

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

ANNUAL FINANCIAL AND COMPLIANCE REPORT

FOR THE YEAR ENDED AUGUST 31, 2022

**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, 2022**

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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 2022 from Scott, Singleton, Fincher & Company, P.C. was reviewed and accepted at a meeting of the Board of Trustees held on the 26th of January, 2023.


Chairperson, Board of Trustees
1/26/23

**Collin County Mental Health Mental Retardation Center
Db a LifePath Systems
List of Principal Officials
August 31, 2022**

Board of Trustees

Doug Kowalski	Chair
Dona Watson	Vice Chair
Anne Bramlett	Secretary
Trey (Arthur) Cotton	Member
Ronald F. Crawford, Ed. D.	Member
Ernest Myers, Jr., Ph. D.	Member
Melvin Thathiah, J.D.	Member
John Donovan	Member
Matt Duncan	Member
Tracy Utsey	Ex Officio Member

Administrative Staff

Tammy Mahan	Chief Executive Officer
Pete Kabira	Chief Operating Officer
Jennifer Morgan	Chief Financial Officer
Brent Phillips-Broadrick	Chief Administrative Officer
Dr. Zachary Sullivan	Medical Director
Maria Putman	Human Resources Director, Interim
Diane Kazlow	Foundation Director
Deanna Easley	Communications and Outreach Director
Danielle Sneed	Deputy Clinical Officer
Joanne Huffstetler	Early Childhood Services Director
Humera Bhaidani	Intellectual and Developmental Disabilities Director

FINANCIAL SECTION

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

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

Member of:
Governmental Audit Quality Center

Members of:
American Institute of
Certified Public Accountants

Texas Society of
Certified Public Accountants

Independent Auditor's Report

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

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Collin County Mental Health Mental Retardation Center dba LifePath Systems ("LifePath"), as of and for the year ended August 31, 2022, and the related notes to the financial statements, which collectively comprise LifePath's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Collin County Mental Health Mental Retardation Center dba LifePath Systems, as of August 31, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 10 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.

Supplementary Information

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 Texas Grant Management Standards (TxGMS), and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The schedule of expenditures of federal and state awards has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal and state awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2023, 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 26, 2023

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, 2022. 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 \$74,459,860 (net position). Of this amount, \$55,941,072 (unrestricted net position) may be used to meet the Center's ongoing obligations.
- The Center's total net position (government-wide) increased by \$9,530,554.
- As of the close of the current fiscal year, the Center's general fund reported ending fund balance of \$50,685,356, an increase of \$9,602,780 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$35,220,388 or approximately 78 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 Texas Grant Management Standards (TxGMS). This supplementary information can be found beginning on pages 48 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 \$74,459,860 at the close of the most recent fiscal year.

A portion of the Center’s net position (\$18,518,788 or 25%) 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**

	2022	2021
Current and other assets	\$ 59,994,123	\$ 49,971,189
Capital assets, net	19,823,601	19,567,853
Total assets	79,817,724	69,539,042
Long-term liabilities	2,147,636	1,078,283
Other liabilities	3,210,228	3,531,453
Total liabilities	5,357,864	4,609,736
Net position:		
Net investment in capital assets	18,518,788	19,567,853
Unrestricted	55,941,072	45,361,453
Total net position	\$ 74,459,860	\$ 64,929,306

Unrestricted net position for the most current fiscal year of \$55,941,072 or approximately 75% 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**

	2022	2021
Revenues		
Program revenues		
Charges for services	\$ 18,431,643	\$ 18,732,557
Operating grants/contributions	35,515,370	32,159,267
General revenues	1,033,767	755,305
Total revenues	54,980,780	51,647,129
 Expenses		
Behavioral Health	29,787,528	26,790,902
Intellectual & Developmental Disabilities	6,953,164	6,996,311
Early Childhood Intervention	8,639,535	7,741,424
Interest on Long-term Debt	69,999	38,342
Total expenses	45,450,226	41,566,979
 Change in net position	9,530,554	10,080,150
 Net position – beginning of year	64,929,306	54,849,156
 Net position – end of year	\$ 74,459,860	\$ 64,929,306

GOVERNMENTAL ACTIVITIES

Revenues for the Center’s governmental activities were \$54,980,780 while the total expenses were \$45,450,226. The change in net position was an increase of \$9,530,554. LifePath’s Behavioral Health programs ended the year with an increase in net position of \$7,896,279 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 \$50,729,136, which is an increase of \$9,576,945 from last year's total of \$41,152,191.

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 \$35,220,388, while total fund balance reached \$50,685,356. 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 78 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 \$4,269,673, primarily due to revenue from the 1115 waiver program. Actual expenditures are under the final budgeted amount by \$5,683,006 due to lower expenditures in personnel cost, contracted services and rents due to a new accounting standard relating to leases and capitalization - Governmental Accounting Standards Board statement number 87 (GASB 87).

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets. The Center's investment in capital assets for its governmental activities as of August 31, 2022, was \$19,823,601 (net of accumulated depreciation and amortization). The investment in capital assets includes facilities, vehicles, furniture and equipment, and leased buildings.

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
- Leased buildings and facility right of use (new in FY22 due to GASB 87)

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

Governmental Activities

	FY 2022	FY 2021
Construction in Progress	\$ 13,223	\$ 30,800
Land	1,412,454	1,412,454
Buildings	20,499,824	20,520,949
Leasehold improvements	92,921	25,926
Furniture and Equipment	4,417,298	4,957,194
Vehicles	1,140,451	1,079,832
Leased assets (adopted GASB 87 in FY22)	1,728,649	-
Less: accumulated depreciation/amortization	(9,481,219)	(8,459,302)
Total Capital Assets	\$19,823,601	\$19,567,853

Note 4 to 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 \$604,221 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. Additionally, GASB 87 requires the recognition of a ‘lease liability’ that amounted to \$1,304,813 related to the lease agreements for properties rented by the Center. Interest expense was \$69,998 for the fiscal year. Additional information on the Center’s long-term debt can be found in note 5 of this report.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

The Center’s Board of Trustees and Executive Management Team will continue to face significant challenges and opportunities in the coming year. While LifePath Systems’ Behavioral Health services have grown dramatically over the past several years, Early Childhood Intervention and Intellectual and Developmental Disabilities services have remained relatively stagnant due to lack of funding increases. The rapid population growth in the Center’s catchment area, along with the increased needs post-pandemic, has increased the demand for additional services across the center.

