,887	-	-	-	-
Pharmaceutical Expense (PAP only)	4,646,472	4,646,472	-	-	2,667	4,646,472	4,646,472	4,646,472	-	-	-	-
Other Operating Expenses	2,235,480	555,317	249,584	3,899	2,667	1,231,688	2,235,480	2,235,480	-	-	-	-
General administration	3,937,329	848,453	415,849	264,892	461,918	1,580,536	3,937,329	3,937,329	-	-	-	-
Authority administration	819,504	363,110	177,970	113,365	115,479	(115,479)	819,504	819,504	-	-	-	-
<b>Total Expenditures</b>	<b>\$ 45,977,560</b>	<b>\$ 14,192,258</b>	<b>\$ 4,364,998</b>	<b>\$ 2,780,458</b>	<b>\$ 5,407,271</b>	<b>\$ 15,157,424</b>	<b>\$ 45,977,560</b>	<b>\$ 45,977,560</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Method of Finance:</b>												
General Revenue - DSHS	\$ 16,379,270	\$ 3,105,141	\$ 3,633,912	\$ 2,212,506	\$ -	\$ -	\$ 16,379,270	\$ -	\$ -	\$ -	\$ -	\$ -
Other General Revenue - DSHS (included in other federal on Report III)	-	-	-	-	-	-	-	-	-	-	-	-
General Revenue - DADS	1,171,642	-	1,171,642	-	-	-	1,171,642	-	-	-	-	-
Permanency Planning - DADS	12,365	-	12,365	-	-	-	12,365	-	-	-	-	-
Behavioral Crisis Respite In/Out of Home	51,662	-	51,662	-	-	-	51,662	-	-	-	-	-
Crisis and Behavioral Supports	239,782	-	239,782	-	-	-	239,782	-	-	-	-	-
NF PASRR SC	114,577	-	114,577	-	-	-	114,577	-	-	-	-	-
HCS	1,396,803	-	1,396,803	-	-	-	1,396,803	-	-	-	-	-
ICF - IDD	435,891	-	435,891	-	-	-	435,891	-	-	-	-	-
TXHML Waiver	344,229	-	344,229	-	-	-	344,229	-	-	-	-	-
Title XX Social Services Block Grant	131,058	121,879	-	9,179	-	-	131,058	-	-	-	-	-
Mental Health Block Grant	882,302	572,951	-	309,351	-	-	882,302	-	-	-	-	-
TANF	867,554	573,896	-	293,658	-	-	867,554	-	-	-	-	-
Other Federal Funds	5,371,047	843,419	9,179	2,235,898	1,741,303	5,371,047	5,371,047	5,371,047	-	-	-	-
Other State Agencies	8,933,101	434,692	541,248	567,952	356,342	7,574,115	8,933,101	8,933,101	-	-	-	-
Required local match	6,476,472	4,646,472	27,532	164,349	6,476,472	6,476,472	6,476,472	6,476,472	-	-	-	-
Additional local funds	3,169,805	694,375	-	432,708	-	-	3,169,805	3,169,805	-	-	-	-
<b>Total Expended Sources</b>	<b>\$ 45,977,560</b>	<b>\$ 14,621,020</b>	<b>\$ 4,364,998</b>	<b>\$ 2,780,458</b>	<b>\$ 6,461,653</b>	<b>\$ 14,103,042</b>	<b>\$ 45,977,560</b>	<b>\$ 45,977,560</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**Per Care Report III**  
 Unallowable costs including debt service - principal  
 PAP  
 Other local funds  
 Adjustment to be made per CARE Report III revision  
**Reconciled to Revenue/Expenditures reported in the General Fund**

	Revenues	Expenditures	Net Results
	\$ 45,977,560	\$ 45,977,560	\$ -
	(4,646,472)	(4,646,472)	(257,694)
	9,930,601		9,930,601
	\$ 51,261,689	\$ 41,546,748	\$ 9,714,941

**COLLIN COUNTY MENTAL HEALTH MENTAL RETARDATION CENTER  
DBA LIFEPATH SYSTEMS**

**SCHEDULE OF INDIRECT COSTS  
YEAR ENDED AUGUST 31, 2021  
(UNAUDITED)**

The first presentation (below) is in accordance with DADS methodology and THHC 21st revision of the Guidelines for Annual Financial and Compliance Audits of Community MHMR Centers (including Authority Administration in Indirect Costs):

