

SPINDLETOP CENTER
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED AUGUST 31, 2021

Prepared by
The Financial Services Department of
Spindletop Center
Beaumont, Texas

**SPINDLETOP CENTER
ANNUAL FINANCIAL AND COMPLIANCE REPORT
FOR THE YEAR ENDED AUGUST 31, 2021**

Table of Contents

	<u>Page</u>
INTRODUCTORY SECTION	
Transmittal Letter	i-vi
GFOA Certificate	vii
Organization Chart	viii
Certificate of Board	ix
List of Principal Officials	x
FINANCIAL SECTION	
Independent Auditor's Report.....	1-3
<u>Required Supplementary Information:</u>	
Management’s Discussion and Analysis	5-11
<u>Basic Financial Statements:</u>	
<u>Government-wide Financial Statements</u>	
Statement of Net Position	13
Statement of Activities.....	14
<u>Fund Financial Statements</u>	
Balance Sheet - Governmental Fund	15
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position	16
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Fund	17
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Fund to the Statement of Activities.....	18
Statement of Fiduciary Net Position - Fiduciary Fund	19
Statement of Changes in Fiduciary Net Position – Fiduciary Fund.....	20
Notes to Basic Financial Statements	21-43
<u>Required Supplementary Information:</u>	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual – General Fund	45-46

**SPINDLETOP CENTER
ANNUAL FINANCIAL AND COMPLIANCE REPORT
FOR THE YEAR ENDED AUGUST 31, 2021**

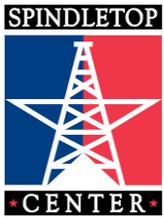
Table of Contents

	<u>Page</u>
STATISTICAL SECTION (UNAUDITED)	
Statistical Section – Contents	48
General Governmental Expenditures and Other Financing Uses by Function	49
General Governmental Revenue and Other Financing Sources by Sources	50
Revenue by Activity	51
10 Year Comparison Budget to Revenue and Expense.....	52
10 Year Comparison Fund Balances	53
Net Revenue/Expense and Change in Net Position	54
Expenses by Activity.....	55
Total Debt Service to Expenditures	56
Components of Net Position	57
Total Debt of Primary Government	58
Principal Employers	59-60
Service Area Demographic and Economic Statistics by County	61
Service Area Demographic Statistics – Population Graph.....	62
Service Area Demographic Statistics – Per Capita Income Graph	63
Service Area Demographic Statistics – Unemployment Rates for Counties Served	64
Agency FTE’s by Function	65
Schedule of Revenues and Expenditures by Source of Funds-General Fund	66
Reconciliation of Total Expenditures to Fourth Quarter Financial Report	67
Reconciliation of Total Revenues	68
Schedule of Indirect Costs.....	69
Schedule of Leases	70
Schedule of Insurance in Force	71
Schedule of Bond Coverage.....	72
Schedule of Space Occupied in a State Owned Facility	73
Schedule of Professional and Consulting Fees	74
Schedule of Legal Services	75
SINGLE AUDIT SECTION	
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	77-78

**SPINDLETOP CENTER
ANNUAL FINANCIAL AND COMPLIANCE REPORT
FOR THE YEAR ENDED AUGUST 31, 2021**

Table of Contents

	<u>Page</u>
Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance and the State of Texas <i>Single Audit Circular</i>	79-80
Schedule of Expenditures of Federal and State Awards	82-83
Notes to Schedule of Expenditures of Federal and State Awards	84-85
Schedule of Findings and Questioned Costs	86-87
Schedule of Prior Audit Findings.....	88



December 13, 2021

Board of Trustees
Spindletop Center
655 S. 8th St.
Beaumont, TX 77701

Mailing Address:
PO BOX 3846
BEAUMONT, TX
77704-3846

Physical Address:
655 S. 8th STREET
BEAUMONT, TX 77701

Tel (409) 784-5400
Fax (409) 833-8041
www.Spindletopcenter.org

The Annual Financial and Compliance Report of Spindletop Center for the year ended August 31, 2021 is hereby respectfully submitted. The Center's finance department has prepared this report. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rest with the Center. We believe the data, as presented, is accurate in all material respects; presented in a manner designed to fairly present the financial position, results of operation and cash flows of the Center; and that all disclosures necessary to enable the reader to gain the maximum understanding of the Center's financial affairs have been included.

Eide Bailly, L.L.P, Certified Public Accountants, have issued an unmodified ("clean") opinion on Spindletop Center's financial statements for the year ended August 31, 2021. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of Spindletop Center

Spindletop Center is named after the Spindletop oil gusher that changed the world. In 1901 a 100-foot drilling derrick named Spindletop produced a roaring gusher of black crude oil, coating the surrounding landscape with a black, sticky, goo. As the first major oil discovery in the United States, the Spindletop gusher marked the beginning of the American oil industry.

Human Services of Southeast Texas, Inc. doing business as Spindletop MHMR Services was formed September 1, 2000, as a result of a merger between Beaumont State Center and Life Resource. In January 2011, the name was revised to doing business as Spindletop Center.

Hearing impaired, call
1-800-735-2989 (TDD)
1-800-735-2988 (VOICE)

Equal Employment Opportunity
Affirmative Action Employer

Just as the Spindletop oil discovery ushered in a new age for America and Southeast Texas, Spindletop Center ushered in a new age in providing mental health, intellectual and developmental disabilities, and chemical dependency services in Southeast Texas, providing services in Jefferson, Orange, Hardin and Chambers counties. In 2017, Spindletop was asked to provide early childhood intervention services outside of their designated catchment area to Greater Galveston county.

The Center is licensed by the Texas Department of Health and Human Services Commission.

A nine-member Board of Trustees appointed by the county commissioners' courts in the four-county area oversees the organization. Daily operations are managed by the Center's Executive Management Team, consisting of the Chief Executive Officer, Chief Financial Officer, Chief Human Resources Officer, Chief Clinical Officer, Chief Intellectual and Developmental Disabilities Officer, Chief Medical Officer, and Chief Information Officer.

Today, the Center's vision of promoting healthy living in the community is supported by the mission of helping people help themselves by providing resources and supports. These goals are realized as the Center continues to provide necessary mental health, intellectual and developmental disabilities, substance use, early childhood intervention, crisis, and housing services to the individuals in the counties in which it serves.

Economic Outlook

Spindletop Center is located in Southeast Texas. The Center's catchment area covers approximately 3,262 square miles and includes Jefferson, Orange, Hardin, and Chambers counties. The major cities in the area are Beaumont, Port Arthur, Orange, Silsbee and Winnie. Statistical data is covered in the statistical section of the audit report.

The Center provides an array of services to adults and children. Services for mental health include intake, eligibility and continuity of care, case management and service coordination, projects for assistance in transition from homelessness (PATH), psychiatry and medication management, pharmacy, medication training and support, skills training and psychosocial rehabilitation, supported housing and supported employment, assertive community treatment (ACT), consumer benefits organization, adult and youth substance use recovery programs, 24/7 crisis hotline and mobile crisis outreach team, mental health deputy program, crisis residential and crisis respite, youth empowerment services (YES) waiver, cognitive behavioral and cognitive processing therapies, co-occurring psychiatric and substance abuse disorders (COPSD), military veteran peer network, recovery coaches, certified peer specialist, pre-admission screen and resident review (PASRR) and drop-in center. Services for intellectual and development disabilities services (IDD) include Home and Community-based services (HCS) waiver, Texas Home Living (TxHML) waiver, and a community behavioral crisis facility. Early Childhood Intervention services are provided for children from birth to 3 years of age.

Spindletop Center receives general revenue funding from the state of Texas through the Health and Human Services Commission (HHSC). In 2019, the 86th legislature funded the Center with General Revenue funds of \$18,089,388 for FY 2021.

Additional revenues come from the 1115 Waiver program. This Delivery System Reform Incentive Payment (DSRIP) waiver program funded the Center for five years ending September 2016 and was extended until December 2017. On December 21, 2017, the Centers for Medicare & Medicaid Services (CMS) approved Texas HHSC's request to extend Texas' section 1115(a) demonstration project effective from January 1, 2018 through September 30, 2022. The first two years of the extension provided level funding, followed by two years of funding which decreased each year. The fifth year of the extension, from October 1, 2021 through September 30, 2022, originally did not include any funding. However, due to a lack of an agreement between CMS and HHSC for an alternative, sustainable funding sources, DSRIP funding for this period will remain the same as the previous period of October 1, 2020 through September 30, 2021. This funding has not yet been approved by CMS and is subject to change or be replaced with another program.

MAJOR INITIATIVES

DSRIP

The 1115 waiver funding for DSRIP continues to be a major initiative for the Center. The Center has received \$52,802,256 net of intergovernmental transfer (IGT) funds from the inception of the Waiver through August 31, 2021. The Center received \$7,464,548 net of IGT of these funds in FY 2021.

The waiver's focus on measure collection and improvement caused a shift in focus from projects to system-wide participation. The measures chosen by the Center are controlling high blood pressure, tobacco use screening and cessation intervention, comprehensive diabetes care to reduce poor control of HbA1c, body mass index screening and follow-up, weight assessment and counseling for nutrition and physical activity for children and adolescents, assignment of primary care physician to individuals with schizophrenia, annual physical exam for persons with mental illness, assessment for substance abuse problems of psychiatric patients, housing assessment for individuals with schizophrenia, suicide risk assessment for adults with major depressive disorder, counseling regarding psychosocial and pharmacologic treatment options for opioid addiction, and counseling regarding psychosocial and pharmacologic treatment options for alcohol dependence.

The COVID 19 pandemic has greatly affected service delivery methods and these obstacles have been addressed within this Waiver program. Awards for achievement in the most recent demonstration year have been based on pre-COVID measure numbers. Spindletop Center had 100% achievement both prior to and during the COVID-affected time period and expects to receive all allotted award funds.

Internal Control

The Center has policies and procedures to maintain an adequate system of internal control. Policies are reviewed annually and modified as needed. A full inventory of fixed assets is conducted annually, with on-going monitoring of technology assets that are at risk of being lost. There is a segregation of duties within the financial services department from purchasing through the reconciliation of bank accounts. There is a compliance program in place to continuously re-assess risk areas, re-prioritize compliance projects that are most critical to the mission of the center, and

report compliance developments and compliance audit findings to the Chief Executive Officer and the full Board of Trustees as appropriate. Security management is overseen by the security officer to provide a safe and secure environment addressing both physical and technological security. Authorization levels and monthly reporting to the Board of Trustees help strengthen administrative controls. Because the cost of control should not exceed the benefit to be derived, the objective is to provide reasonable, rather than absolute assurance, that the financial statements are free of any material misstatements.