LifePath, as the designated authority for mental health, substance abuse, and intellectual and developmental disability (IDD) services, is responsible for addressing these increasing needs without sufficient resources. In IDD programs, there are long waiting lists for programs only afforded through dedicated state or federal funding. For programs supported by Medicaid and Medicaid waivers, rates are based on unrealistic cost estimates, especially in the current workforce shortage. 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:

- Full implementation of the Directed Payment Program (DPP) and Charity Care Program (CCP) is still in the initial stages. Maximizing these funding sources has proven to be difficult and has required a significant amount of additional staff time.
- Workforce shortages have proven to be a significant challenge to initiating new programs and managing ongoing programs. Competition for employees has driven up salaries and costs for competitive benefits. Many positions are taking significantly longer to fill and turnover is higher in all areas.
- While grants continue to help the Center expand funding, most grants are time limited and increase pressure to either find longer term financing strategies or eliminate programs.
- IDD provider services, especially our group homes, have experienced significant increases in expenses from salaries to cost of food and other supplies. Without adequate increases in Medicaid reimbursement rates, long term viability of these programs is uncertain. Many Centers have already eliminated HCS and ICF programs due to this funding issue.
- While Early Childhood Intervention received a small increase for the target enrollment for FY23, the increase is not enough to keep up with the demand for services. We are expecting to significantly exceed our target without associated additional funding, which will severely stretch funds and limit our ability to meet other performance targets.
- 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, 2022

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 36,988,940
Investments	15,503,620
Due from other governments	5,057,463
Accounts receivable, net	967,053
Supplies Inventory	121,485
Advances - intergovernmental transfers	1,020,339
Deposits and prepaid expenses	335,223
Land	1,412,454
Construction in progress	13,223
Capital assets, net	<u>18,397,924</u>
Total Assets	<u>79,817,724</u>
LIABILITIES	
Accounts payable	498,765
Accrued salaries and benefits	1,235,590
Other accrued expenses	612,144
Unearned program revenues	863,729
Compensated absences	238,602
Lease obligations due within one year	589,630
Notes payable due within one year	226,345
Lease obligations due in more than one year	715,183
Notes payable due in more than one year	<u>377,876</u>
Total Liabilities	<u>5,357,864</u>
NET POSITION	
Net investment in capital assets	18,518,788
Unrestricted	<u>55,941,072</u>
Total Net Position	<u><u>\$ 74,459,860</u></u>

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, 2022**

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	Governmental Activities
Governmental activities:							
Intellectual and Developmental Disabilities programs	\$ 6,372,376	\$ 580,788	\$ 6,953,164	\$ 4,235,380	\$ 2,906,085	\$ -	\$ 188,301
Early Childhood Intervention program	7,917,888	721,647	8,639,535	3,770,677	5,351,064		482,206
Behavioral Health programs	27,299,422	2,488,106	29,787,528	10,425,586	27,258,221		7,896,279
Administration	3,790,541	(3,790,541)	-				-
Debt Service Interest	69,999		69,999				(69,999)
Total governmental activities	\$ 45,450,226	\$ -	\$ 45,450,226	\$ 18,431,643	\$ 35,515,370	\$ -	\$ 8,496,787
General revenues:							
							87,794
							945,973
							<u>1,033,767</u>
							9,530,554
							<u>64,929,306</u>
							<u>\$ 74,459,860</u>

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, 2022**

	General Fund	Other Governmental Fund	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 36,936,900	\$ 52,040	\$ 36,988,940
Accounts receivable, net	967,053		967,053
Due from other governments	5,057,463		5,057,463
Investments	10,691,962		10,691,962
Supplies Inventory	121,485		121,485
Advances - intergovernmental transfers	1,020,339		1,020,339
Deposits and prepaid expenses	335,223		335,223
Advance to other governmental fund	8,260		8,260
Total Assets	\$ 55,138,685	\$ 52,040	\$ 55,190,725
Liabilities			
Accounts payable	498,765		498,765
Accrued salaries and benefits	1,235,590		1,235,590
Other accrued expenses	612,144		612,144
Unearned program revenues	863,729		863,729
Advance from general fund		8,260	8,260
Advance from internal service fund	673,092		673,092
Total Liabilities	3,883,320	8,260	3,891,580
Deferred Inflows of Resources			
Unavailable Medicaid administrative claiming revenues	570,009		570,009
Total Deferred Inflows of Resources	570,009	-	570,009
Fund Balances			
Non-spendable:			
Deposits and prepaid expenses	456,708		456,708
Advance to other governmental fund	8,260		8,260
Assigned:			
Facility expansion	15,000,000		15,000,000
Unassigned	35,220,388	43,780	35,264,168
Total Fund Balances	50,685,356	43,780	50,729,136
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 55,138,685	\$ 52,040	\$ 55,190,725
Governmental fund balances as presented above:			\$ 50,729,136
Amounts presented for governmental activities in the Statement of Net Position are different because:			
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.			24,003,537
Long-term liabilities for notes payable (\$604,221) and compensated absences (\$238,601) 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.			(842,822)
Long-term receivables are not available to pay current-period expenditures and, therefore, are deferred in the fund balance sheet.			570,009
Net Position - Governmental Activities			\$ 74,459,860

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

**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, 2022**

	<u>General Fund</u>	<u>Other Governmental Fund</u>	<u>Total Governmental Funds</u>
REVENUES:			
Local and earned sources	\$ 20,542,263	\$ 150,355	\$ 20,692,618
State programs	20,286,977		20,286,977
Federal programs	13,843,033		13,843,033
Investment income	64,029		64,029
Total revenues	<u>54,736,302</u>	<u>150,355</u>	<u>54,886,657</u>
EXPENDITURES:			
Current:			
Intellectual and Developmental Disabilities	6,310,719		6,310,719
Behavioral Health	27,041,343	75,958	27,117,301
Early Childhood Intervention	7,881,531		7,881,531
Administration	3,653,032	100,232	3,753,264
Debt service:			
Principal	217,269		217,269
Interest	29,628		29,628
Total expenditures	<u>45,133,522</u>	<u>176,190</u>	<u>45,309,712</u>
Excess (deficiency) of revenues over (under) expenditures	<u>9,602,780</u>	<u>(25,835)</u>	<u>9,576,945</u>
OTHER FINANCING SOURCES (USES):			
None	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	9,602,780	(25,835)	9,576,945
Fund balance - beginning of year	<u>41,082,576</u>	<u>69,615</u>	<u>41,152,191</u>
Fund balance - end of year	<u><u>\$ 50,685,356</u></u>	<u><u>\$ 43,780</u></u>	<u><u>\$ 50,729,136</u></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, 2022**