	<u>Total Costs</u>	<u>Non- Allowable Costs</u>	<u>Depreciation</u>	<u>Total Adjusted Costs</u>	<u>Indirect Costs</u>	<u>Direct Costs</u>
Personnel	\$ 23,273,992	\$ -	\$ -	\$ 23,273,992	3,439,302	\$ 19,834,690
Fringe benefits	4,902,077	-	-	4,902,077	680,624	4,221,453
Capital outlay	-	-	-	-	-	-
Depreciation	-	-	1,203,501	1,203,501	87,033	1,116,468
Building and vehicle use fees	1,038,516	(1,038,516)	-	-	-	-
Other operating expense	12,085,266	-	-	12,085,266	506,900	11,578,366
Debt service expenditures	246,897	(208,555)	-	38,342	38,342	-
<b>Total Expenditures</b>	<b>\$ 41,546,748</b>	<b>\$ (1,247,071)</b>	<b>\$ 1,203,501</b>	<b>\$ 41,503,178</b>	<b>\$ 4,752,201</b>	<b>\$ 36,750,977</b>

Indirect Costs	\$ 4,752,201
Direct Costs	\$ 36,750,977

Indirect Cost Rate 12.93%

The second presentation (below) is in accordance with DARS - ECI methodology (excluding Authority Administration from Indirect Costs):

	<u>Total Costs</u>	<u>Non- Allowable Costs</u>	<u>Depreciation</u>	<u>Total Adjusted Costs</u>	<u>Indirect Costs</u>	<u>Direct Costs</u>
Personnel	\$ 23,273,992	\$ -	\$ -	\$ 23,273,992	\$ 2,603,094	\$ 20,670,898
Fringe benefits	4,902,077	-	-	4,902,077	512,639	4,389,438
Capital outlay	-	-	-	-	-	-
Depreciation	-	-	1,203,501	1,203,501	87,033	1,116,468
Building and vehicle use fees	1,038,516	(1,038,516)	-	-	-	-
Other operating expense	12,085,266	-	-	12,085,266	506,900	11,578,366
Debt service expenditures	246,897	(208,555)	-	38,342	38,342	-
<b>Total Expenditures</b>	<b>\$ 41,546,748</b>	<b>\$ (1,247,071)</b>	<b>\$ 1,203,501</b>	<b>\$ 41,503,178</b>	<b>\$ 3,748,008</b>	<b>\$ 37,755,170</b>

Indirect Costs	\$ 3,748,008
Direct Costs	\$ 37,755,170

Indirect Cost Rate 9.93%

**COLLIN COUNTY  
MENTAL HEALTH MENTAL RETARDATION CENTER  
DBA LIFEPATH SYSTEMS**

**SCHEDULE OF LEASES IN EFFECT**

**YEAR ENDED AUGUST 31, 2021  
(UNAUDITED)**

<b>Lessor</b>	<b>Property Location</b>	<b>Period of Lease</b>	<b>Monthly Rental</b>
Benbrook Ridge Partners c/o Premium Property Man 115 W. 7th. St. Ste. 1323 Fort Worth, TX 76102	ECI Rockwall 1149 Ridge Road Rockwall, TX 75087	5/1/2020 thru 4/30/2023	\$2,942
De Nada Plano Group, LLC %Henry S Miller Realty Mgmt 14001 Dallas Pkwy, 11th Fl Dallas, TX 75240	ECI Plano 5509 Pleasant Valley Ste. 40 Plano, TX 75023	3/1/2020 thru 4/30/2023	\$3,413
Aberfeldy Properties, Inc. c/o Younger Partners Dallas Pkwy Suite 950 Dallas, TX 75254	ECI Sherman 2001 Loy Lake Rd. Ste N Sherman TX 75090	9/1/2018 thru 9/30/2024	\$1,248
R&W SPE, LLC P.O. Box 3186 Midland, TX 79702	ECI Frisco 8200 Stonebrook Ste 208 Frisco TX 75034	4/1/2015 thru 3/31/2023	\$2,500
1st Life Planning Parents & Partners 2848 Woodway Drive Flower Mound, TX 75028	HCS - Group Home 1717 Spanish Trail Plano, TX 75023	7/1/2018 thru 6/30/2023	\$1,545
1st Life Planning Parents & Partners 2848 Woodway Drive Flower Mound, TX 75028	HCS - Group Home 3508 Piedmont Drive Plano TX 75075	9/1/18 thru 8/31/2023	\$1,845
Redbud Offices LLC 1450 Redbud Blvd McKinney, TX 75069	Redbud Office 1450 Redbud Blvd McKinney, TX 75069	1/1/22 thru 12/31/2024	\$25,000
Par Capital-Heritage 2201 West Royal Ln Irving, TX 75063	Admin 1575 Heritage Dr McKinney, TX 75069	12/1/2021 thru 2/28/2025	\$17,215
Cube Smart 812 North McDonald Street McKinney TX	Storage Space Unit 911-913	Month to Month	\$514

