

TEXAS BEHAVIORAL HEALTH EXECUTIVE COUNCIL



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Darrel D. Spinks
Executive Director

October 1, 2025

Honorable Greg Abbott, Governor
Honorable Kelly Hancock, Acting Texas Comptroller
Jerry McGinty, Director, Legislative Budget Board
Lisa Collier, State Auditor

Ladies and Gentlemen:

We are pleased to submit the Annual Financial Report of the Texas Behavioral Health Executive Council for the year ended August 31, 2025, in compliance with the Texas Government Code Annotated, Section 2101.011, and in accordance with the requirements established by the Comptroller of Public Accounts.

Due to the statewide requirements embedded in Governmental Accounting Standards Board Statement No. 34, the Comptroller of Public Accounts does not require the accompanying annual financial report to comply with all the requirements in this statement. The financial report will be considered for audit by the state auditor as part of the audit of the State of Texas *Comprehensive Annual Financial Report* (CAFR); therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

If you have any questions, please contact Jennifer Noack, Chief Financial Officer, at (512) 305-7704.

Sincerely,

Darrel Spinks
Executive Director

***TEXAS BEHAVIORAL HEALTH
EXECUTIVE COUNCIL***

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED

AUGUST 31, 2025

Texas Behavioral Health Executive Council (510)
FY 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. ENTITY

The Texas Behavioral Health Executive Council is an agency of the State of Texas and its financial records comply with state statutes and regulations. This includes compliance with the Texas Comptroller of Public Accounts' *Reporting Requirements for Annual Financial Reports of State Agencies and Universities*.

The Texas Behavioral Health Executive Council protects the public by licensing and regulating all persons who engage in the practice of psychology, counseling, marriage and family therapy and social work. Specific duties involving licensure include screening of all applicants for the training, experience and competency required to practice under the standards set by the Council, development and administration of processes for reciprocal licensure of qualified applicants, development and administration of qualifying examinations, and setting and collecting fees for examinations, applications and renewals for licensure. Specific duties involving regulation include the receipt, investigation and resolution of complaints alleging violations of any and all applicable state statutes and the rules and regulations of the Council, adjudication and discipline of all persons in violation of the laws, rules and regulations concerning the practices of psychology, counseling, marriage and family therapy and social work, and monitoring compliance of licensees with mandatory continuing education requirements, and monitoring compliance of licensees with all disciplinary actions and other orders issued by the Council.

Due to the statewide requirements embedded in GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, the Comptroller of Public Accounts does not require the accompanying annual financial report to comply with all the requirements in this statement. The financial report will be considered for audit by the State Auditor as part of the audit of the State of Texas Comprehensive Annual Financial Report; therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

This Agency has no components unit to disclose, either blended or discrete.

B. FUND STRUCTURE

The accompanying financial statements are presented on the basis of funds, each of which is considered a separate accounting entity.

**GOVERNMENTAL FUND TYPES AND GOVERNMENT-WIDE ADJUSTMENT
FUND TYPES**

General Revenue Fund

The general revenue fund is used to account for all financial resources of the state except those required to be accounted for in another fund.

Capital Assets Adjustment Fund Type

The capital assets adjustment fund is used to convert governmental fund types' capital assets from modified accrual to full accrual.

Long-Term Liabilities Adjustment Fund Type

The long-term liabilities adjustment fund is used to convert governmental fund types' debt from modified accrual to full accrual.

Other Adjustment Fund Type

The other adjustment fund type is used to convert all other governmental fund type activity from modified accrual to full accrual.

C. BASIS OF ACCOUNTING

The basis of accounting determines when revenues and expenditures or expenses are recognized in the accounts reported in the financial statements. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus.

Governmental fund types that build the fund financial statements are accounted for using the modified accrual method basis of accounting. Under the modified accrual, revenues are recognized in the period in which they become both measurable and available to finance operations of the fiscal year or liquidate liabilities existing at fiscal year end.

The State of Texas considers receivables collected within 60 days after year-end to be available and recognizes them as revenues of the current year for fund financial statements prepared on the modified basis of accrual. Expenditures and other uses of financial resources are recognized when the related liability is incurred.