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

Net change in fund balances - total governmental funds (see previous page) \$ 9,576,945

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. (352,209)

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 (\$217,268). No new debt was issued. 217,268

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. 18,193

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 \$70,357 in Medicaid administrative claiming revenues. 70,357

Change in net position - governmental activities \$ 9,530,554

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, 2022

	Governmental Activities Internal Service Fund
ASSETS	
Current Assets	
Cash and cash equivalents	\$ -
Investments	4,811,657
Advance to General Fund	673,092
Total Current Assets	5,484,749
Non-Current Assets	
Capital Assets	
Land and improvements	1,412,454
Construction in progress	13,223
Buildings	20,499,824
Leasehold improvements	92,921
Vehicles	1,140,451
Furniture and equipment	1,338,518
Computers and equipment	3,078,780
Lease Right of Use	1,728,649
Less accumulated depreciation/amortization	(9,481,219)
Capital Assets, net	19,823,601
Total Non-Current Assets	19,823,601
Total Assets	\$ 25,308,350
LIABILITIES	
Current Liabilities	
Current portion of Lease Liability	\$ 589,630
Total Current Liabilities	589,630
Non-Current Liabilities	
Lease Liability	715,183
Total Non-Current Liabilities	715,183
Total Liabilities	1,304,813
NET POSITION	
Net investment in capital assets	18,518,788
Unrestricted	5,484,749
Total Net Position	\$ 24,003,537

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, 2022**

	Governmental Activities Internal Service Fund
Operating Revenues:	
Internal charges for services/uses	\$ 1,334,938
Other operating receipts	-
Total operating revenues	1,334,938
Operating Expenses:	
Maintenance, repairs & vehicle expense	560
Depreciation and amortization	1,664,017
Total operating expenses	1,664,577
Operating income (loss)	(329,639)
Nonoperating Revenues (Expenses)	
Interest income	23,766
Interest expense	(40,369)
Loss on disposal of capital assets	(5,967)
Total nonoperating revenues (expenses)	(22,570)
Net income (loss) before transfers and capital contributions	(352,209)
Change in net position	(352,209)
Net position - beginning of year	24,355,746
Net position - end of year	\$ 24,003,537

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, 2022

	Governmental Activities Internal Service Fund
Cash Flows From Operating Activities:	
Receipts for services/internal charges	\$ 1,334,938
Payments to suppliers	(560)
Net Cash Provided (Used) by Operating Activities	1,334,378
Cash Flows from Noncapital Financing Activities:	
None	-
Net Cash Provided (Used) by Noncapital Financing Activities	-
Cash Flows From Capital and Related Financing Activities:	
Change in amount due from/to General Fund	2,851,920
Purchases of capital assets	(204,762)
Proceeds from disposal of capital assets	8,189
Payment of principal related to capital assets	(424,346)
Payment of interest related to capital assets	(40,369)
Net Cash Provided (Used) by Capital and Related Financing Activities	2,190,632
Cash Flows From Investing Activities:	
Purchase of investments	(3,548,776)
Interest and investment earnings	23,766
Net Cash Provided (Used) by Investing Activities	(3,525,010)
Net Increase (Decrease) in Cash and Cash Equivalents	-
Cash and Cash Equivalents-Beginning of Year	-
Cash and Cash Equivalents-End of Year	\$ -
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:	
Operating income (loss)	(329,639)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and Amortization expense	1,664,017
Changes in assets and liabilities:	
None	-
Net Cash Provided (Used) by Operating Activities	\$ 1,334,378
Noncash Investing, Capital, and Financing Activities:	
Issuance of debt for leased capital assets	\$ 1,441,450

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, 2022

	<u>Client Custodial Fund</u>
Assets	
Cash and cash equivalents	\$ 12,866
Total Assets	<u><u>12,866</u></u>
Liabilities	
None	-
Total Liabilities	<u>-</u>
Net Position	
Restricted for:	
Individual consumers	12,866
Total Net Position	<u><u>\$ 12,866</u></u>

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, 2022**

	<u>Client Custodial Fund</u>
Additions	
Cash collections on behalf of consumers	\$ 117,917
Total Additions	<u>117,917</u>
Deductions	
Payments of behalf of consumers	<u>136,887</u>
Total Deductions	<u>136,887</u>
Net Increase (Decrease) in Fiduciary Net Position	(18,970)
Net Position - Beginning	<u>31,836</u>
Net Position - Ending	<u><u>\$ 12,866</u></u>

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, 2022

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, 2022.

(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) Inventories and Prepaid Items

Inventories consist of expendable supplies held for consumption which are valued at cost on a first-in, first-out basis. Prepaid expenses reflect payments to vendors that benefit future reporting periods. Inventory and Prepaid items are reported on the consumption basis. Once consumed, inventories and prepaid items are charged as expenditures.

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. At year-end, the Board has assigned fund balance for the purpose of constructing a new facility.

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 2022, 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, 2022 were as follows:

	Interfund Receivables	Interfund Payables
General Fund	\$ 8,260	\$ 673,092
Other Governmental Fund		8,260
Internal Service Fund	<u>673,092</u>	
Total	<u>\$ 681,352</u>	<u>\$ 681,352</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, 2022, deposits of LifePath were underinsured or under-collateralized with securities held by the pledging financial institution in the name of LifePath by \$211,311.

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, 2022, 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)	<u>\$ 15,503,620</u>	AAAm	24
Total Investments	<u>\$ 15,503,620</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, 2022, 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	\$ 985,949
Medicaid Administrative Claiming	1,138,309
DPP	158,904
Collin County	460,231
TCOOMMI Programs	25,642
Substance Abuse Contracts	164,559
Early Childhood Services Contract	1,268,686
HHSC IDD Contracts	76,037
CCBHC	278,082
TANF	316,859
ICF Homes	118,503
Other	65,702
Receivables from other governments	\$ <u>5,057,463</u>
<u>Client fees receivable:</u>	
Medicaid, private insurance, private patient fees	1,418,749
Allowance for doubtful accounts	(451,696)
Accounts receivable, net	\$ <u>967,053</u>