**COLLIN COUNTY  
MENTAL HEALTH MENTAL RETARDATION CENTER  
DBA LIFEPATH SYSTEMS**

**SCHEDULE OF INSURANCE IN FORCE**

**YEAR ENDED AUGUST 31, 2021  
(UNAUDITED)**

Insurer	Policy Period	Coverage	Limits or Amounts
Philadelphia Insurance Companies	10/1/20 to 10/1/21	Commercial Package: Blanket Building, BPP, PPO	\$13,139,100
		General Liability:	
		General Aggregate limit	3,000,000
		Products completed operations limit	3,000,000
		Personal and advertising injury limit	1,000,000
		Each occurrence limit	1,000,000
		Damages to rented premises	100,000
		Medical expense limit any one person	5,000
		Commercial Crime	
		Employee Dishonesty:	
		Each occurrence - \$5,000 deductible	100,000
		Professional Liability:	
		Aggregate limit	3,000,000
		Each professional incident	1,000,000
		Employee Benefits Coverage:	
		Aggregate limit	1,000,000
		Each coverage incident	1,000,000
		Abuse and Molestation Coverage:	
		Aggregate limit	300,000
		Each coverage incident	100,000
		Commercial Auto Coverage:	
		Liability Single Limit	1,000,000

**COLLIN COUNTY  
MENTAL HEALTH MENTAL RETARDATION CENTER  
DBA LIFEPAATH SYSTEMS**

**SCHEDULE OF INSURANCE IN FORCE**

**YEAR ENDED AUGUST 31, 2021  
(UNAUDITED)**

Insurer	Policy Period	Coverage	Limits or Amounts
Philadelphia Insurance Companies	10/1/20 to 10/1/21	Comprehensive Coverage: Lessor of ACV or cost of repair \$1,000 deductible  Collision Coverage: Lessor of ACV or cost of repair \$1,000 deductible	
Philadelphia Insurance Companies	10/1/20 to 10/1/21	Commercial Umbrella Liability: General Aggregate Limit Each occurrence limit	\$ 1,000,000 1,000,000
Philadelphia Insurance Companies	10/1/20 to 10/1/21	Directors and Officers Liability: Aggregate limit of liability Employment Practices Limit	2,000,000 2,000,000
Texas Mutual Insurance	10/1/20 to 10/1/21	Workers Compensation and Employers' Liability: Bodily injury by accident/ each accident Bodily injury by disease/ each employee Policy limit	1,000,000    2,000,000
American Bankers Insurance Company	1/14/21 to 1/14/22	Flood Insurance (Alma Dr.) Building Coverage \$5,000 deductible Contents coverage \$5,000 deductible	500,000  63,800
Travelers Casualty and Surety Company	7/22/21 to 7/22/22	CyberRisk: Network & Information Each occurrence limit Communications & Media Each occurrence limit Regulatory Defense Each occurrence limit	1,000,000  1,000,000  1,000,000

**COLLIN COUNTY  
MENTAL HEALTH MENTAL RETARDATION CENTER  
DBA LIFEPAATH SYSTEMS**

**SCHEDULE OF BOND COVERAGE**

**YEAR ENDED AUGUST 31, 2021  
(UNAUDITED)**

<u>Name</u>	<u>Title</u>	<u>Surety Company</u>	<u>Bond Amount</u>
Philadelphia Insurance Companies	N/A	Commercial Crime Employee Dishonesty: \$5,000 deductible	\$ 500,000