Governmental adjustment fund types that will build the government-wide financial statements are accounted for using the full accrual method of accounting. The following activities are recognized in these fund types:

Capital assets

Accumulated depreciation

Unpaid employee compensable leave

The outstanding debt service principal on long-term liabilities

Capital leases

Long-term claims and adjustments

Full accrual revenues and expenses

Pension amounts in governmental activities

D. BUDGETS AND BUDGETARY ACCOUNTING

The budget is prepared biennially and represents appropriations authorized by the legislature and approved by the Governor (the General Appropriations Act).

Unencumbered appropriations are generally subject to lapse 60 days after the end of the fiscal year for which they were appropriated.

E. ASSETS, LIABILITIES, AND FUND EQUITY

ASSETS

Cash and Cash Equivalents

Short-term highly liquid investments with and original maturity of three months or less are considered cash equivalents.

Restricted Assets

Restricted assets include monies or other resources restricted by legal or contractual requirements. These assets include proceeds of enterprise fund general obligation and revenue bonds and revenues set aside for statutory or contractual requirements. Assets held in reserve for guaranteed student loan defaults are also included.

Inventories and Prepaid Items

Inventories include only consumable inventories. Inventories are valued at cost, generally using the last-in, first-out method. The consumption method of accounting is used to account for inventories and prepaid items that appear in the governmental and proprietary fund types. The cost of these items is expensed when the items are used or consumed.

Capital Assets

Assets that meet the reporting threshold and useful life are capitalized. The capitalization threshold and the estimated useful life vary depending on the asset type. These assets are capitalized at cost or, if purchased, at appraised fair value as of the date of acquisition. Purchases of assets by governmental funds are reported as expenditures. Depreciation is reported on all "exhaustible" assets. "Inexhaustible" assets (such as works of art and historical treasures) are not depreciated. Road and highway infrastructure is depreciated over the estimate of average useful live of a grouping of assets using composite method. Other depreciable assets are depreciated over the estimated useful life of the asset using the straight-line method.

Other Receivables – Current and Noncurrent

The disaggregation of other receivables as reported in the financial statements is

disclosed in Note 24, if applicable.

LIABILITIES

Accounts Payable

Accounts payable represents the liability for the value of assets or services received at the balance sheet date for which payment is pending.

Other Payables – Current and Noncurrent

The disaggregation of other payables as reported in the financial statements is disclosed in Note 24, if applicable.

Employees' Compensable Leave Balances

Employees' compensable leave balances represent the liability that becomes "due" upon the occurrence of relevant events such as resignations, retirements, and uses of leave balances by covered employees. Liabilities are reported separately as either current or noncurrent in the statement of net assets. These obligations are normally paid from the same funding sources from which each employees' salary or wage compensation was paid.

FUND BALANCE/ NET ASSETS

The difference between fund assets and liabilities is "net assets" on the government-wide fund statements, and the "fund balance" is the difference between fund assets and liabilities on the governmental fund statements.

Fund Balance Components

Fund balances for governmental funds are classified as nonspendable, restricted, committed, assigned or unassigned in the fund financial statements.

Nonspendable fund balance includes amounts not available to be spent because they are either: (1) not in spendable form, or (2) Legally or contractually required to be maintained intact.

Restricted fund balance includes those resources that have constraints placed on their use through external parties or by law through constitutional provisions.

Committed fund balance can be used only for specific purposes pursuant to constraints imposed by a formal action of the Texas Legislature, the state's highest level of decision making authority.

Assigned fund balance includes amounts constrained by the state's intent to be used for specific purposes, but are neither restricted or committed. Intent is expressed by (1) the Texas Legislature, or (2) a body or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that was not assigned to other funds and was not restricted, committed or assigned to specific purposes within the general fund.

Net Investment in Capital Assets

Net investment in capital assets, consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bond, notes and other debt that are attributed to the acquisition, construction or improvement of those assets.

Restricted Net Position

Restricted net position results when constraints placed on net resources are either externally imposed by creditors, grantors, contributors and the like or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position

Unrestricted net position consists of net resources that do not meet the definition of the two preceding categories. Unrestricted net position often has constraints on resources that are imposed by management but can be removed or modified.