4. CAPITAL ASSETS:

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

	September 1, 2021	Additions	Retirements	Transfers	August 31, 2022
<i>Governmental activities:</i>					
<i>Nondepreciable assets:</i>					
Land	\$ 1,412,454	\$ -	\$ -	\$ -	\$ 1,412,454
Construction in progress	30,800	13,223		(30,800)	13,223
Total nondepreciable assets	1,443,254	13,223	-	(30,800)	1,425,677
<i>Depreciable/amortizable assets</i>					
Buildings and improvements	20,520,949	12,537	(64,462)	30,800	20,499,824
Leasehold improvements	25,926	66,995			92,921
Furniture and equipment	4,957,194	30,742	(570,638)		4,417,298
Vehicles	1,079,832	81,265	(20,646)		1,140,451
Right of use - Buildings*	287,199	1,441,450			1,728,649
Total depreciable/amortizable assets	26,871,100	1,632,989	(655,746)	30,800	27,879,143
<i>Accumulated depreciation/amortization:</i>					
Less accumulated depreciation	(8,459,302)	(1,147,450)	642,100		(8,964,652)
Less accumulated amortization*		(516,567)			(516,567)
Total depreciation/amortization	(8,459,302)	(1,664,017)	642,100		(9,481,219)
Capital assets, net	\$ 19,855,052	\$ (17,805)	\$ (13,646)	\$ -	\$ 19,823,601

Gross amount of leased assets above \$1,728,649; less accumulated amortization \$516,567; net book value \$1,212,082.

*Beginning balances and current year activity reflected in accordance with adoption of GASB 87

Depreciation and amortization was charged to functions as follows:

Governmental Activities:	Depreciation	Amortization	Total
Intellectual and Developmental Disabilities programs	\$ 73,846	\$ 1,572	\$ 75,418
Behavioral Health programs	456,878	289,395	746,273
Early Childhood Intervention program	73,210	76,216	149,426
Administration	543,516	149,384	692,900
Total depreciation and amortization expense	<u>\$ 1,147,450</u>	<u>\$ 516,567</u>	<u>\$ 1,664,017</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):

The Center has entered into lease agreements for real estate with total combined monthly payments ranging from \$55,737 to \$1,248 per month over the next three fiscal years, with an estimated incremental borrowing rate of 4.0%. Terms of existing agreements expire on various dates over the next three fiscal years.

Following is a summary of changes in long-term liabilities for the year ended August 31, 2022:

	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	\$ 821,488	\$ -	\$ 217,267	\$ 604,221	\$ 226,345
Lease Obligations - Buildings*	287,709	1,441,450	424,346	1,304,813	589,630
<i>Other:</i>					
Compensated absences	256,795	2,825,931	2,844,124	238,602	238,602
Total Long-term obligations	\$ 1,365,992	\$ 4,267,381	\$ 3,485,737	\$ 2,147,636	\$ 1,054,577

*Beginning balances and current year activity reflected in accordance with adoption of GASB 87

Interest expense recorded in governmental activities was \$69,999. No interest has been capitalized in the financial statements.

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

Year Ending	Direct Borrowing		Total Required
	Principal	Interest	
2023	\$ 815,975	\$ 61,479	877,454
2024	744,305	30,469	774,774
2025	348,754	4,024	352,778
2026	-	-	-
2027	-	-	-
	\$ 1,909,034	\$ 95,972	\$ 2,005,006

6. 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.

6. RETIREMENT PLAN (continued):

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 \$917,337 and the actual LifePath contribution was \$917,337, none of which was funded by employee forfeitures of non-vested amounts. The year-end contribution of \$45,732 was due to the plan on August 31.

7. 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 \$411,721.

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 \$88,459.

8. COMMITMENTS AND CONTINGENCIES:

During the year ended August 31, 2022, 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.

LifePath has participated in a number of State and Federal 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.

9. 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, 2022, these contracts have been continued through August 31, 2023.

10. 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 \$5,214,611 for the year.

11. IMPLEMENTATION OF NEW STANDARDS:

Effective September 1, 2021, the Center adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 87, Leases. The objective of this statement is to improve the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement requires the recognition of certain lease assets and liabilities that were previously classified as operating leases. It established a single model for lease accounting based on the fundamental principle that leases represent a financing of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use asset and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about a governments' leasing activities. The adoption of GASB 87 did not require any restatement of opening equity for the Center.

12. MEDICAID COST REPORT RECONCILIATION - DPP PROGRAM

In FY 2022, Community Centers statewide began participation in a Medicaid 1115 waiver program identified as the Direct Payment Program (DPP). As a part of the DPP program, Centers file a cost report based on the cost of the program and the services provided. The Center's cost report will be considered as a part of a statewide reconciliation process for the cost of DPP services. The cost report reconciliation will result in a settlement of an amount due to the Center or an amount due back to the program. The results of the final reconciliation will not be known for several months after the report date. Due to the uncertainty associated with this amount, no provision has been made in the financial statements for any settlement.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Collin County Mental Health Mental Retardation Center
DBA Lifepath Systems
Budgetary Comparison Schedule - General Fund
For the Year Ending August 31, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
LOCAL REVENUES AND EARNED SOURCES:				
City and County funds	\$ 2,467,186	\$ 2,931,664	\$ 2,908,331	\$ (23,333)
Patient fees, net	1,263,193	1,263,193	1,683,600	420,407
Medicaid and Medicare	7,292,150	7,292,150	5,764,719	(1,527,431)
Title XIX - HCS	1,491,141	1,491,141	1,343,875	(147,266)
Title XIX - TxHLW	388,172	388,172	357,930	(30,242)
Title XIX - ICF/IDD	528,122	528,122	627,017	98,895
1115 waiver	113,500	113,500	7,039,846	6,926,346
Other revenues	809,377	824,627	816,945	(7,682)
Total local revenues and earned sources	14,352,841	14,832,569	20,542,263	5,709,694
STATE PROGRAM REVENUES:				
General revenue	17,135,994	17,135,994	16,702,362	(433,632)
Mental Health First Aid	124,050	124,050	35,000	(89,050)
Early Childhood Intervention - state portion	2,162,304	2,162,304	2,162,304	-
Substance Abuse programs - state portion	316,491	316,491	316,491	-
TCOOMMI	116,246	116,246	104,848	(11,398)
Mental Health Grant for Justice-Involved Individuals	512,928	512,927	570,199	57,272
Texas Rehabilitation Commission	442,830	442,830	395,773	(47,057)
Total state program revenues	20,810,843	20,810,842	20,286,977	(523,865)
FEDERAL PROGRAM REVENUES:				
Mental Health Block Grant	1,605,634	2,490,716	2,382,777	(107,939)
Temporary Assistance to Needy Families	867,554	867,554	1,401,297	533,743
Social Services Block Grant	131,058	131,058	131,058	-
Early Childhood Intervention	2,961,744	2,961,744	2,977,356	15,612
Substance Use Disorders	2,423,086	2,423,086	2,099,173	(323,913)
Money Follows the Person	24,938	68,580	95,257	26,677
System of Care	40,000	40,000	57,695	17,695
Coordinated Specialty Care	270,000	270,000	257,217	(12,783)
SAMHSA - CCBHC Grant	1,818,016	4,334,683	3,135,613	(1,199,070)
Medicaid Administrative Claiming	1,265,617	1,235,617	1,305,590	69,973
Total federal program revenues	11,407,647	14,823,038	13,843,033	(980,005)
Interest income	180	180	64,029	63,849
TOTAL REVENUES	\$ 46,571,511	\$ 50,466,629	\$ 54,736,302	\$ 4,269,673