**COLLIN COUNTY  
MENTAL HEALTH MENTAL RETARDATION CENTER  
DBA LIFEPAATH SYSTEMS**

**SCHEDULE OF SPACE OCCUPIED IN A STATE-OWNED FACILITY**

**YEAR ENDED AUGUST 31, 2021  
(UNAUDITED)**

NONE

**COLLIN COUNTY  
 MENTAL HEALTH MENTAL RETARDATION CENTER  
 DBA LIFEPATH SYSTEMS**

**SCHEDULE OF PROFESSIONAL AND CONSULTING FEES**

**YEAR ENDED AUGUST 31, 2021  
 (UNAUDITED)**

Name	City	Type of Service	Amount
Scott, Singleton, Fincher & Company, PC	Greenville, TX	CPA, Accounting/Auditing Services	\$ 40,500
Robert Murphy	Dallas, TX	Accounting	106,525
Prosumers	San Antonio, TX	Advocacy Training	454
Mystrength	Denver, CO	MH Software App	14,758
Promedda	Amarillo, TX	Software	49,631
BlackBaud	Plano, TX	Software	38,038
Streamline Healthcare	Oakbrook, IL	Software	224,469



**COLLIN COUNTY  
MENTAL HEALTH MENTAL RETARDATION CENTER  
DBA LIFEPAATH SYSTEMS**

**SCHEDULE OF LEGAL SERVICES**

**YEAR ENDED AUGUST 31, 2021  
(UNAUDITED)**

<u>Name</u>	<u>City</u>	<u>Type of Service</u>	<u>Amount</u>
Taylor, Olson, Adkins, Sralla & Elam LLP	Fort Worth, Texas	Legal Services	\$ 15,245
Lewis Brisbois Biggaard & Smith, LLP	Dallas, Texas	Legal Services	10,811
Arete Advisors LLC	Atlanta, GA	Legal Services	5,344

**COMPLIANCE AND  
INTERNAL CONTROLS SECTION**

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

CERTIFIED PUBLIC ACCOUNTANTS

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

Members of:  
American Institute of  
Certified Public Accountants

Texas Society of  
Certified Public Accountants

## Independent Auditor's Report

### **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  
Collin County Mental Health Mental Retardation Center dba LifePath Systems

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 Collin County Mental Health Mental Retardation Center dba LifePath Systems (LifePath), as of and for the year ended August 31, 2021, and the related notes to the financial statements, which collectively comprise LifePath's basic financial statements and have issued our report thereon dated January 27, 2022.

#### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered LifePath'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 LifePath's internal control. Accordingly, we do not express an opinion on the effectiveness of LifePath'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 may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether LifePath'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 LifePath's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering LifePath's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Scott, Singleton, Fincher and Company, PC*

Scott, Singleton, Fincher and Company, PC  
Certified Public Accountants  
Greenville, Texas  
January 27, 2022

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

CERTIFIED PUBLIC ACCOUNTANTS

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

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**Independent Auditor's Report**

**Report on Compliance for Each Major  
Program and on Internal Control Over Compliance Required by  
the Uniform Guidance and the State of Texas *Uniform Grant Management Standards***

The Board of Trustees  
Collin County Mental Health Mental Retardation Center dba Lifepath Systems

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

We have audited Collin County Mental Health Mental Retardation Center dba LifePath Systems' (LifePath) compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, the State of Texas *Uniform Grant Management Standards (UGMS)*, and the *Guidelines for Annual Financial and Compliance Audits of Community Mental Health and Mental Retardation Centers* that could have a direct and material effect on each of LifePath's major federal and state programs for the year ended August 31, 2021. LifePath'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.

***Management's Responsibility***

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of LifePath's major federal and state programs based on our audit of the types of compliance requirements referred to above. 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); *UGMS*; and the *Guidelines for Annual Financial and Compliance Audits of Community Mental Health and Mental Retardation Centers*. Those standards, the Uniform Guidance, and UGMS require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about LifePath's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of LifePath's compliance.

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

In our opinion, Collin County Mental Health Mental Retardation Center dba LifePath Systems 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, 2021.