Cash Management

The Center's cash at August 31, 2021 was insured by FDIC at First Financial Bank or by securities pledged to Spindletop Center for amounts over the standard FDIC limit. As of August 31, 2021, 95.98% of the Center's funds are held by First Financial Bank, earning 0.25% APY. The remainder of funds are invested in various certificates of deposit and mutual funds.

Investment Policy

The Center's guiding principle is to ensure that monies of Spindletop Center are invested and secured to preserve the principal, earn interest, and provide liquidity for the prompt payment of the claims against the Center. Also, the Center has established a reserve sufficient to fund operation for at least 90 days.

The Center's investment policy follows the Public Funds Investment Act (PFIA) requirements and allows for investment instruments that include: Obligations of the U.S. and the State of Texas, collateralized mortgage obligations, obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent; certificates of deposit, repurchase agreements, bankers' acceptance, commercial paper, and no-load money market mutual funds. Parameters for each investment type can be found in the Center's Investment Policy.

Investment Strategy

In FY 2021, the Center continued to invest in a diverse group of money market accounts. As market conditions improve, funds will be reinvested into instruments preserving the safety of principal, liquidity, and maximization of yield.

Budgeting Process

Under the Center's budgeting procedures, the Chief Financial Officer presents a proposed budget for the fiscal year compiled from input submitted by various departmental managers, directors, and the Executive Management Team. Once the proposed budget has been reviewed and approved by the Executive Management Team, the proposed budget is submitted by the Chief Financial Officer to the Board of Trustees for approval. The board approval is obtained and then the budget is incorporated into all required contract and budget formats. Any changes to the original budget are also submitted to the Board of Trustees for their review and approval, including a mid-year review and possible adjusted budget.

Appropriations

Spindletop Center receives General Revenue from the State of Texas. This funding is appropriated biennially when the legislature is in session. The funding for FY 2020-2021 was approved when the 86th legislature met in the spring of 2019.

Financial Management

The Chief Financial Officer is responsible for monitoring and reporting all revenue and expenditures of the Center, along with all variances, to the Board of Trustees each month. The Executive Management team may approve expenditures up to \$5,000. The Chief Executive Officer may approve expenditures and direct service contracts up to \$25,000. The Chief Executive Officer may approve contracts over \$25,000 for supervised living and respite, foster care and companion care, and supported home living. Any and all changes above these limits require the approval of the Board of Trustees.

Debt Service

Spindletop Center does not have any long-term debt that required principal and interest payments in the current fiscal year. The Center was granted a \$4,443,478 loan under the Paycheck Protection Plan (PPP) administered by a Small Business Administration (SBA) approved partner. The loan was uncollateralized and was fully guaranteed by the Federal government. The Center initially recorded a note payable and subsequently recorded forgiveness when the loan obligation was legally released by the SBA on June 16, 2021. The Center recognized \$4,443,478 of loan forgiveness income for the year ended August 31, 2021.

Long Term Financial Planning

The Center currently presents ratios to the Board monthly. These ratios are used to measure the amount of cash available to meet both current and long-term obligations. The ratios reviewed and approved every month are days of operating reserve, current ratio, quick ratio/acid test, average days in accounts receivable, and unassigned fund balance percent of average monthly expenditures.

Risk Management

Spindletop Center is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, doctors' malpractice; and natural disasters. During FY 2021, Spindletop was covered under a general liability insurance plan at a cost which is considered economically justifiable. The Center also carries cyber liability insurance and windstorm insurance.

Management's Discussion and Analysis

As management of Spindletop Center, we offer readers of the Center's financial statements a narrative overview and analysis of the financial activities of the Center. Readers should refer to pages 5 - 11 of this report to find management's discussion and analysis for the fiscal year ended August 31, 2021.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Spindletop Center for its comprehensive annual financial report (CAFR) for the fiscal year ended August 31, 2019. Spindletop Center submitted the comprehensive annual financial report (CAFR) for the fiscal year ended August 31, 2020. However, GFOA has not yet completed the review of this FY 2020 report.

The Center believes the current CAFR meets the Certificate of Achievement for Excellence in Financial Reporting Program's requirements, and will submit it to the GFOA to determine its eligibility for another certificate.

Acknowledgement

On October 22, 2021, Spindletop Center suffered the loss of Franklin Augustus (Gus) Harris, a beloved Center board member since 1980. Mr. Harris also served at the state level on the board of the Texas Council Risk Management Fund for more than 20 years. He had a calm, thoughtful manner and his knowledge and experience was unmatched. His 41 years of service to the Center and the most vulnerable in our communities cannot be measured. Gus left an impact on all those he met, but most importantly made an everlasting difference at Spindletop Center and in his community of Orange, Texas.

I would like to acknowledge and extend my appreciation to the Financial Services staff. Their dedication and efficiency fosters an environment of excellence in financial reporting. Without their attention to detail on a daily basis, the timely issuance of the report would not be possible.

The support of the Executive Management Team and the Board of Trustees is what makes Spindletop Center successful and a wonderful place to work. Their cohesive vision and combined knowledge gives the staff the foundation needed to properly serve the individuals in our community.

Thank you for allowing me to be part of this team of extraordinary people who change lives and give hope to the most vulnerable individuals in society.

Sincerely,



Denise LeBlanc
Chief Financial Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Spindletop Center
Texas**

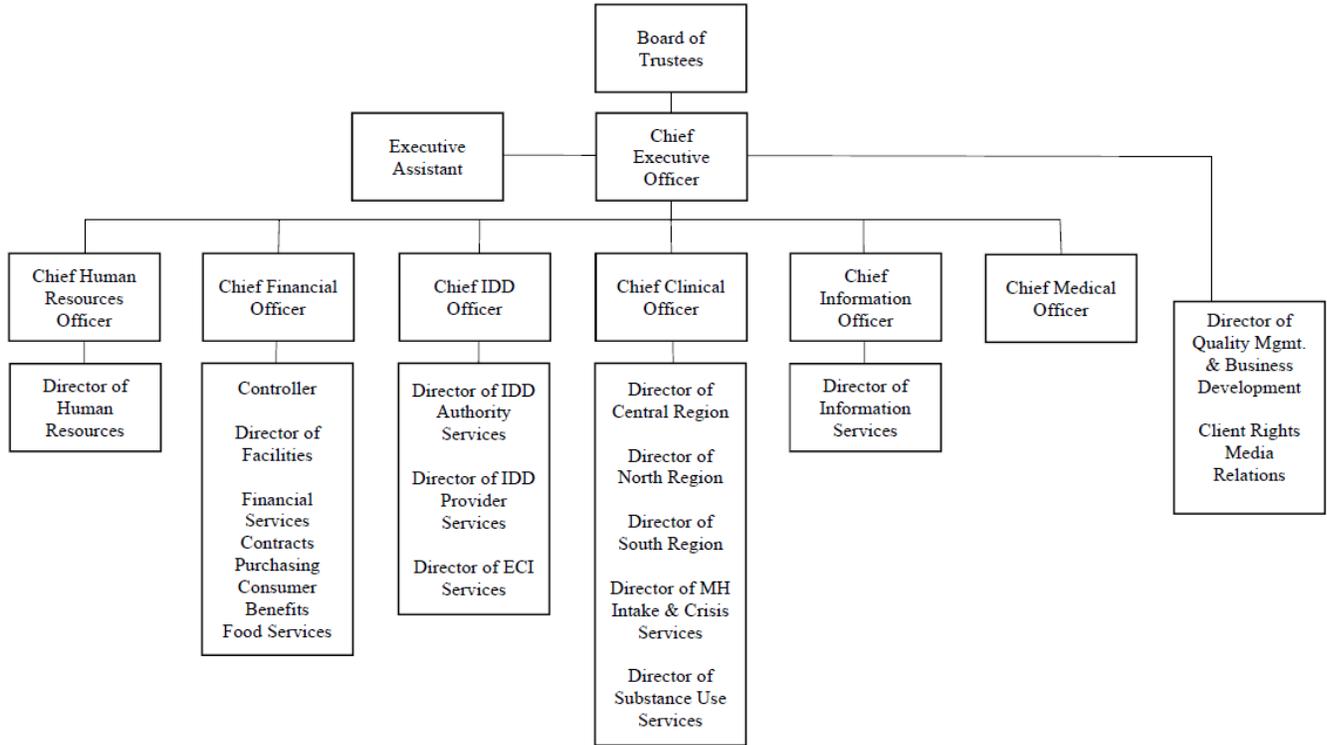
For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

August 31, 2019

Christopher P. Morill

Executive Director/CEO

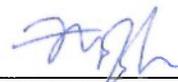
**SPINDLETOP CENTER
ORGANIZATIONAL CHART
AS OF AUGUST 31, 2021**



**CERTIFICATE OF BOARD
ACCEPTANCE OF AUDIT REPORT**

Spindletop Center

I, Frank Coffin, Chair of the Board of Trustees of Spindletop Center, do hereby certify that this accompanying audit report for FY 2021 from Eide Bailly, LLP was reviewed and accepted at a meeting of the Board of Trustees held on the 13th day of December 2021.



Chair of Board of Trustees

SPINDLETOP CENTER

**LIST OF PRINCIPAL OFFICIALS
AS OF AUGUST 31, 2021**

BOARD OF TRUSTEES

Frank Coffin	Board Chair
Rebecca Ford	Board Vice-Chair
Gaye Lokey	Board Secretary
Gus Harris	Member
Dr. Dana Johnson	Member
Dolores Sennette	Member
Brian Hawthorne	Member
Mike Marion	Member
Edreauanna Fowler	Member
Zena Stephens	Ex Officio Member
Mark Davis	Ex Officio Member

EXECUTIVE STAFF

Holly Borel, M.B.A.	Chief Executive Officer
Denise LeBlanc, M.B.A.	Chief Financial Officer
Creslyn Davis, A.B.D, M.B.A, H.R.P.M.	Chief Human Resources Officer
Dr. Scott Strang, Ph.D., M.B.A.	Chief Clinical Officer and Interim Chief Medical Officer
Lisa Gibbs, B.A.	Chief Intellectual and Developmental Disabilities Officer
Bryan Gauthier	Chief Information Officer

FINANCIAL SECTION



Independent Auditor's Report

To the Board of Trustees
Spindletop Center
Beaumont, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, the major fund, and the aggregate remaining fund information of Spindletop Center ("the Center") as of and for the year ended August 31, 2021, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, the major fund, and the aggregate remaining fund information of the Center as of August 31, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Notes 1 and 19 to the financial statements, the Center has adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, which has resulted in a restatement of the net position as of September 1, 2020. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5 through 11 and 45 and 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 inquires of management about the methods or preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Center's financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying Schedule of Expenditures of Federal and State Awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the State of Texas *Single Audit Circular* and is not a required part of the financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated December 8, 2021 on our consideration of Spindletop Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the Center's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Eide Sully LLP".