**Collin County Mental Health Mental Retardation Center
DBA Lifepath Systems
Budgetary Comparison Schedule - General Fund
For the Year Ending August 31, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES:				
Salaries	\$ 26,514,344	\$ 28,045,910	\$ 24,661,443	\$ 3,384,467
Employee benefits	6,554,556	7,068,609	5,945,314	1,123,295
Contracted services	8,517,619	8,984,498	8,743,829	240,669
Legal and professional services	85,000	85,000	59,925	25,075
Building and equipment rents	177,143	721,211	55,880	665,331
Maintenance	1,090,415	1,283,887	1,182,795	101,092
Insurance	217,676	267,114	247,614	19,500
Vehicle fuel and maintenance	88,276	93,276	102,493	(9,217)
Utilities and telephone	650,824	736,889	709,344	27,545
County support program	70,000	120,304	79,527	40,777
Quality assurance fees	22,000	22,000	30,569	(8,569)
Consumer related costs	462,087	808,176	992,250	(184,074)
Staff travel and training	187,289	230,511	354,631	(124,120)
User fees	1,026,009	1,133,581	1,334,648	(201,067)
Other costs	666,245	617,087	386,363	230,724
Total current	46,329,483	50,218,053	44,886,625	5,331,428
Capital outlay	556,657	558,707	-	558,707
Debt service:				
Principal	-	-	217,269	(217,269)
Interest	39,768	39,768	29,628	10,140
Total expenditures	46,925,908	50,816,528	45,133,522	5,683,006
Excess (deficiency) of revenues over (under) expenditures	(354,397)	(349,899)	9,602,780	9,952,679
Other financing sources (uses)				
None	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)	(354,397)	(349,899)	9,602,780	9,952,679
Fund balance - Beginning of Year	41,082,576	41,082,576	41,082,576	-
Fund balance - End of Year	\$ 40,728,179	\$ 40,732,677	\$ 50,685,356	\$ 9,952,679

SUPPLEMENTARY SCHEDULES

(UNAUDITED)

DBA LIFEPATH SYSTEMS

SCHEDULE OF REVENUE AND EXPENDITURES BY SOURCE OF FUNDS

GENERAL FUND

YEAR ENDED AUGUST 31, 2022

(UNAUDITED)

<u>Fund Source</u>	<u>Total Revenue</u>	<u>Total Mental Health Adult Expenditures</u>	<u>Total Mental Health Child and Adolescent Expenditures</u>	<u>Total Mental Health Crisis Expenditures</u>	<u>Total Mental Health Community Hospital Expenditures</u>	<u>Total Intellectual and Developmental Disabilities Expenditures</u>	<u>Total Other Expenditures</u>	<u>Total Center Expenditures</u>	<u>Excess Revenue Over Expenditures</u>
Objects of Expense:									
Personnel	\$ 22,310,980	\$ 4,429,522	\$ 2,621,410	\$ 2,000,429	\$ -	\$ 2,655,002	\$ 10,604,617	\$ 22,310,980	\$ -
Employee benefits	5,407,300	1,058,270	628,060	477,928	-	749,928	2,493,114	5,407,300	-
Professional and Consulting Services	7,760,370	782,524	185,007	353,398	2,545,602	1,101,166	2,792,673	7,760,370	-
Training and Travel	389,008	39,992	33,343	18,061	-	25,072	272,540	389,008	-
Debt Service	-	-	-	-	-	-	-	-	-
Capital Outlay	695,059	216,526	79,670	97,786	-	102,277	198,800	695,059	-
Non-Capitalized Equipment	561,355	129,627	61,693	58,541	-	59,493	252,001	561,355	-
Pharmaceutical Expense	816,302	802,731	13,571	-	-	-	-	816,302	-
Pharmaceutical Expense (PAP only)	5,214,611	5,214,611	-	-	-	-	-	5,214,611	-
Other Operating Expenses	3,297,116	383,403	228,005	173,815	-	475,848	2,036,045	3,297,116	-
General administration	3,888,114	431,884	369,099	305,880	244,862	464,783	1,793,924	3,610,432	277,682
Authority administration	-	-	-	-	-	-	-	-	-
Total Expenditures	\$ 50,340,215	\$ 13,734,370	\$ 4,219,858	\$ 3,485,838	\$ 2,790,464	\$ 5,665,971	\$ 20,443,714	\$ 50,062,533	\$ 277,682
Method of Finance:									
General Revenue - DSHS	\$ 15,371,147	\$ 10,652,519	\$ 2,119,506	\$ 2,599,122	\$ -	\$ -	\$ -	\$ 15,329,748	\$ 41,399
Other General Revenue - DSHS	4,864,984	-	-	2,546,267	1,859,670	-	255,166	4,661,103	203,881
Other General Revenue - DSHS (included in other federal on Report III)	74,814	-	-	-	-	74,814	-	74,814	-
General Revenue - DADS	1,171,642	-	-	-	-	1,171,642	-	1,139,240	32,402
Permanency Planning - DADS	12,365	-	-	-	-	12,365	-	12,365	-
Behavioral Crisis Respite In/Out of Home	220,450	-	-	-	-	220,450	-	220,450	-
Crisis and Behavioral Supports	216,607	-	-	-	-	216,607	-	216,607	-
HCS	1,343,875	-	-	-	-	1,343,875	-	1,343,875	-
ICF - IDD	496,683	-	-	-	-	496,683	-	496,683	-
TXHmL Waiver	321,211	-	-	-	-	321,211	-	321,211	-
Title XX Social Services Block Grant	131,058	131,058	-	-	-	-	-	131,058	-
Mental Health Block Grant	882,302	-	882,302	-	-	-	-	882,302	-
TANF	867,554	-	867,554	-	-	-	-	867,554	-
Other Federal Funds	13,799,669	1,204,797	-	-	-	765,569	11,829,303	13,799,669	-
Other State Agencies	8,032,247	-	-	-	-	-	8,032,247	8,032,247	-
Required local match	1,424,215	970,522	348,245	-	-	105,448	-	1,424,215	-
Additional local funds	1,109,392	775,540	2,287	(972,924)	40,339	937,336	326,814	1,109,392	-
Total Expended Sources	\$ 50,340,215	\$ 13,734,436	\$ 4,219,894	\$ 4,172,465	\$ 1,900,009	\$ 5,666,000	\$ 20,443,530	\$ 50,062,533	\$ 277,682
							Revenues	Expenditures	Net Results
Per Care Report III							\$ 50,340,215	\$ 50,062,533	\$ 277,682
Unallowable costs							-	11,813	(11,813)
PAP							(5,214,611)	(5,214,611)	-
Proceeds from sale of assets							-	-	-
Other local funds							9,610,698	-	9,610,698
Transfers							-	273,787	(273,787)
Reconciled to Revenue/Expenditures reported in the General Fund							\$ 54,736,302	\$ 45,133,522	\$ 9,602,780