### ***Report on Internal Control Over Compliance***

Management of LifePath is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered LifePath's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and UGMS, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of LifePath's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 and UGMS. Accordingly, this report is not suitable for any other purpose.

*Scott, Singleton, Fincher and Company, PC*

Scott, Singleton, Fincher and Company, PC  
Certified Public Accountants  
Greenville, Texas  
January 27, 2022

**Collin County Mental Health Mental Retardation Center dba LifePath Systems  
 Schedule of Findings and Questioned Costs  
 Year Ended August 31, 2021**

**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	
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**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 Section .510(a) of Part IV of the State of Texas Uniform Grant Management Standards?

	_____ yes	_____ x no	
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**Collin County Mental Health Mental Retardation Center dba LifePath Systems  
Schedule of Findings and Questioned Costs (continued)  
Year Ended August 31, 2021**

Identification of major federal programs:

<u>ALN/CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.019	COVID-19 - Coronavirus Relief Fund originating with the U.S. Department of Treasury and passed through Collin County, Texas.
93.829	Section 223 Demonstration Programs to Improve Community Mental Health Services - Direct Award from the U.S. Department of Health and Human Services.
93.982	Mental Health Disaster Assistance and Emergency Mental Health originating with the U.S. Department of Health and Human Services and passed through the Texas Health and Human Services Commission.

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

Auditee qualified as low-risk auditee?  yes  no

Identification of major state programs:

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

Dollar threshold used to distinguish between Type A and Type B state programs: \$570,303

Auditee qualified as low-risk auditee?  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.



**Collin County Mental Health Mental Retardation Center dba LifePath Systems**  
**Schedule of Findings and Questioned Costs (continued)**  
**Year Ended August 31, 2021**

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

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

No findings were noted.

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

This section identifies the audit findings required to be reported by Section 510(a) of the State of Texas *Uniform Grant Management Standards*, Part IV (for example, significant deficiencies, material weaknesses, material instances of noncompliance, including questioned costs, and material abuse).

No findings were noted.



**Collin County Mental Health Mental Retardation Center dba LifePath Systems  
Summary Schedule of Prior Audit Findings  
For the Year Ended August 31, 2021**

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 Section 510(a) of Part IV of the State of Texas *Uniform Grant Management Standards* or are no longer valid or not warranting further action in accordance with these requirements.

**Item 2019-001: Significant Deficiency Related to Controls Over Financial Reporting – Year-end adjustments**

Fully corrected.

**Item 2020-001: Significant Deficiency Related to Controls Over Financial Reporting – Year-end adjustments**

Fully corrected.

**Item 2020-002: CFDA 93.959 - Block Grants for Prevention and Treatment of Substance Abuse  
CFDA 93.788 – Opioid State Targeted Response and Substance Abuse - General Revenue (state)**

Fully corrected.

**SCHEDULE OF EXPENDITURES  
OF FEDERAL AND STATE AWARDS**

**Collin County Mental Health Mental Retardation Center**  
**DBA Lifepath Systems**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ending August 31, 2021**