Abilene, Texas
December 8, 2021

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As management of Spindletop Center (the Center), we present the financial statements for the year ended August 31, 2021 and offer readers a narrative overview and analysis of the financial activities of the Center.

FINANCIAL HIGHLIGHTS

- The assets of the Center exceeded its liabilities at the close of FY 2021 by \$43,287,721 (*net position*). Of this amount, \$22,687,934 (*unrestricted net position*) may be used to meet the Center's ongoing obligations.
- The Center's total net position (government-wide) increased by \$3,429,786.
- As of the close of the current fiscal year, the Center's governmental fund balance reported an ending balance of \$23,890,579, which is a decrease of (\$2,732,727) in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$19,552,259 or 39.88% of total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Center's basic financial statements. The Center's financial statements are composed 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 themselves.

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

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

The *statement of activities* presents information showing how the Center's net position changed during the most recent fiscal year. This statement includes all of the revenue and expenses generated by the Center's operations. The accrual basis of accounting is used, which is similar to the method used by most private-sector companies. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected Medicaid receipts; earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Center that are principally supported by federal, state, and local funding sources (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*).

- The *governmental activities* of the Center include Intellectual and Developmental Disabilities, Mental Health - Adult, Mental Health – Children and Adolescent, Early Childhood Intervention, Substance Abuse, Housing Program, Other Program services, and Administration.
- The Center does not maintain any *business-type activities*.

The *government-wide financial statements* can be found on pages 13 and 14 of this report.

FUND FINANCIAL STATEMENTS

A *fund* is a group of related accounts used to maintain control over resources which have been segregated for specific activities or objectives. The Center, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Center can be divided into two categories: governmental funds and 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, focus is on how cash resources flow into and out of those funds and the balances remaining at year-end that are available for spending. These funds are reported using a method called *modified accrual accounting* that requires the recognition of revenue when earned, only so long as the funds are collected within the period or soon enough afterwards to be used to pay liabilities of the current period.

It is useful to compare the information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Center maintains one governmental fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund.

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.

The basic governmental fund financial statements are found on pages 15 and 17 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the Center. These custodial funds are used to account for trust funds held on behalf of Center consumers. 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 programs. The basic fiduciary fund financial statements can be found on pages 19 and 20 of this report.

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 21-43 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *supplementary information* concerning the Center that is required by the audit guidelines of the Texas Health and Human Services Commission and its component agencies. This supplementary information can be found on pages 45 and 46 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 the Center, assets exceeded its liabilities by \$43,287,721 at the close of the most recent fiscal year.

A large portion of the Center’s net position (47.59%) reflects its investment in capital assets (e.g., land, buildings, vehicles, furniture and equipment); less any related debt used to acquire those assets that is still outstanding. As of August 31, 2021, the Center had no outstanding debt related to capital assets. The Center uses these assets to provide services to the individuals we serve; consequently, these assets are not available for future spending. Additionally, a portion of the Center’s net position (52.41%) represents unrestricted financial resources available for future operations.

<u>Statement of Net Position</u>	<u>Governmental Activities</u>	
	<u>2020</u>	<u>2021</u>
Current and other assets	\$ 32,837,263	\$ 28,610,539
Capital assets	18,954,934	20,599,787
Total assets	<u>51,792,197</u>	<u>49,210,326</u>
Current liabilities	5,942,491	4,448,948
Long-term liabilities	5,991,771	1,473,657
Total liabilities	<u>11,934,262</u>	<u>5,922,605</u>
Net assets:		
Invested in capital assets	18,954,934	20,599,787
Unrestricted	20,903,001	22,687,934
Total net position	<u>\$ 39,857,935</u>	<u>\$ 43,287,721</u>

GOVERNMENTAL ACTIVITIES

Governmental activities increased the Center’s net position by \$3,429,786, accounting for the entire increase in the net position of the Center. Key elements of this increase are as follows:

	Governmental Activities	
	2020	2021
REVENUES		
Program revenues:		
Charges for services	\$ 30,951,862	\$ 22,252,700
Operating grants and contributions	21,061,989	21,327,927
General revenues:		
Local income	3,564,444	2,159,939
PPP Loan Forgiveness		4,443,478
Unrestricted investment earnings	112,755	59,950
Total revenues	<u>55,691,050</u>	<u>50,243,994</u>
EXPENSES		
Mental Health Adult	15,216,608	17,198,261
Mental Health Children	4,839,478	6,012,881
Intellectual and Developmental Disabilities	14,975,612	15,433,279
Other programs	11,267,801	8,169,787
Total expenses	<u>46,299,499</u>	<u>46,814,208</u>
CHANGE IN NET POSITION	<u>\$ 9,391,551</u>	<u>\$ 3,429,786</u>

- Revenues from 1115 Healthcare Transformation Waiver Delivery System Reform Incentive Payment (DSRIP) decreased (\$4,974,427) from the previous period. FY 2020 DSRIP funds were higher than normal due to reporting achievement from the previous reporting period (FY 2019) and reporting FY 2020 achievement. The Center recognized 100% achievement of all measures and received the full allocation of award payments for FY 2021.
- Contributions from local governments of \$534,240 are unrestricted funds given annually to the Center by the counties in which we serve to help meet local match requirements.
- Insurance claims received from Imelda flood damages of \$410,086. The majority was capitalized into fixed assets.

FINANCIAL ANALYSIS OF THE CENTER’S FUNDS

As noted earlier, the Center uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Center’s *governmental funds* 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.

General funds. The general fund is the chief operating fund of the Center. At the end of the current fiscal year, the general fund reported a fund balance of \$23,890,579. A portion of this, 81.84%, is labeled as unassigned fund balance. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance total of \$19,552,259 represents 39.88% of total General Fund expenditures. Another measure of liquidity is the number of Days Cash on Hand, which measures the number of days the Center could operate with no further revenues. The standard is 60–90 days. As of August 31, 2021, the Center's Days Cash on Hand was 156 days.

GENERAL FUND BUDGETARY HIGHLIGHTS

- The Center chose not to make any mid-year budget adjustments during the fiscal year.
- \$336,291 favorable variance in the local revenues category is comprised mostly by \$4,939,385 in 1115 Waiver funds that were received but not budgeted. Unfavorable variances of (\$73,322) in Patient fees and insurance, (\$2,140,580) in Medicaid services, (\$1,132,549) in Home and Community-based services, and (\$556,793) in Texas Home Living Waiver services all were budgeted but not generated. The lower than budgeted actual amounts are contributed mainly to the disruption of service delivery experienced as a result of the COVID 19 pandemic. Unfavorable variable of (\$640,573) in Other Local Income is the result of services that were budgeted but not generated.
- (\$342,454) unfavorable variance in the state program revenues due mainly to a drop in Texas Department of Criminal Justice services because of a disruption of face-to-face programs due to the COVID 19 pandemic.
- \$270,474 favorable variance in the federal program revenues were due to \$108,077 of Medicaid Administrative Claiming revenues generated over the budgeted amount. Further, \$271,768 in CARES Provider Relief Funds were generated but not budgeted.
- Current Expenditures before Capital Outlays has an unfavorable variance of (\$371,291).
- Favorable variance of \$556,203 in Personnel was due to vacant positions and unfavorable variance of (\$2,698,334) in Employee benefits was due to higher than expected health benefit expenses and a budgeting error.
- Favorable variances of \$1,641,683 in Contracted Services, \$242,633 in Travel, \$11,587 in Equipment repair, \$94,161 in Vehicle operations, \$194,808 in Training, \$146,504 in Office Supplies, \$10,154 in Marketing, and \$110,329 in Client Costs are due to the disruption of COVID 19, the impact of employees working remotely, and a travel ban during the pandemic.
- Unfavorable variances of (\$8,613) in Medications, (\$288,594) in Consumable supplies, (\$18,040) in Building repairs, (\$81,726) in Telephone and utilities, (\$54,134) in Insurance and (\$229,912) in Other costs are due to additional expenses incurred to continue services via remote methods and repairs to buildings made while the buildings were empty of staff.

- The Center does not budget for most of its capital outlay; instead, it assigns part of its prior year excess revenues for capital improvement and other special projects to be spent in the current year. Actual expenditures for these projects were \$3,152,257. The Wade building that houses IDD services received a complete remodel, the first in 50 years. Also, some of the expenditures were the completion of repairs due to Hurricane Imelda flood damage. The insurance funds utilized for these final repairs are recorded as Other Financing Sources - Proceeds from Insurance Claims in the amount of \$410,086.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The Center’s investment in capital assets for its governmental activities as of August 31, 2021 amounts to \$20,599,787 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, equipment, and vehicles. Following is a summary of changes in capital assets during the fiscal year:

SPINDLETOP CENTER CAPITAL ASSETS (Net of Depreciation)

	2020	2021	Change
Land (non-depreciable)	\$ 2,658,685	\$ 2,931,222	\$ 272,537
Buildings and improvements	28,582,736	31,836,202	3,253,466
Furniture and equipment	1,422,930	912,984	(509,946)
Vehicles	2,741,624	2,718,370	(23,254)
Construction in progress	108,120	128,034	19,914
Less accumulated depreciation	(16,559,161)	(17,927,025)	(1,367,864)
	<u>\$ 18,954,934</u>	<u>\$ 20,599,787</u>	<u>\$ 1,644,853</u>

Additional information about the Center’s capital assets can be found in Note 4 to the financial statements in this report.

Long-term Liabilities – On May 13, 2020, the Center obtained a Paycheck Protection Program forgivable business loan established by the 2020 US Federal Government Coronavirus Aid, Relief, and Economic Security Act (CARES Act) through First Financial Bank, N.A in the amount of \$4,443,478. The loan term was for a two-year period and was due May 13, 2022. The Center recorded forgiveness income when the loan obligation was legally released by the SBA on June 16, 2021. Additional information on this long-term liability and the Center’s other long-term obligations can be found in the notes to the financial statements.