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

**SCHEDULE OF INDIRECT COSTS
YEAR ENDED AUGUST 31, 2022
(UNAUDITED)**

The first presentation (below) is in accordance with DADS methodology and THHSC 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	\$ 24,661,443	\$ -	\$ -	\$ 24,661,443	2,369,992	\$ 22,291,451
Fringe benefits	5,945,314	-	-	5,945,314	515,942	5,429,372
Capital outlay	-	-	-	-	-	-
Depreciation	-	-	1,151,450	1,151,450	83,269	1,068,181
Building and vehicle use fees	691,617	(691,617)	-	-	-	-
Other operating expense	13,617,879	-	-	13,617,879	506,900	13,110,979
Debt service expenditures	217,269	(208,555)	-	8,714	29,628	(20,914)
Total Expenditures	\$ 45,133,522	\$ (900,172)	\$ 1,151,450	\$ 45,384,800	\$ 3,505,731	\$ 41,879,069

Indirect Costs	\$ 3,505,731
Direct Costs	\$ 41,879,069

Indirect Cost Rate 8.37%

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	\$ 24,661,443	\$ -	\$ -	\$ 24,661,443	\$ 2,369,992	\$ 22,291,451
Fringe benefits	5,945,314	-	-	5,945,314	515,942	5,429,372
Capital outlay	-	-	-	-	-	-
Depreciation	-	-	1,151,450	1,151,450	83,269	1,068,181
Building and vehicle use fees	691,617	(691,617)	-	-	-	-
Other operating expense	13,617,879	-	-	13,617,879	506,900	13,110,979
Debt service expenditures	217,269	(208,555)	-	8,714	29,628	(20,914)
Total Expenditures	\$ 45,133,522	\$ (900,172)	\$ 1,151,450	\$ 45,384,800	\$ 3,505,731	\$ 41,879,069

Indirect Costs	\$ 3,505,731
Direct Costs	\$ 41,879,069

Indirect Cost Rate 8.37%

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

SCHEDULE OF LEASES IN EFFECT

**YEAR ENDED AUGUST 31, 2022
(UNAUDITED)**

Lessor	Property Location	Period of Lease	Monthly Rental
Benbrook Ridge Partners c/o Premium Property Man 115 w. 7th. St. Ste. 1303 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 5151 Beltline Rd Ste 900 Dallas, TX 75254	ECI Plano 5509 Pleasant Valley Ste. 40 Plano, TX 75023	03/01/2020 thru 04/30/2023	\$3,413
Aberfeldy Properties, Inc. c/o Younger Partners 14643 Dallas Pkwy, Suite 950	ECI Sherman 2001 Loy Lake Rd, Ste N. Sherman, TX 75090	09/01/2018 thru 09/30/2024	\$1,248
R&W SPE, LLC P.O. Box 3186 Midland, TX 79702	ECI Frisco 8200 Stonebrook Ste. 208 Frisco TX 75034	04/01/2020 thru 03/31/2023	\$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	\$1,560
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	\$1,860
Redbud Offices LLC 2012 W. University Dr McKinney, TX 75071	1450 Redbud Dr McKinney, TX 75069	1/1/2022 thru 12/31/2024	\$25,000
JPJM Lavon LP 4001 Quail Ridge Dr McKinney, TX 75072	1575 Heritage suite 100/101	12/1/2021 thru 3/31/2025	\$17,215

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

SCHEDULE OF INSURANCE IN FORCE

**YEAR ENDED AUGUST 31, 2022
 (UNAUDITED)**

Insurer	Policy Period	Coverage	Limits or Amounts
Texas Council Risk Management Fund	9/1/21 to 9/1/22	Commercial Package:	
		Blanket Building, BPP, PPO	\$22,094,847
		General Liability:	
		General Aggregate limit	1,000,000
		Products completed operations limit	1,000,000
		Deductible \$1,000	
		Commercial Crime	
		Employee Theft:	500,000
		False Pretenses	50,000
		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		
Sexual Misconduct			
Each coverage incident	100,000		
Commercial Auto Coverage:			
Liability Single Limit	1,000,000		

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

SCHEDULE OF INSURANCE IN FORCE

**YEAR ENDED AUGUST 31, 2022
 (UNAUDITED)**

Insurer	Policy Period	Coverage	Limits or Amounts
Texas Council Risk Management Fund	9/1/21 to 9/1/22	Comprehensive Coverage: Lessor of ACV or cost of repair \$1,000 deductible	
		Collision Coverage: Lessor of ACV or cost of repair \$1,000 deductible	
	9/1/21 to 9/1/22	Commercial Umbrella Liability: General Aggregate Limit	\$ 1,000,000
		Each occurrence limit	1,000,000
	9/1/21 to 9/1/22	Directors and Officers Liability: Aggregate limit of liability	2,000,000
		Employment Practices Limit	2,000,000
Texas Mutual Insurance	9/1/21 to 9/1/22	Workers Compensation and Employers' Liability:	1,000,000
		Bodily injury by accident/ each accident	
		Bodily injury by disease/ each employee	
		Policy limit	2,000,000
American Bankers Insurance Company	1/14/21 to 1/14/22	Flood Insurance (Alma Dr.) Building Coverage	500,000
		\$5,000 deductible	
		Contents coverage	70,400
		\$5,000 deductible	
Travelers	7/22/21 to 7/22/22	CyberRisk:	
		Network & Information Each occurrence limit	1,000,000
		Communications & Media Each occurrence limit	1,000,000
		Regulatory Defense Each occurrence limit	1,000,000