<b>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE</b>	<b>Federal ALN/CFDA Number</b>	<b>Pass-Through Grantor's Number</b>	<b>Total Center Expenditures</b>	<b>Total Subrecipient Expenditures</b>
<b>FEDERAL AWARDS</b>				
<b>U.S. Department of Treasury</b>				
Passed Through Collin County, Texas				
COVID-19 - Coronavirus Relief Fund	21 019		\$ 452,133	
<b>Total U.S. Department of Treasury</b>			<u>452,133</u>	
<b>U.S. Department of Health and Human Services:</b>				
Direct Award				
Section 223 Demonstration Programs to Improve Community Mental Health Services	93 829	Direct Award	2,027,728	
<b>Total Direct Awards</b>			<u>2,027,728</u>	
Passed Through the Texas Health and Human Services Commission (HHSC):				
Comprehensive Community Mental Health Services for				
Children with Serious Emotional Disturbances (SED)	93 104	HHS000360300001	154,428	
Social Services Block Grant	93.667	HHS000537200003	131,058	
Temporary Assistance for Needy Families (TANF)	93.558	HHS000537200003	867,554	
Temporary Assistance for Needy Families (TANF)	93.558	HHS000640200006	229,036	
Medicaid Administrative Claiming - Medical Assistance Program	93.778	529-09-0032-00057	868,229	
Medicaid Administrative Claiming - Medical Assistance Program	93.778	529-11-0040-00020	212,439	
Habilitation Coordination - Medical Assistance Program	93.778	HHS000608000001	76,841	
Opioid State Targeted Response (STR)	93.788	HHS000782500009 SA/OSR	65,000	
Opioid State Targeted Response (STR)	93.788	2018-050036-001 SA/OBT	31,450	
Money Follows the Person Rebalancing Demonstration	93.791	HHS000608000001	68,749	
Block Grants for Community Mental Health Services	93.958	HHS000537200003	1,074,366	
Block Grants for Community Mental Health Services	93.958	HHS000312800001	253,500	
Block Grants for Community Mental Health Services	93.958	HHS000182800001	72,344	
Block Grants for Prevention and Treatment of Substance Abuse	93.959	HHS000779800013 SA/TRA-LBHA	345,141	248,915
Block Grants for Prevention and Treatment of Substance Abuse	93.959	HHS000779800012 SA/MAT	831,520	831,520
Block Grants for Prevention and Treatment of Substance Abuse	93.959	HHS000783500009 SA/OSR	176,485	
Block Grants for Prevention and Treatment of Substance Abuse	93.959	2017-049940-002 SA/AUT	166,408	
Block Grants for Prevention and Treatment of Substance Abuse	93.959	HHS000779800014 SA/RSS-CBO	77,186	
Mental Health Disaster Assistance and Emergency Mental Health	93.982	HHS000434500003	194,336	
<b>Total U.S. Department of Health and Human Services</b>			<u>\$ 7,923,798</u>	<u>\$ 1,080,435</u>
<b>U.S. Department of Education:</b>				
Passed Through the Texas Health and Human Services Commission (HHSC):				
Special Education - Grants for Infants and Families	84 181	HHS000640200006	2,499,670	
Special Education - Grants to States	84 027	HHS000640200006	271,080	
<b>Total U.S. Department of Education</b>			<u>2,770,750</u>	
<b>U.S. Department of Homeland Security</b>				
Passed Through the Texas Health and Human Services Commission (HHSC):				
Crisis Counseling	97.032	HHS000434500003	56,684	
<b>Total U.S. Department of Homeland Security</b>			<u>56,684</u>	
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 11,203,365</u>	<u>\$ 1,080,435</u>

Total ALN/CFDA 93.558 - \$1,096,590  
Total ALN/CFDA 93.778 - \$1,157,509  
Total ALN/CFDA 93.788 - \$96,450  
Total ALN/CFDA 93.958 - \$1,400,210  
Total ALN/CFDA 93.959 - \$1,596,740

Collin County Mental Health Mental Retardation Center  
 DBA Lifepath Systems  
 Schedule of Expenditures of Federal and State Awards  
 For the Year Ending August 31, 2021

STATE GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	Grantor's Number	Total Center Expenditures	Total Subrecipient Expenditures
<b>STATE AWARDS</b>			
<b>Texas Health and Human Services Commission (HHSC):</b>			
General Revenue - Mental Health Adult	HHS000537200003	\$ 7,809,045	\$ -
Crisis Redesign Services	HHS000537200003	2,158,461	
Psychiatric Emergency Service Center (PESC)	HHS000537200003	273,161	
Supportive Housing	HHS000537200003	62,078	
Veterans Programs	HHS000537200003	99,276	
Private Psychiatric Beds	HHS000537200003	2,212,506	
Post Discharge Civil Commits Med	HHS000537200003	17,381	
<b>Total General Revenue Mental Health Adult</b>		<b>12,631,908</b>	
General Revenue - Intellectual and Developmental Disabilities (IDD)	HHS000608000001	1,171,642	
Permanency Planning	HHS000608000001	12,365	
IDD Crisis Intervention Specialists	HHS000608000001	239,782	
IDD Crisis Respite Services	HHS000608000001	51,662	
Nursing Facility Specialized Services Form 1048	HHS000608000001	37,383	
<b>Total General Revenue Intellectual and Developmental Disabilities (IDD)</b>		<b>1,512,834</b>	
General Revenue - Mental Health Child	HHS000537200003	2,079,848	
Mental Health First Aid	HHS000182800001	14,200	
Mental Health Grant Program for Justice-Involved Individuals (SB 292)	HHS000134400009	604,985	
Substance Abuse general revenue - SA/TRA-LBHA	HHS000779800013	194,654	140,384
Substance Abuse general revenue - SA/OSR	HHS000782500009	66,958	
Substance Abuse general revenue - SA/AUT	2017-049940-002	20,753	
<b>Total General Revenue Substance Abuse</b>		<b>282,365</b>	<b>140,384</b>
Early Childhood Intervention	HHS000640200006	1,867,279	
Early Childhood Intervention Respite	HHS000640200006	16,676	
<b>Total Health and Human Services Commission (HHSC)</b>		<b>19,010,095</b>	<b>140,384</b>
<b>TOTAL EXPENDITURES OF STATE AWARDS</b>		<b>\$ 19,010,095</b>	<b>\$ 140,384</b>
<b>TOTAL EXPENDITURES OF FEDERAL AND STATE AWARDS</b>		<b>\$ 30,213,460</b>	<b>\$ 1,220,819</b>