INTERFUND ACTIVITIES AND TRANSACTIONS

The agency may have the following types of transactions among funds:

(1) Transfers: Legally required transfers that are reported when incurred as "transfers in" by the recipient fund and as "transfers out" by the disbursing fund.

(2) Reimbursements: Reimbursements are repayments from funds responsible for expenditures or expenses to funds that made the actual payment. Reimbursements of expenditures made by one fund for another are recorded as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund. Reimbursements are not displayed in the financial statements.

(3) Interfund receivables and payables: Interfund loans are reported as interfund receivables and payables. If repayment is due during the current year or soon thereafter it is classified as "current". Repayment for two (or more) years is classified as "non-current".

(4) Interfund Sales and Purchases: Charges or collections for services rendered by one fund to another that are recorded as revenues of the recipient fund and expenditures or expenses of the disbursing fund.

The composition of the agency's interfund activities and transactions at August 31, 2025 is presented in Note 12.

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NOTE 12: INTERFUND BALANCES/ ACTIVITY

As explained in Note 1 on Interfund Activities and Balances, there are numerous transactions between funds and agencies. At year-end amounts to be received or paid are reported as:

- Interfund Receivables or Interfund Payables (Note 8 presentation required)
- Due From Other Agencies or Due To Other Agencies
- Due From Other Funds or Due To Other Funds
- Transfers In or Transfers Out
- Legislative Transfers In or Legislative Transfers Out (Note 12 presentation required)

Individual balances and activity at August 31, 2025, were as follows:

REQUIRED NOTE 12 PRESENTATION:

	<i>Legislative Transfers In</i>	<i>Legislative Purpose Transfers Out</i>
General Revenue Fund 0001		
To Agency 364, Fund 0001		\$274,192.00
		Health Profession Council
Total Transfers (Exhibit II)	\$ 0.00	\$274,192.00

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NOTE 13: CONTINUANCE SUBJECT TO REVIEW

Under the Texas Sunset Act, the Texas Behavioral Health Executive Council will be abolished effective September 1, 2033, unless continued in existence by the Legislature as provided by the Act. If abolished, the agency may continue until September 1, 2034 to close out its operations.

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NOTE 17: RISK MANAGEMENT

The Texas Behavioral Health Executive Council is exposed to a variety of civil claims, including worker's compensation claims, resulting from the performance of its duties. It is the agency's policy to periodically assess the proper combination of commercial insurance and retention of risk to cover losses to which it may be exposed. The agency assumes substantially all risks associated with tort and liability claims due to the performance of its duties. Currently there is no purchase of commercial insurance nor is the agency involved in any risk pools with other government entities. The agency's liabilities are reported when it is both probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Liabilities are reevaluated periodically to consider current settlements, frequency of claims, past experience and economic factors. There have been no significant reductions in insurance coverage in the past year and losses (if any) did not exceed funding arrangements during the past three years.

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NOTE 32: FUND BALANCES

GASB 54 establishes financial reporting standards for fund balances. Agencies must classify all fund balances as nonspendable, restricted, committed, assigned or unassigned.

- **Nonspendable** — includes amounts that cannot be spent because they are either:
 - not in a spendable form
 - OR–
 - they are legally or contractually required to be maintained intact
- **Restricted** — includes amounts that can be spent for a specific purpose and there must be an external restriction placed on the fund (such as a constitutional provision, restrictions from external resource providers or through enabling legislation).
- **Committed** — includes amounts that can only be spent on a specific purpose as stipulated by action of the government’s highest level of decision-making authority.
- **Assigned** — includes amounts intended to be used for a specific purpose but do not meet the requirements to be classified as restricted or committed.
- **Unassigned** — the residual classification for the general fund for all spendable amounts not included in the other classifications. Unassigned can only be used outside of the general fund if a fund has an overall negative balance.

GAAP FUND	FUND	AFR 54 CLASS	COMMENTS	AMOUNT
0001	0001	Assigned	Reserved for Encumbrances	\$ 12,997.01