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

SCHEDULE OF BOND COVERAGE

**YEAR ENDED AUGUST 31, 2022
(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, 2022
(UNAUDITED)**

NONE

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

SCHEDULE OF PROFESSIONAL AND CONSULTING FEES

**YEAR ENDED AUGUST 31, 2022
 (UNAUDITED)**

Name	City	Type of Service	Amount
BBG Inc	Dallas, TX	Building Appraiser	\$ 10,500
BlackBaud	Plano, TX	Software	22,744
Cobblestone	Lindenwold, NJ	Software	46,460
CPM Construction	Farmersville, TX	Building Contractor	134,678
David Berk	McKinney, TX	IT Consulting	638
Jaimie Anderson-Hoyt	Gretna, NE	Grant Specialist	2,655
Mystrength (Livongo Health)	Denver, CO	MH Software App	20,907
Rawls Carver	McKinney, TX	Architectural Services	2,485
Relias	Chicago, IL	Software	62,278
Scott, Singleton, Fincher & Company, PC	Greenville, TX	CPA, Accounting/Auditing Services	39,000

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

SCHEDULE OF LEGAL SERVICES

**YEAR ENDED AUGUST 31, 2022
(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	\$ 19,741.48
Lewis Brisbois Biggaard & Smith, LLP	Dallas, Texas	Legal Services	\$ 1,183.78

**COMPLIANCE AND
INTERNAL CONTROLS SECTION**

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

CERTIFIED PUBLIC ACCOUNTANTS

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

Member of:
Governmental Audit Quality Center

Members of:
American Institute of
Certified Public Accountants

Texas Society of
Certified Public Accountants

Independent Auditor's Report

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, 2022, and the related notes to the financial statements, which collectively comprise LifePath's basic financial statements and have issued our report thereon dated January 26, 2023.

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 26, 2023

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

CERTIFIED PUBLIC ACCOUNTANTS

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

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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 Texas Grant Management Standards

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

Opinion on 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*, Texas Grant Management Standards (TxGMS), 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, 2022. 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.

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, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Scott, Singleton, Fincher and Company, PC

Scott, Singleton, Fincher and Company, PC
Certified Public Accountants
Greenville, Texas
January 26, 2023

Collin County Mental Health Mental Retardation Center dba LifePath Systems
Schedule of Findings and Questioned Costs
Year Ended August 31, 2022

Section I – Summary of Auditor’s Results

Financial Statements

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

_____ Unmodified _____

Internal control over financial reporting:

Material weakness(es) identified?

_____ yes x no

Significant deficiency(ies) identified?

_____ yes x none reported

Noncompliance material to financial statements noted?

_____ yes x no

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

_____ yes x no

Significant deficiency(ies) identified?

_____ yes x none reported

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

_____ Unmodified _____

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

_____ yes x no

State Awards

Internal control over major programs:

Material weakness(es) identified?

_____ yes x no

Significant deficiency(ies) identified?

_____ yes x none reported

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

_____ Unmodified _____

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

_____ yes x no

**Collin County Mental Health Mental Retardation Center dba LifePath Systems
Schedule of Findings and Questioned Costs (continued)
Year Ended August 31, 2022**

Identification of major federal programs:

<u>ALN/CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.558	Temporary Assistance for Needy Families originating with the U.S. Department of Health and Human Services and passed through the Texas Health and Human Services Commission.
84.181	Special Education -Grants for Infants and Families originating with the U.S. Department of Education and passed through the Texas Health and Human Services Commission.
84.027	Special Education -Grants to States originating with the U.S. Department of Education 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? x yes no

Identification of major state programs:

<u>ALN/CFDA Number(s)</u>	<u>Name of State Program or Cluster</u>
N/A	State General Revenue – Mental Health (Behavioral Health) Adult Services passed through the Texas Health and Human Services Commission
N/A	State General Revenue – Intellectual and Developmental Disabilities Services passed through the Texas Health and Human Services Commission
N/A	State General Revenue – Early Childhood Intervention passed through the Texas Health and Human Services Commission
N/A	State General Revenue – Mental Health Grant Program for Justice-Involved Individuals passed through the Texas Health and Human Services Commission

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

Auditee qualified as low-risk auditee? x yes no

Section II – Financial Statement Findings

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

No findings were noted.

Collin County Mental Health Mental Retardation Center dba LifePath Systems
Schedule of Findings and Questioned Costs (continued)
Year Ended August 31, 2022

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 Texas 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, 2022**

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

No uncorrected findings from 2020 or 2021.