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

**Collin County Mental Health Mental Retardation Center dba LifePath Systems**  
**Notes to Schedule of Expenditures of Federal and State Awards**  
**August 31, 2021**

**1. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal and state awards (the "Schedule") includes the federal and state award activity of LifePath Systems ("LifePath") under programs of federal and state governments for the year ended August 31, 2021. 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 Requirement for Federal Awards (Uniform Guidance)* and the *State of Texas Uniform Grant Management Standards (UGMS)*. Because the schedule presents only a selected portion of the operations of LifePath, it is not intended to and does not present the financial position, changes in financial position, or cash flows of LifePath.

**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 the State of Texas UGMS, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of the financial statements. Expenditures reported for the Medical Assistance Program (Medicaid; Title XIX) ALN/CFDA 93.778 represent expenditures incurred during the audit period that LifePath anticipates will be reimbursed through invoices submitted to the Texas Health and Human Services Commission. Due to the timing of the submission of these invoices, actual reimbursements received during the year will differ from these amounts.

**3. INDIRECT COST RATE**

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

**4. NATURE OF ACTIVITIES**

LifePath 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, LifePath will be responsible for reimbursing the grantors for these amounts.

**Collin County Mental Health Mental Retardation Center dba LifePath Systems**  
**Notes to Schedule of Expenditures of Federal and State Awards**  
**August 31, 2021**

**5. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

Federal and state awards are reported in LifePath’s basic financial statements in the General Fund. Two state programs have been excluded from the Schedule of Expenditures of Federal and State Awards by specific request of the funding agencies. The state programs excluded from the schedule are the Texas Correctional Office on Offenders with Medical or Mental Impairments (TCOOMMI) program in the amount of \$98,114 and the Texas Rehabilitation Commission program in the amount of \$325,332. These state programs excluded from the accompanying schedule are not considered financial assistance as defined in the State of Texas *Uniform Grant Management Standards* (UGMS).

The federal program excluded from the schedule relates to Provider Relief Funds received during the audit period. Per guidance issued by OMB, only Provider Relief Funds received in Period 1 (January 1, 2020, through June 30, 2021) should be presented on the Schedule of Expenditures of Federal Awards for periods ending prior to December 31, 2021. Pursuant to this guidance, Provider Relief Funds received after Period 1 and recognized during the current fiscal year are not presented on the Schedule.

Following is a reconciliation of the revenues reported in the financial statements to the Schedule of Expenditures of Federal and State Awards:

State expenditures per schedule:	\$ 19,010,095
TCOOMMI program	98,114
Texas Rehabilitation Commission	<u>325,332</u>
State program revenues per basic financial statements	<u>\$ 19,433,541</u>
Federal expenditures per schedule:	\$ 11,203,365
Period 2 Provider Relief Funds excluded from SEFA recognized in current period in accordance with compliance supplement instructions	<u>\$ 343,608</u>
Federal program revenues per basic financial statements	<u>\$ 11,546,973</u>

**6. STATE AWARD GUIDELINES**

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