Compensated absences are considered due within one year because there are no parameters on when an employee may use the funded hours and they are all due upon request.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The Center's FY22 budget was developed with emphasis on the economic uncertainty brought about by the COVID 19 pandemic. A balanced budget was approved by the Board of Trustees for FY22.
- The Center's FY22 Revenue budget is projected to be \$48,609,908. General operating revenues are budgeted at \$46,609,908 and the amount of DSRIP revenue funds to be utilized for operating purposes is budgeted at \$2,000,000. This is an increase of \$2,989,034 (6.55%). The increase is in response to the return of face-to-face services.
- The total amount of DSRIP revenue funds expected to be received in FY22 is \$5,029,947 net of IGT. However, these funds are not fully budgeted nor recognized until reporting is approved and funds are received.
- The Center's FY22 Expense budget is projected to \$48,609,908. This is an increase of \$2,989,034 (6.55%). The increase is mainly in Salaries and Fringe due to a center-wide minimum wage increase and a cost of living increase.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the finances of Spindletop Center and its accountability for money received. If you have any question about this report or need additional financial information, please contact the Financial Services Department of Spindletop Center located at 655 South 8th Street, Beaumont, Texas 77701.

BASIC
FINANCIAL STATEMENTS

SPINDLETOP CENTER
STATEMENT OF NET POSITION
AUGUST 31, 2021

	Primary Government		Component Unit
	Governmental Activities	Total	Spindletop Housing Corporation
ASSETS			
Cash and cash equivalents	\$ 3,668,792	\$ 3,668,792	\$ 68,978
Restricted deposits			49,272
Investments	18,867,454	18,867,454	
Accounts receivable (net)	4,075,748	4,075,748	625
DPP IGT Deposit	1,331,366	1,331,366	
Prepaid items	252,169	252,169	4,747
Note Receivable – Spindletop Housing	415,010	415,010	
Capital assets:			
Land	2,931,222	2,931,222	159,931
Non-depreciable construction in progress	128,034	128,034	
Depreciable capital assets, net	17,540,531	17,540,531	2,026,530
Total Assets	49,210,326	49,210,326	2,310,083
LIABILITIES			
Accounts payable	319,784	319,784	5,836
Accrued salaries & benefits	803,873	803,873	
Accrued liabilities	1,430,468	1,430,468	
Due to other governments	1,084,399	1,084,399	
Health claims payable	430,000	430,000	
Unearned revenue	380,424	380,424	
Long-term liabilities:			
Due within one year	1,473,657	1,473,657	12,230
Due in more than one year			402,780
Total Liabilities	5,922,605	5,922,605	420,846
NET POSITION			
Invested in capital assets	20,599,787	20,599,787	2,186,461
Unrestricted	22,687,934	22,687,934	(297,224)
Total Net Position	\$ 43,287,721	\$ 43,287,721	\$ 1,889,237

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

**SPINDLETOP CENTER
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDING AUGUST 31, 2021**

Functions/Programs	Expenses	Administration Allocation	Expenses After Allocation of Administration	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
				Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Unit
							Governmental Activities	Total	Spindletop Housing Corporation
Governmental activities:									
Mental Health - Adult	\$ 15,091,509	\$ 2,106,752	\$ 17,198,261	\$ 2,556,955	\$ 12,014,155	\$	\$ (2,627,151)	\$ (2,627,151)	
Mental Health - Children	5,157,327	855,554	6,012,881	2,263,760	2,087,268		(1,661,853)	(1,661,853)	
Intellectual & Developmental Disabilities	12,932,352	2,500,928	15,433,280	8,891,246	3,638,100		(2,903,934)	(2,903,934)	
Early Childhood Intervention	3,951,053	975,375	4,926,428	1,463,942	2,847,914		(614,572)	(614,572)	
Substance Abuse programs	1,012,876	222,371	1,235,247	137,820	512,206		(585,221)	(585,221)	
Housing program	542,477	86,741	629,218	167,121			(462,097)	(462,097)	
Other programs	1,117,864	261,029	1,378,893	6,771,856	228,284		5,621,247	5,621,247	
Administration	7,008,750	(7,008,750)							
Total governmental activities	\$ 46,814,208	\$	\$ 46,814,208	\$ 22,252,700	\$ 21,327,927	\$	\$ (3,233,581)	\$ (3,233,581)	
Component unit:									
Spindletop Housing Corp.	\$ 149,979		\$ 149,979	\$ 158,304	\$			\$ 8,325	
Total component unit	\$ 149,979	\$	\$ 149,979	\$ 158,304	\$			\$ 8,325	
General Revenues:									
							\$ 59,950	\$ 59,950	
							534,240	534,240	
							4,443,478	4,443,478	
							1,625,699	1,625,699	
							6,663,367	6,663,367	
							3,429,786	3,429,786	8,325
							39,857,935	39,857,935	1,880,912
							\$ 43,287,721	\$ 43,287,721	\$ 1,889,237

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

**SPINDLETOP CENTER
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2021**

	General Fund	Total Governmental Funds
ASSETS		
Cash and cash equivalents	\$ 3,668,792	\$ 3,668,792
Investments	18,867,454	18,867,454
Accounts receivable, (net of allowance for uncollectibles)	4,075,748	4,075,748
DPP IGT Deposit	1,331,366	1,331,366
Prepaid items	252,169	252,169
Note Receivable – Spindletop Housing	415,010	415,010
Total Assets	\$ 28,610,539	\$ 28,610,539
LIABILITIES		
Accounts payable	\$ 319,784	\$ 319,784
Accrued liabilities	1,430,468	1,430,468
Due to other governments	1,084,399	1,084,399
Accrued salaries and benefits	803,873	803,873
Health claims payable	430,000	430,000
Unearned revenue	380,424	380,424
Total Liabilities	4,448,948	4,448,948
DEFERRED INFLOWS OF RESOURCES		
Medicaid administrative claiming revenues	271,012	271,012
Total Deferred Inflows of Resources	271,012	271,012
FUND BALANCES		
Non-spendable: Prepaid items	252,169	252,169
Non-spendable: Note Receivable	415,010	415,010
Committed for Special Projects	3,671,141	3,671,141
Unassigned	19,552,259	19,552,259
Total Fund Balance	23,890,579	23,890,579
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 28,610,539	\$ 28,610,539

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

SPINDLETOP CENTER
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
AS OF AUGUST 31, 2021

Amounts presented for governmental activities in the Statement of Net Position are different because:

Total fund balance - governmental funds	\$ 23,890,579
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	20,599,787
Long-term liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds. As a result, compensated absences decrease net position.	(1,473,657)
In the fund statements, revenue that exceeds a reasonable collectability period is not recorded within revenue. In the statement of net position, assured receipt of revenue is reported as revenue. This is the amount of deferred inflows of resources at year end.	<u>271,012</u>
Net Position of Governmental Activities	<u>\$ 43,287,721</u>

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

SPINDLETOP CENTER
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
FOR THE YEAR ENDING AUGUST 31, 2021

	General Fund	Total Governmental Fund
	<u> </u>	<u> </u>
Revenues:		
Local and earned revenues	\$ 21,547,388	\$ 21,547,388
State programs	18,167,273	18,167,273
Federal programs	6,170,524	6,170,524
Total revenues	<u>45,885,185</u>	<u>45,885,185</u>
Expenditures:		
Current:		
Mental health adult	14,637,935	14,637,935
Mental health children	5,068,503	5,068,503
Intellectual and developmental disabilities	12,602,602	12,602,602
Early childhood intervention	3,923,031	3,923,031
Substance abuse programs	940,403	940,403
Housing program	374,964	374,964
Other programs	1,119,604	1,119,604
Administration	7,208,699	7,208,699
Capital outlay	3,152,257	3,152,257
Total expenditures	<u>49,027,998</u>	<u>49,027,998</u>
Deficiency of revenues over expenditures	<u>(3,142,813)</u>	<u>(3,142,813)</u>
Other Financing Sources:		
Proceeds from Insurance Claims	410,086	410,086
Total other financing sources	<u>410,086</u>	<u>410,086</u>
Net change in fund balance	(2,732,727)	(2,732,727)
Fund balance at beginning of year	<u>26,623,306</u>	<u>26,623,306</u>
Fund balance at end of year	<u><u>\$ 23,890,579</u></u>	<u><u>\$ 23,890,579</u></u>

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

**SPINDLETOP CENTER
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDING AUGUST 31, 2021**

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

Net Change in Fund Balance-Total Governmental Funds	\$ (2,732,727)
---	----------------

Governmental funds report capital outlay as expenditures; however, in the statement of activities the cost of capital assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay (\$3,152,257) exceeds depreciation expense (\$1,470,868) for the year.	1,681,389
---	-----------

Some revenues reported in the statement of activities do not meet the measurable and available criteria for revenue recognition in the fund statements, and therefore, are only reported as revenues in governmental activities on the full accrual basis. This is the amount of the change in these revenues MAC revenue (-\$454) and PPP Loan Forgiveness (\$4,443,478).	4,443,024
--	-----------

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. This includes the change in the long-term governmental fund liabilities for compensated absences.	74,636
---	--------

Loss on disposition of assets is reported on the statement of activities but not in the fund statements.	(36,536)
--	----------

Change in Net Position-Governmental Activities	<u>\$ 3,429,786</u>
---	----------------------------

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

SPINDLETOP CENTER
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
AUGUST 31, 2021

	Custodial Fund
ASSETS	
Cash and cash equivalents	\$ 206,048
Total Assets	206,048
 LIABILITIES	
Accounts payable	-
Total Liabilities	-
 NET POSITION	
Restricted for IDD PAC	34,229
Restricted for MH PAC	2,399
Restricted for Trust Fund Clients	169,420
Total Net Position	\$ 206,048

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

**SPINDLETOP CENTER
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE YEAR ENDING AUGUST 31, 2021**

	Custodial Fund
ADDITIONS	
IDD PAC Fundraising	\$ 5,037
MH PAC Fundraising	988
Trust Fund Deposits	1,199,693
Total Additions	1,205,718
 DEDUCTIONS	
IDD PAC Expenses	10,377
Trust Fund Distributions	1,214,417
Total Deductions	1,224,794
CHANGE IN NET POSITION	(19,076)
NET POSITION, BEGINNING AS RESTATED	225,124
NET POSITION, ENDING	\$ 206,048

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

SPINDLETOP CENTER
NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

(a) Introduction

The accounting and reporting framework and the more significant accounting principles and practices of Spindletop Center (the “Center”) are discussed in subsequent sections of this note. The remaining notes are organized to provide explanations, including required disclosures, of the Center’s financial activities for the year ended August 31, 2021.