**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, 2022

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	Federal ALN/CFDA Number	Pass-Through Grantor's Number	Total Center Expenditures	Total Subrecipient Expenditures
FEDERAL AWARDS				
U.S. Department of Health and Human Services:				
Direct Award				
COVID-19 - Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution	93.498	Direct Award	\$ 343,608	
COVID-19 - Block Grants for Community Mental Health Services (Project Recovery)	93.958	Direct Award	1,262,297	
Developmental Disabilities Projects of National Significance	93.631	Direct Award	155,219	
Section 223 Demonstration Programs to Improve Community Mental Health Services	93.829	Direct Award	1,718,097	
Total Direct Awards			3,479,221	
Passed Through the Texas Health and Human Services Commission (HHSC):				
Comprehensive Community Mental Health Services for				
Children with Serious Emotional Disturbances (SED)	93.104	HHS00036030001	57,695	
Temporary Assistance for Needy Families	93.558	HHS001022200014	867,554	
Temporary Assistance for Needy Families	93.558	HHS000640200006	249,638	
COVID-19 - Temporary Assistance for Needy Families (TANF PEAFF)	93.558	HHS001120200041	533,743	
Social Services Block Grant	93.667	HHS001022200014	131,058	
Medicaid Administrative Claiming - Medical Assistance Program	93.778	HHS000537900306	1,046,069	
Medicaid Administrative Claiming - Medical Assistance Program	93.778	HHS000537900306	158,728	
Habilitation Coordination - Medical Assistance Program	93.778	HHS000996500001	100,792	
Opioid State Targeted Response (STR)	93.788	HHS000782500009 SA/OSR	65,000	
Opioid State Targeted Response (STR)	93.788	HHS000562000001 SA/OBT	196,077	
Money Follows the Person Rebalancing Demonstration	93.791	HHS000996500001	74,381	
Money Follows the Person Rebalancing Demonstration	93.791	HHS001113900001	20,876	
Block Grants for Community Mental Health Services	93.958	HHS001022200014 (1)	1,208,928	
COVID-19 - Block Grants for Community Mental Health Services (CSC)	93.958	HHS000312800001	28,067	
Block Grants for Community Mental Health Services	93.958	HHS000312800001	439,658	
Block Grants for Community Mental Health Services	93.958	HHS000134400009	88,487	
COVID-19 - Block Grants for Community Mental Health Services (MH/COVID)	93.958	HHS001108400013	874,854	
Block Grants for Prevention and Treatment of Substance Abuse	93.959	HHS000779800013 SA/TRA-LBHA	621,999	488,793
Block Grants for Prevention and Treatment of Substance Abuse	93.959	HHS000779800012 SA/MAT	772,632	772,632
Block Grants for Prevention and Treatment of Substance Abuse	93.959	HHS000782500009 SA/OSR	247,335	
Block Grants for Prevention and Treatment of Substance Abuse	93.959	HHS000779800015 SA/AUT	127,601	
Block Grants for Prevention and Treatment of Substance Abuse	93.959	HHS000779800014 SA/RSS-CBO	68,530	
Total Passed Through HHSC:			\$ 7,979,702	\$ 1,261,425
Total U.S. Department of Health and Human Services			\$ 11,458,923	\$ 1,261,425
U.S. Department of Education:				
Passed Through the Texas Health and Human Services Commission (HHSC):				
Special Education - Grants for Infants and Families	84.181	HHS000640200006	2,375,025	
Special Education - Grants to States	84.027	HHS000640200006	335,344	
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities	84.325	HHS000640200006	17,349	
Total U.S. Department of Education			2,727,718	
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 14,186,641	\$ 1,261,425

(1) Received \$1,246,061, expended \$1,208,928

Total ALN/CFDA 93.558 - \$1,650,935
Total ALN/CFDA 93.778 - \$1,305,589
Total ALN/CFDA 93.788 - \$261,077
Total ALN/CFDA 93.791 - \$95,257
Total ALN/CFDA 93.958 - \$3,902,291
Total ALN/CFDA 93.959 - \$1,838,097

Collin County Mental Health Mental Retardation Center
DBA Lifepath Systems
Schedule of Expenditures of Federal and State Awards
For the Year Ending August 31, 2022

STATE GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	Grantor's Number	Total Center Expenditures	Total Subrecipient Expenditures
STATE AWARDS			
Texas Health and Human Services Commission (HHSC):			
General Revenue - Mental Health Adult	HHS001022200014	\$ 7,626,444	\$ -
Crisis Redesign Services	HHS001022200014	2,158,461	
Psychiatric Emergency Service Center (PESC)	HHS001022200014	273,161	
Supportive Housing	HHS001022200014	62,078	
Veterans Programs	HHS001022200014 (1)	64,401	
Private Psychiatric Beds	HHS001022200014 (2)	2,750,148	
Post Discharge Civil Commits Med	HHS001022200014	17,381	
Total General Revenue Mental Health Adult		12,952,074	
General Revenue - Intellectual and Developmental Disabilities (IDD)	HHS000996500001	1,171,640	
Permanency Planning	HHS000996500001	12,365	
IDD Crisis Intervention Specialists	HHS000996500001 (3)	203,015	
IDD Crisis Respite Services	HHS000996500001	220,450	
Nursing Facility Specialized Services Form 1048	HHS000996500001	62,970	
Total General Revenue Intellectual and Developmental Disabilities (IDD)		1,670,440	
General Revenue - Mental Health Child	HHS001022200014	2,079,848	
Mental Health First Aid	HHS000134400009	35,000	
Mental Health Grant Program for Justice-Involved Individuals (SB 292)	HHS000134400009	570,199	
Substance Abuse general revenue - SA/TRA-LBHA	HHS000779800013	89,079	65,854
Substance Abuse general revenue - SA/OSR	HHS000779800014	61,999	
Substance Abuse general revenue - SA/MAT	HHS000779800012	100,000	100,000
Substance Abuse general revenue - SA/RSS-CBO	HHS000783500009	7,766	
Substance Abuse general revenue - SA/AUT	HHS000779800015	57,647	
Total General Revenue Substance Abuse		316,491	165,854
Early Childhood Intervention	HHS000640200006	2,146,711	
Early Childhood Intervention Respite	HHS000640200006	15,593	
Total Health and Human Services Commission (HHSC)		19,786,356	165,854
TOTAL EXPENDITURES OF STATE AWARDS		\$ 19,786,356	\$ 165,854
TOTAL EXPENDITURES OF FEDERAL AND STATE AWARDS		\$ 33,972,997	\$ 336,344

(1) Received \$99,276, expended \$64,401

(2) Received \$2,212,506, expended \$2,750,148

(3) Received \$216,607, expended \$203,015

Collin County Mental Health Mental Retardation Center dba LifePath Systems
Notes to Schedule of Expenditures of Federal and State Awards
August 31, 2022

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, 2022. 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 Texas Grant Management Standards (TxGMS). 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 TxGMS, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of the financial statements. Expenditures reported for the Medical Assistance Program (Medicaid; Title XIX) ALN/CFDA 93.778 represent expenditures incurred during the audit period that 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, 2022

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 \$104,848 and the Texas Rehabilitation Commission program in the amount of \$395,773. These state programs excluded from the accompanying schedule are not considered financial assistance as defined in Texas Grant Management Standards (TxGMS).

The federal program included in the schedule relates to Provider Relief Funds received during the audit period. Per guidance issued by OMB, only Provider Relief Funds received in Periods 2 and 3 (July 1, 2020, through June 30, 2021) should be presented on the Schedule of Expenditures of Federal Awards. Pursuant to this guidance, Provider Relief Funds received in these Periods were recognized during the prior fiscal year revenue but are presented on the current year Schedule. These amounts agreed to the Period 2 Report filed by the Center.

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:	\$	19,786,356
TCOOMMI program		104,848
Texas Rehabilitation Commission		395,773
		20,286,977
State program revenues per basic financial statements	\$	20,286,977
Federal expenditures per schedule:	\$	14,186,641
Period 2 Provider Relief Funds included in SEFA recognized in prior period in accordance with compliance supplement instructions	\$	(343,608)
		13,843,033
Federal program revenues per basic financial statements	\$	13,843,033

6. STATE AWARD GUIDELINES

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