(b) Financial Reporting Entity - Basis of Presentation

Spindletop Center is a community mental health and intellectual and developmental disabilities center located in Southeast Texas. It provides a variety of behavioral healthcare services to people with mental illness, intellectual and developmental disabilities, and substance abuse disorders. The Center was formed September 1, 2000, when Beaumont State Center and Life Resource merged. The Center provides services in Jefferson, Orange, Hardin and Chambers counties and serves approximately 11,500 consumers a year. The Center employs approximately 500 full-time equivalent staff.

Spindletop Center is a public entity which was established under the Texas Mental Health and Mental Retardation Act of 1965 and organized under Chapter 534, Title 7 of the Texas Health and Safety Code. This act provided for the creation of local boards of trustees. The Center’s current board of trustees was appointed by the Commission Courts of Jefferson, Orange, Hardin, and Chambers counties to develop and implement community-based mental health and intellectual and development disabilities services within this service area. The Center is governed by an independent board; has the authority to make decisions; appoint administrators and managers; significantly influence operations; and has the primary accountability for fiscal matters. The Center is not included in any other governmental “reporting entity” as defined in Section 2100, codification of Governmental Accounting and Financial Reporting Standards.

In evaluating how to define Spindletop Center, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth in GASB Statements No. 14 and 39 as amended by GASB Statement 61 “*The Financial*

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued:

Reporting Entity, Omnibus, an Amendment of GASB Statements 14 and 34.” These statements define the reporting entity as the primary government and those component units for which the primary government is financially accountable. In addition, component units may be included in the reporting entity based on the nature and significance of the relationship with the primary government, or based on being closely related or financially integrated with the primary government. Based on these criteria, the Center has the following component unit at August 31, 2021.

Spindletop Housing Corporation (“Housing Corporation”) is a nonprofit corporation organized under the Texas Business Organizations Code and is tax-exempt under Section 501(c)(3) of the Internal Revenue Code. The primary purpose of the Housing Corporation is to construct and operate a United States Department of Housing and Urban Development (“HUD”) project consisting of 15 apartments for low-income people with psychiatric disabilities.

Land and funds were transferred by the Center to the Housing Corporation, with additional funding provided by a HUD Section 811 grant and the city of Beaumont under a HOME grant from HUD. Construction was completed and residents began occupying the property in January, 2015. Project-based rental assistance for apartment residents is provided for three years by the HUD grant. The Housing Corporation has its own Board of Directors.

Since the Housing Corporation exists for the benefit of the primary government, it is reflected as a discretely presented component unit in the government-wide financial statements for financial reporting purposes. Financial information for the Housing Corporation may be obtained at the office of 655 South 8th Street, Beaumont, Texas 77701.

(c) Government-wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for Spindletop Center 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. The Center does not maintain 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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued:

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 Center 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 and fiduciary funds. The major individual governmental fund (General Fund) is reported in a separate column.

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

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

The government-wide and fiduciary fund financial statements are prepared using the *economic resources measurement focus* and the *accrual basis of accounting* generally including the reclassification or elimination of internal activity (between or within funds). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Charges for services are recognized in the year for which they are provided while grants are recognized when grantor eligibility requirements are met.

Governmental fund financial statements are prepared 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. The Center considers revenues to be available if they are collected within 120 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for debt service expenditures, compensated absences, and long term claims, which are reported as expenditures in the year due.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued:

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

Allocation of Indirect Expenses

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

(e) Fund Types and Major Funds

The accounts of the Center are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise each fund's assets, liabilities, fund equity, revenues, and expenditures. Government resources are allocated to and for individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds maintained by the Center are as follows:

The Center reports the following major governmental fund:

General Fund – This fund is the general operating fund of the Center. It accounts for all financial resources of the Center, except those that are required to be accounted for in another fund.

This is a budgeted fund and any fund balances are considered resources available for current operations. The fund balance may be appropriated by the Board of Trustees to implement its responsibilities.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued:

The General Fund is accounted for using a current financial resources measurement focus. As such, only current assets and current liabilities generally are included on the balance sheet. Operating statements of this fund present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in current financial resources.

The Center reports the following fiduciary fund:

Custodial Fund – As of September 1, 2020, the Center adopted GASB Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement will enhance consistency and comparability by establishing specific criteria for identifying activities that should be reported as fiduciary activities. Greater consistency and comparability enhances the value provided by the information reported in financial statements for assessing government accountability and stewardship. The impact to the Center resulted in a reclassification of agency funds to custodial funds that resulted in a restatement of net position of custodial funds. The effect of the implementation of this standard on beginning net position is disclosed in Note 19.

(f) **Budget and Budgetary Accounting**

The Chief Executive Officer, the Chief Financial Officer, and other executive management team members are responsible for the Center's budget for the General Fund. A budget of revenues and departmental expenditures by program category is prepared and submitted to the Board of Trustees. At a regularly scheduled Board meeting, the Board of Trustees considers the recommendations and may revise the amounts submitted in the budget before approving it. The budget must have the approval of the Texas Department of State Health Services (DSHS), now Texas Health and Human Services Commission (HHSC), for services relating to mental health and the Texas Department of Aging and Disability Services (DADS), now HHSC, for services relating to intellectual and developmental disabilities. Contracts/budget negotiations are scheduled by HHSC at which time contract performance measures and funding amounts are negotiated. The contract and/or budget is revised to incorporate any modifications agreed upon and resubmitted to HHSC. The final budget is approved by HHSC.

The budget for the General Fund is prepared using the current financial resources measurement focus and the modified accrual basis of accounting consistent with generally accepted accounting principles for a governmental fund. Actual expenditures exceeded budgeted expenditures by \$3,407,123 in the current year and will be fully funded from reserves.

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

(g) **Cash and Cash Equivalents**

For financial reporting purposes, the Center considers all demand deposit accounts and time deposits with an initial maturity of three months or less to be cash and cash equivalents. Outstanding cash and cash equivalents at August 31, 2021 consist principally of interest bearing bank accounts. Unrestricted and restricted cash and investments purchased by the Center within three months of maturity are considered to be cash equivalents. Investments in money market mutual funds are recorded at cost. All other investments are reported at fair value.

All investments of the Center are governed by the Public Funds Investment Act.

(h) **Prepaid Items**

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

(i) **Intergovernmental Transfer (IGT)**

The Center has enrolled in the Directed Deposit Program for Behavioral Health Services and, as of August 31, 2021, has sent HHSC one intergovernmental transfer (IGT) in the amount of \$1,331,366.08, in order to leverage federal funding. This amount can be found on the Statement of Net Position and the General Fund Balance Sheet. The Center will be expected to report a second IGT in December 2021. Reporting as a participation condition of the program will also begin in December 2021.

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

Primary Government:

Capital assets, including property, equipment, and vehicles with costs greater than \$5,000 and useful lives of more than one year are stated at historical cost and reported in the government-wide financial statements. Donated assets are stated at acquisition value on the date donated. Costs of normal maintenance and repairs that do not add to asset values or materially extend 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:

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

Building and improvements	5-40
Vehicles	4-5
Furniture and fixtures	2-10

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

Housing Corporation Component Unit:

Capital assets, including property, equipment, and vehicles with costs greater than \$5,000 and useful lives of more than one year are stated at historical cost and reported in the government-wide financial statements. Donated assets are stated at acquisition value on the date donated. Costs of normal maintenance and repairs that do not add to asset values or materially extend 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:

Buildings and improvements	10-40
----------------------------	-------

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

(k) **Long-Term Liabilities**

In the government-wide financial statements, outstanding long-term liabilities are reported as liabilities.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Principal payments and debt 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.

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

(m) **Fund Equity**

The Center has implemented a fund balance policy to comply with GASB Statement 54 - "Fund Balance Reporting and Governmental Fund Type Definitions" standards for the classification of fund balances in 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, prepaids, 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 government.

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

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but are intended to be used for specific purposes. Assignments of fund balance may be established, modified or rescinded only through transfers to specific assigned funds authorized by the Board of Trustees.

Unassigned – the general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

	General Fund	Total Governmental Fund
Fund Balances	<hr/>	<hr/>
<i>Non-spendable</i>		
Prepaid Items	\$ 252,169	\$ 252,169
Note Receivable	415,010	415,010
<i>Committed</i>		
Special Projects	3,671,141	3,671,141
<i>Unassigned</i>	19,552,259	19,552,259
	<hr/> \$ 23,890,579	<hr/> \$ 23,890,579

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued:

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

(n) Compensated Absences

As fringe benefits for its employees, the Center allows hours earned for personal leave to be accumulated and carried forward to future periods up to a maximum of 420 hours. Employees terminating from service are paid up to a maximum of 400 accumulated hours. The resulting cash value of the benefits, based on the maximum 400 hours, is recorded as a liability in the Statement of Net Position. Government funds report only matured compensated absences payable to currently terminating employees and these are included in accrued salaries and benefits. All compensated absences are considered payable within one year due to no restrictions to the contrary. Payment and use of compensated absences is due upon demand.

(o) Risk Management

The Center is exposed to various risks of loss related to general liability; torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; physician's malpractice; and natural disasters. During fiscal year 2021, the Center was covered under a general liability insurance plan with a combined single limit of \$1 million at a cost it considered to be economically justifiable. In 2021, the Center purchased insurance from Arthur J. Gallagher Risk Management Services to provide additional coverage for named windstorms such as hurricanes and wind-driven rain coverage.

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

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

(p) **Estimates**

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

(q) **Fair Value**

The Center categorizes its fair value measurements 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. The Center's investments are measured at amortized costs for the public funds investment pools and at amortized cost for the certificates of deposits.

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

(a) **Deposits**

Primary Government:

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Center's deposits may not be returned or the Center will not be able to recover collateral securities in the possession of an outside party. The Center's investment policy requires deposits to be fully secured by collateral valued at market or par, whichever is lower, less the amount of Federal Deposit Insurance Corporation (FDIC) insurance. Deposited funds may be invested in certificates of deposit in institutions with an established record of fiscal health. Collateral agreements must be approved prior to deposit of funds. The Board of Trustees approves authorized depository institutions based on the recommendations of the Center's management. \$767,752.00 of deposits of the Center were not collateralized at August 31, 2021. All other deposits of the Center are fully insured or collateralized with securities held by the Center, its agent, or by the pledging institution trust department or agent in the Center's name.

Housing Corporation Component Unit:

Cash and cash equivalents consists of deposits in three commercial bank accounts. These are insured to the maximum allowed by FDIC.

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

At August 31, 2021, the Center’s investments are as follows:

Investment Type	Fair Value	Credit Rating	Average Days to Maturity
TexPool Money Market Fund	\$ 4,897	AAAm	43 days
Federal Hermes Inst Prim Oblg Fd	747,937	AAAm	53 days
Government National Mtg Assn Pool	4,916	AAA	12.63 years
Beaumont Community Credit Union Savings	56	Not required	N/A
First Financial Bank – High-Yield Savings	18,109,648	Not required	N/A
	\$ 18,867,454		

During the year ending August 31, 2021 the Center 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 and other eligible investments specified in the Public Funds Investment Act. Audited financial statements of the Pool are available at First Public, 12008 Research Blvd., Austin, Texas 78759.

In addition, TexPool is subject to review by the State Auditor’s Office and by the Internal Auditor of the Comptroller’s Office. The reported value of the pool is the same as the fair value of the pool shares.

(b) **Investment Policies**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Generally, the Center’s investing activities are managed under the custody of the Chief Financial Officer. Investing is performed in accordance with investment policies adopted by the Board of Trustees. The Center’s investment policy and types of investments are governed by the Public Funds Investment Act (PFIA). This policy authorizes the Center to invest in 1) obligations of the U.S. or its agencies and instrumentalities; 2) secured certificates of deposit issued by state or national banks with a branch in Texas, savings banks with a branch in Texas, or state or federal credit unions with a branch in Texas; 3) fully collateralized repurchase agreements; 4) no-load money market mutual funds registered with and regulated by the Securities and Exchange Commission; 5) local government investment pools, which are rated no lower than AAA or an equivalent rating by at least one nationally recognized rating service; and 6) commercial paper. During the year ended August 31, 2021, the Center did not own any types of securities other than those permitted by statute or its investment policy.

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS – continued:

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. The Center’s policy requires that the maturity of investments correspond to anticipated cash flows. Policy also requires that for investments with a maturity term in excess of a year, the Center will consider the marketability of the investment should the need to liquidate the investment before its maturity.

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

Following is a list of investments that represent more than 5% of total Center investments at year-end:

<u>Description</u>	<u>Fair Value</u>	<u>Percent of Portfolio</u>
First Financial Bank – High-Yield Savings	\$ 18,109,648	95.98%

For investments, **custodial credit risk** is the risk that, in the event of the failure of the counterparty, the Center will not be able to recover the value of its investments or collateral securities in the possession of an outside party. The Center’s policy provides that the investment officer shall maintain custody of all records of the Center relating to investment securities.

3. DUE FROM OTHER GOVERNMENTS AND ACCOUNTS RECEIVABLE:

Client Receivables

Accounts receivable from clients and insurance carriers for services rendered are reduced by the amount of such billings deemed to be uncollectible using the reserve or allowance method based on past history.

Patient Receivables

Patient receivables are uncollateralized noninterest bearing patient and third-party payor obligations. Payments of patient receivables are allocated to the specific claims identified in the remittance advice or, if unspecified, are applied to the earliest unpaid claim.

3. DUE FROM OTHER GOVERNMENTS AND ACCOUNTS RECEIVABLE - continued:

The carrying amount of patient and client receivables is reduced by a valuation allowance that reflects management’s estimate of amounts that will not be collected from patients and third-party payors. Management reviews patient and client receivables by payor class and applies percentages to determine estimated amounts that will not be collected from third parties under contractual agreements and amounts that will not be collected from patients due to bad debts. Management considers historical cash collections, write off and recovery information in determining the estimated bad debt provision. The allowance for uncollectible accounts in the General Fund as of August 31, 2021 is \$64,955.

Grant Receivables

Grant receivables represent contractual exchange transactions that are recognized as revenue as the services are performed or non-exchange operational grants. Management has not recorded an allowance on grants receivable as amounts are expected to be fully collected within the year.

Accounts Receivable

Accounts receivable 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 receivables as of year-end, including the applicable allowances for uncollectible accounts are as follows:

Medicaid	\$	536,708
Due from Medicaid Administrative Claiming		677,531
Other receivables		<u>2,926,464</u>
Gross receivables		4,140,703
Less: Allowance for uncollectible accounts		<u>(64,955)</u>
Accounts receivable, net	\$	<u><u>4,075,748</u></u>

4. CAPITAL ASSETS:

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

Governmental Activities	<u>Beginning Balance</u>	<u>Adjustments</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Non-Depreciable Capital Assets					
Land	\$ 2,658,685	\$ 265,077	\$ 7,460	\$	\$ 2,931,222
Construction in progress	108,120		128,034	108,120	128,034
	<u>2,766,805</u>	<u>265,077</u>	<u>135,494</u>	<u>108,120</u>	<u>3,059,256</u>
Depreciable Capital Assets:					
Buildings & improvements	28,582,736	297,051	3,104,515	148,100	31,836,202
Furniture and fixtures	1,422,930	(216,249)		293,697	912,984
Vehicles	<u>2,741,624</u>	<u>45,989</u>	<u>20,368</u>	<u>89,611</u>	<u>2,718,370</u>
Total capital assets	<u>32,747,290</u>	<u>126,791</u>	<u>3,124,883</u>	<u>531,408</u>	<u>35,467,556</u>
Less Accumulated Depreciation					
Buildings & improvements	13,870,307	303,388	1,068,817	140,980	15,101,532
Furniture and fixtures	1,257,268	(237,516)	26,682	287,248	759,186
Vehicles	<u>1,431,586</u>	<u>336,857</u>	<u>375,369</u>	<u>77,505</u>	<u>2,066,307</u>
	<u>16,559,161</u>	<u>402,729</u>	<u>1,470,868</u>	<u>505,733</u>	<u>17,927,025</u>
Net Depreciable Assets	<u>16,188,129</u>	<u>(275,938)</u>	<u>1,654,015</u>	<u>25,675</u>	<u>17,540,531</u>
Total Capital Assets, (Net)	<u>\$ 18,954,934</u>	<u>\$ (10,861)</u>	<u>\$ 1,789,509</u>	<u>\$ 133,795</u>	<u>\$ 20,599,787</u>

Depreciation expense was charged to the functions in the statement of activities as follows:

Governmental activities:	
Mental Health Adult	\$ 474,761
Mental Health Children	99,466
Intellectual and Developmental Disabilities	346,275
Early Childhood Intervention	36,640
Substance Abuse	74,262
Housing	167,819
Administration	<u>271,645</u>
Total	<u>\$ 1,470,868</u>

4. CAPITAL ASSETS - continued:

Spindletop Housing Component Unit	Beginning Balance	Additions	Retirements	Ending Balance
Capital Assets:				
Land	\$ 150,000	\$ 9,931	\$ -	\$ 159,931
Depreciable Capital Assets:				
Buildings and improvements	2,389,955	11,744	-	2,401,699
Total capital assets	2,539,955	21,675	-	2,561,630
Less Accumulated Depreciation	305,916	69,253	-	375,169
Total Capital Assets, (Net)	\$ 2,234,039	\$ (47,578)	\$ -	\$ 2,186,461

5. LONG-TERM LIABILITIES:

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

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Governmental Activities:					
Compensated absences	\$ 1,548,293	\$ 1,698,885	\$ 1,773,521	\$ 1,473,657	\$ 1,473,657
PPP loan	4,443,478		4,443,478		
	\$ 5,991,771	\$ 1,698,885	\$ 6,216,999	\$ 1,473,657	\$ 1,473,657

Paycheck Protection Program (PPP) Loan. The Center was granted a \$4,443,478 loan under the PPP administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. The Company initially recorded a note payable and subsequently recorded forgiveness when the loan obligation was legally released by the SBA. The Company recognized \$4,443,478 of loan forgiveness income for the year ended August 31, 2021 in the Statement of Activities.

6. SPINDLETOP HOUSING CORPORATION COMPONENT UNIT CAPITAL ADVANCE:

Spindletop Housing Corporation has constructed apartments for low-income individuals. The construction was funded through a United States Department of Housing and Urban Development (HUD) Section 811 capital advance agreement along with a HUD HOME grant passed through the City of Beaumont. The maximum amount of the HUD capital advance available is \$1,521,200.

**6. SPINDLETOP HOUSING CORPORATION COMPONENT UNIT CAPITAL
ADVANCE - continued:**

The capital advance will bear no interest and is not required to be repaid so long as the housing remains available to eligible low-income households for a period of forty years. The capital advance is secured by a deed of trust on the property. The housing units opened in the spring of 2015.

7. DEFINED CONTRIBUTION PLAN:

The Center maintains a single employer 401(a) defined contribution retirement plan that works in conjunction with a deferred compensation plan for the benefit of eligible employees and their beneficiaries. The name of the plan is the Spindletop Center Retirement Plan. Under this plan, the Center contributes amounts to match employee's contributions to the Center's deferred compensation plan under Internal Revenue Code Sections 457 and 403(b). The Center matches employee elective deferrals up to a maximum of 8% of compensation. Employees must contribute a minimum of 3% of compensation to the 457 plan and/or 403(b) plan in order to receive employer matching contributions.

The plan is administered by ISC Group Inc. Eligible employees are full-time employees of the Center. Employer contributions for the year were \$1,276,346. These amounts are included in employee benefit expenditures. At year-end, 467 employees were participating in the plan. The Plan does not issue separate audited GAAP basis post-employment benefit plan financial statements.

Employees vest in Center contributions to the plan on their behalf over a six-year period as follows:

Vesting Schedule

<u>Years of Service</u>	<u>Percentage</u>
Less than 2	0%
2	20%
3	40%
4	60%
5	80%
6	100%

8. DEFINED COMPENSATION PLAN:

The Center sponsors a deferred Compensation Plan (the "Plan") created in accordance with Internal Revenue Code Sections 457 and 403(b). Employees are required to participate in the Plan after completing an eligibility period. 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 make additional voluntary contributions to the Plan in amounts not to exceed limits established by the Internal Revenue Service. The Center matches up to a maximum of 8% of each employee's elective deferrals. The Plan is administered by ISC Group, Inc. Employee elective deferrals were \$1,378,201 for the year.

The Center approved plan amendments so that plan assets are held in trust for the benefit of the plan participants and their beneficiaries. The plan assets will not be diverted for any other purpose. Accordingly, the financial activity of the 457 and 403(b) plans are not included in the Center's financial statements.

9. COMMITMENTS AND CONTINGENCIES:

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

The Center has entered into an agreement with Texas Council Risk Management Fund (TCRMF) to pay workers' compensation contributions relative to its own loss experience based on a six-year look back period. The Center was not required to pay any additional assessments for prior years during the year ended August 31, 2021. Since the estimated future claims liability as provided by the Texas Council Risk Management Fund is less than premiums paid, the Center has recorded no liability in the government wide statement of net position at year end.

Following is a summary of changes in the workers' compensation claims liability over the past three years:

	<u>Beginning Liability</u>	<u>Changes in Estimates</u>	<u>Payments</u>	<u>Ending Liability</u>
2019 – Workers compensation	\$ -	\$ 19,231	\$ 19,231	\$ -
2020 – Workers compensation	\$ -	\$ 2,401	\$ 2,401	\$ -
2021 – Workers compensation	\$ -	\$ 892	\$ 892	\$ -

9. COMMITMENTS AND CONTINGENCIES - continued:

The Center is covered under a self-funded insurance pool managed by the Texas Council Risk Management Fund. The pool was formed for the purpose of providing property, casualty, and liability coverage, to provide claims administration and develop a comprehensive loss control program. Premiums are adjusted annually. The maximum amounts eligible to be paid by the pool are as follows: general and vehicle liability - \$1,000,000; professional liability and error and omissions - \$1,000,000; sexual misconduct endorsement - \$100,000; expanded employment practices endorsement - \$50,000; property coverage - \$38,226,887; automobile physical damage - actual cash value. The Center is responsible for all claims exceeding the maximum amounts to be paid by the pool. There were no significant reductions in coverage in the past fiscal year, and no claims exceeded the maximum paid by the fund for the last three years. In 2020, the Center obtained additional windstorm protection from Gallagher Risk Management Services to offset any losses incurred during named windstorms and to offset any losses incurred due to wind-driven rain. Maximum coverage under this policy is \$31,738,535, with a \$25,000 total deductible per occurrence.

The Center is involved in litigation in the normal course of business. Management estimates that any liability that may result from this litigation, if any, would not be material to the Center's financial statements.

The Center applied for and received loan forgiveness from the SBA on its PPP loan in FY 2021. In accordance to PPP loan requirements, the Center is required to maintain PPP loan files and certain underlying supporting documents for periods ranging from three to six years. The Center is also required to permit access to such files upon request by the SBA. Accordingly, there is potential the PPP loan could be subject to further review by the SBA and that previously recognized forgiveness could be reversed based on the outcome of this review.

Commitment of General Fund Equity

\$3,671,141 of the fund balance in the General fund has been committed for special projects. This amount is not legally restricted.

10. ECONOMIC DEPENDENCE:

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

The following revenue sources represent more than 10% of the overall total revenues for the Center.

Medicaid	\$ 5,006,996	10.91%
Home and Community-Based Services	\$ 6,079,217	13.25%
1115 Medicaid Waiver	\$ 7,464,548	16.27%
General Revenue – MH Services (state)	\$ 11,892,690	25.92%

11. PATIENT ASSISTANCE PROGRAM:

Consumers periodically receive prescription medications through a program known as the Patient Assistance Program (PAP). These prescriptions are provided at no cost to the consumer. These items do not meet the criteria for recognition on the Center's financial statements; however, they do provide significant assistance to the consumers the Center serves. Management estimates that consumers received prescription medications through this program valued at \$3,908,517 during the year ending August 31, 2021.

12. SELF-FUNDED HEALTH BENEFIT PLAN:

The Center operates a medical self-insurance program managed by Cigna. The Center is protected against unanticipated catastrophic individual or aggregate loss by stop-loss coverage carried also through Cigna, a commercial insurer licensed or eligible to do business in Texas in accordance with the Texas Insurance Code. Stop-loss coverage was in effect for individual claims exceeding \$125,000 with an additional \$70,000 layered amount aggregated on specific claims and for aggregate losses exceeding 125% of the expected claims liability. The purpose of this coverage is to pay medical insurance claims of employees and their covered dependents and minimize the total costs of annual insurance to the Center.

12. SELF-FUNDED HEALTH BENEFIT PLAN - continued:

Total premiums, claims and administrative fees incurred for the program for the year ended August 31, 2021, were \$5,541,785. For the same period, management recorded a \$430,000 liability for claims incurred but not reported and/or approved as of that date. The Center does not discount these claims liabilities. Terms of coverage and contribution costs are included in contractual provisions.

Changes in the medical claims liability amounts for the last five years are presented below:

	<u>Beginning Liability</u>	<u>Claims Incurred</u>	<u>Claim Payments</u>	<u>Ending Liability</u>
2017 Medical and dental	\$ 315,000	\$ 3,482,929	\$ 3,482,929	\$ 315,000
2018 Medical and dental	\$ 315,000	\$ 2,534,676	\$ 2,534,676	\$ 315,000
2019 Medical and dental	\$ 315,000	\$ 2,915,066	\$ 2,915,066	\$ 315,000
2020 Medical and dental	\$ 300,000	\$ 3,102,805	\$ 3,102,805	\$ 300,000
2021 Medical and dental	\$ 300,000	\$ 5,541,785	\$ 5,411,785	\$ 430,000

13. OPERATING LEASES:

The Center is obligated under operating leases for building and office space and equipment. For the year ended August 31, 2021, lease expenditures of \$127,056 were made from the General Fund. Payments required by operating leases in subsequent years are not material to the Center's financial statements.

14. MEDICAID 1115 WAIVER:

The State of Texas was originally approved for a five-year Medicaid demonstration waiver (through September 30, 2016) that enabled hospitals and other providers to earn up to \$11.4 billion in funds for Delivery System Reform Incentive Payment (DSRIP) projects. DSRIP projects were designed to improve Texas' health care delivery system, including access to care, quality of care, and health outcomes. Texas allocated a minimum of 10% of the DSRIP funds to the community mental health centers that serve mentally ill Medicaid and indigent patients throughout the state. An extension was granted until December 2017. On December 21, 2017, the Centers for Medicare & Medicaid Services (CMS) approved Texas HHSC's request to extend Texas' section 1115(a) demonstration project effective from January 1, 2018 through September 30, 2022. Under the new terms, there are two years of level funding, followed by two years of funding which will decrease each year. The fifth year of the extension, from October 1, 2021 through September 30, 2022, originally did not include any funding. However,

due to a lack of an agreement between CMS and HHSC for an alternative, sustainable funding sources, DSRIP funding for this period will remain the same as the previous period of October 1, 2020 through September 30, 2021. This funding has not yet been approved by CMS and is subject to change or be replaced with another program.

The Center reports twice a year on milestone and outcome achievement in order to earn DSRIP funds. The revenue is recognized as the milestones are achieved and after review and approval by CMS. As a result, the DSRIP funds are not expenditure-reimbursement type funds. All measures for the most recent demonstration year were met 100% and full funding is expected.

CMS approved the Directed Payment Program – Behavioral Health on November 15, 2021 for the period of September 1, 2021 through August 31, 2022. Reporting for this payment initiative will begin December 2021 and will cover the first six months of calendar year 2021. The Center will report twice a year to earn DPP-BH funds. The revenue will be recognized after review and approval by CMS. As a result, the DPP-BH funds will not be expenditure-reimbursement type funds. As of August 31, 2021, the Center has sent HHSC one intergovernmental transfer (IGT) in the amount of \$1,331,366.08, in order to leverage federal funding. This amount can be found on the Statement of Net Position and the General Fund Balance Sheet. The Center will be expected to report a second IGT in December 2021. Reporting as a participation condition of the program will also begin in December 2021.

15. REVENUE:

(a) Net Patient and Client Service Revenue

The Center has agreements with third-party payors that provide for payments to the Center at contractually agreed upon rates. Net patient and client service revenue is reported at the estimated net realizable amounts from patients, clients, and third-party payors, and others for services rendered. The Center also entered into payment agreements with Medicare, certain commercial insurance carriers (managed care organizations) and other organizations. The basis for payment under these agreements is mostly based on fee for service arrangements. For uninsured patients, the Center recognizes revenue on the basis of its standard rates for services provided, adjusted for the minimum monthly fee provisions as mandated by the state of Texas. Revenue from Medicaid Waiver programs (such as 1115, Home Community Services, Texas Home Living, YES) are recognized when services are rendered. These programs are billed based on state negotiated rates.

Laws and regulations governing the Medicare, Medicaid, and other programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

15. REVENUE - continued:

(b) Grants

The Center receives grants from private organizations and state and federal agencies. Revenues from grants are recognized when all eligibility requirements, including time requirements are met.

(c) Other Revenues

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received.

16. RESTRICTIONS ON CAPITAL ASSETS

Primary Government:

The Texas Health and Human Services Commission (“HHSC”), as successors in interest to the Texas Department of Mental Health and Mental Retardation, have conveyed real estate to the Center. The property was transferred without consideration paid by the Center, but the deed contains a permanent restriction stating that the property must be used to promote the public purpose by providing community-based mental health or mental retardation services. If the Center should cease to use the property for this purpose for a period of more than 180 continuous days, ownership of the property would revert to HHSC. The property was recorded on the financial statements at the estimated value of \$12,735,000 based on a current appraisal prepared by a qualified real estate appraiser. The net book value of these assets after depreciation is \$9,256,664 as of August 31, 2021.

17. CORONAVIRUS PANDEMIC

During the year ended August 31, 2021, the Center has been impacted by the effects of the worldwide 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.

18. RELATED PARTY

Spindletop Housing Corporation owns The Cottages Apartments, a HUD 811 property. The property was heavily damaged by floodwaters during Hurricane Imelda. This property was not covered by flood insurance and is insured as a separate entity from Spindletop Center. This property had fourteen residents at the time of the flood. Spindletop Center, as the responsible entity designated within the HUD 811 documentation, paid for all repairs out of reserves. Spindletop Housing Corporation signed a promissory note on December 1, 2020 in the amount of \$422,937 payable to Spindletop Center with an interest rate of 1.00% a year for a thirty-year term. This loan amount is to repay Spindletop Center for expenses related to the flood repairs and for working capital invested by the Center. At August 31, 2021, Spindletop Center has \$415,010 in notes receivable and the component unit, Spindletop Housing Corporation has \$415,010 in notes payable due to Spindletop Center.

The annual requirements for repayment of principal and interest on the notes payable, in payments and excluding any potential refinancing options, are as follows:

<u>Year Ended August 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 12,230	\$ 4,094	\$ 16,324
2023	12,353	3,971	16,324
2024	12,466	3,858	16,324
2025	12,602	3,722	16,324
2026	12,729	3,595	16,324
2027-2051	<u>352,630</u>	<u>44,854</u>	<u>397,484</u>
Totals	\$ 415,010	\$ 64,094	\$ 479,104

19. ADOPTION OF NEW STANDARD

As of September 1, 2020, the Center adopted GASB Statement No. 84, Fiduciary Activities (GASB 84). The impact to the Center resulted in a reclassification of agency funds to custodial funds that resulted in a restatement of amounts previously reported as agency fund liabilities to opening net position of custodial funds. Additionally, the Center has reported a Statement of Changes in Fiduciary Net Position that reflects the activity for MH and IDD consumer income from social security, family allowances, job income, etc. collected by the center on behalf of the consumers and subsequently remitted to the appropriate entity, individual, etc. The Center also evaluated the previously reported pension trust fund under the provision of GASB 84 and determined that it no longer met the requirements to be reported as a fiduciary activity. As a result, opening net position related to pension trust fund was restated to eliminate it from the Center’s fiduciary financial statements. The following table describes the effects of the implementation of GASB 84 on the beginning net position.

	<u>Custodial Funds</u>
Net position at September 1, 2020, as previously reported	\$ -
Reclassification of various agency funds to custodial funds	<u>225,124</u>
Net position at September 1, 2020, as restated	<u>\$ 225,124</u>

**REQUIRED SUPPLEMENTARY
INFORMATION**

SPINDLETOP CENTER
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDING AUGUST 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Local Revenues:				
County government	\$ 510,107	\$ 510,107	\$ 534,240	\$ 24,133
Patient fees and insurance	688,280	688,280	614,958	(73,322)
Contracts	147,655	147,655	28,275	(119,380)
Medicare	64,159	64,159	85,179	21,020
Medicaid	7,147,576	7,147,576	5,006,996	(2,140,580)
Home and community-based services	7,211,766	7,211,766	6,079,217	(1,132,549)
Texas Home Living Waiver	1,302,972	1,302,972	746,179	(556,793)
1115 Medicaid Waiver	2,525,163	2,525,163	7,464,548	4,939,385
Investment income	45,000	45,000	59,950	14,950
Other local income	1,568,419	1,568,419	927,846	(640,573)
Total local revenues	21,211,097	21,211,097	21,547,388	336,291
State Program Revenues:				
General revenue - mental health services	11,882,372	11,882,372	11,892,690	10,318
General revenue - IDD services	3,592,279	3,592,279	3,524,991	(67,288)
PASRR	95,432	95,432	5,345	(90,087)
TCOOMMI	525,296	525,296	639,460	114,164
Texas Department of Criminal Justice	356,548	356,548	226,541	(130,007)
Mental Health First Aid – Training	11,000	11,000	9,200	(1,800)
Foster Care System Grant	32,913	32,913	24,555	(8,358)
Community MH Grant – Hope Squad	85,819	85,819	65,274	(20,545)
Early Childhood Intervention	1,047,282	1,047,282	1,055,628	8,346
Substance abuse contracts - state portion	233,984	233,984	98,919	(135,065)
Supporting housing – state portion	193,745	193,745	193,745	-
Workquest	16,307	16,307	2,130	(14,177)
PATH	7,975	7,975	7,975	-
Mental Health Grant Program for Justice-Involved Individuals – Rural	247,308	247,308	247,308	-
Mental Health Grant Program for Justice-Involved Individuals – Urban	142,467	142,467	142,467	-
Texas Rehabilitation Commission	39,000	39,000	31,045	(7,955)
Total state program revenues	18,509,727	18,509,727	18,167,273	(342,454)
Federal Program Revenues:				
Mental Health Block Grant	837,702	837,702	902,743	65,041
Block Grants for the Treatment and Prevention of Substance Abuse	442,837	442,837	268,974	(173,863)
Block Grant for Supportive Housing	3,886	3,886	3,886	-
Mental Health First Aid – Outreach	54,041	54,041	54,041	-
Early Childhood Intervention	1,791,378	1,791,378	1,791,378	-
TANF (MH only)	257,834	257,834	257,834	-
Social Services Block Grant	110,263	110,263	110,263	-
Medicaid Administrative Claiming	1,517,235	1,517,235	1,625,312	108,077
Title XVIII - Money Follows the Person	113,109	113,109	113,109	-
Coordinated Specialty Care (CSC)	269,929	269,929	269,929	-
PATH	258,419	258,419	257,870	(549)
FEMA COVID 19 Disaster Counseling	243,417	243,417	243,417	-
CARES Provider Relief Funds	-	-	271,768	271,768
Total federal program revenues	5,900,050	5,900,050	6,170,524	270,474
TOTAL REVENUES	\$ 45,620,874	\$ 45,620,874	\$ 45,885,185	\$ 264,311

Notes to Required supplementary Information: The Center's basis for preparing the annual budget is the same as that required by generally accepted accounting principles.

**SPINDLETOP CENTER
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDING AUGUST 31, 2021**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures:				
Personnel	\$ 22,086,463	\$ 22,086,463	\$ 21,530,260	\$ 556,203
Employee benefits	5,539,235	5,539,235	8,237,569	(2,698,334)
Contracted services	12,943,951	12,943,951	11,302,268	1,641,683
Travel - board and staff	310,015	310,015	67,382	242,633
Medications	120,600	120,600	129,213	(8,613)
Consumable supplies	841,219	841,219	1,129,813	(288,594)
Building repairs and rent	522,114	522,114	540,154	(18,040)
Equipment repair and maintenance	38,662	38,662	27,075	11,587
Telephone and utilities	929,090	929,090	1,010,816	(81,726)
Vehicle operations	251,035	251,035	156,874	94,161
Insurance	482,547	482,547	536,681	(54,134)
Training and development	323,899	323,899	129,091	194,808
Office supplies	351,021	351,021	204,517	146,504
Advertising	24,300	24,300	14,146	10,154
Client costs	499,472	499,472	389,143	110,329
Other costs	240,826	240,826	470,738	(229,912)
Total current	<u>45,504,449</u>	<u>45,504,449</u>	<u>45,875,740</u>	<u>(371,291)</u>
Capital outlay	116,425	116,425	3,152,257	(3,035,832)
TOTAL EXPENDITURES	<u>45,620,874</u>	<u>45,620,874</u>	<u>49,027,997</u>	<u>(3,407,123)</u>
Deficiency of revenues over expenditures	-	-	(3,142,813)	(3,142,813)
Other Financing Sources:				
Proceeds from Insurance Claims	-	-	410,086	410,086
Total other financing sources	-	-	<u>410,086</u>	<u>410,086</u>
Net change in fund balance	-	-	(2,732,727)	(2,732,727)
Fund balance-Beginning of year	<u>26,623,306</u>	<u>26,623,306</u>	<u>26,623,306</u>	-
Fund balance-End of Year	<u>\$ 26,623,306</u>	<u>\$ 26,623,306</u>	<u>\$ 23,890,579</u>	<u>\$ (2,732,727)</u>

Notes to Required supplementary Information: The Center's basis for preparing the annual budget is the same as that required by generally accepted accounting principles.

STATISTICAL SECTION

(UNAUDITED)

STATISTICAL SECTION

This part of Spindletop Center’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, not disclosures, and required supplementary information says about the government’s overall financial health.

Contents	<u>Page</u>
Financial Trends	
These schedules contain trend information to help the reader understand how the Center’s financial performance and well-being have changed over time.	49-53
Revenue Capacity	
These schedules contain information to help the reader assess the government’s revenue capacity developed based on the services to the client’s individual needs, values and opinions. Success is demonstrated in terms of client outcomes. Spindletop provides services in a safe, ethical and cost effective manner, in partnership with the community which it serves.	54-55
Debt Capacity	
These schedules present information to help the reader assess the affordability of the Center’s current levels of outstanding debt and the government’s ability to secure additional debt in the future.	56-58
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government’s financial activities take place.	59-64
Operating Information	
These schedules contain service information to help the reader understand how the information in the Center’s financial report relates to the services provided and the activities it performs.	65-75

**Spindletop Center
General Governmental Expenditures
And Other Financing Uses by Function
Last Ten Fiscal Years (Unaudited)**

<u>Fiscal Year</u>	<u>Mental Health Adult</u>	<u>Mental Health Child and Adolescent</u>	<u>Intellectual & Developmental Disability</u>	<u>Early Childhood Intervention</u>	<u>Substance Use Disorder</u>	<u>Housing</u>	<u>(b) 1115 Waiver Program</u>	<u>Other</u>	<u>Admin</u>	<u>(a) Principal</u>	<u>(a) Interest</u>	<u>Capital Outlay</u>	<u>Grand Total</u>
2012	8,501,225	1,464,021	11,396,520	2,138,971	881,883	409,569			4,120,275	--	--	1,240,859	30,153,323
2013	7,362,488	1,748,691	11,526,965	1,915,959	927,160	236,834	776,531	77,905	4,244,030	--	--	534,065	29,350,628
2014	8,484,077	1,867,285	12,138,746	1,937,578	791,277	271,337	3,059,934	895,321	4,430,502	--	--	2,784,770	36,660,827
2015	8,816,242	2,050,736	13,078,236	2,080,564	989,612	212,575	3,796,242	1,034,891	4,522,146	--	--	766,126	37,347,370
2016	11,226,171	2,816,944	13,169,175	2,136,083	954,945	218,210	3,813,218	967,325	4,973,996	--	--	644,395	40,920,462
2017	13,488,296	4,055,939	13,849,148	2,333,534	1,021,917	226,349	4,711,500	114,028	4,982,269	--	--	481,161	45,264,141
2018	12,400,383	4,108,084	13,597,587	3,761,799	1,106,949	240,428	3,289,231	595,637	4,507,685	--	--	1,220,460	44,828,243
2019	11,925,901	4,255,108	13,497,276	4,096,167	1,463,268	345,977	52,330	2,437,601	4,823,608	--	--	1,163,028	44,060,264
2020	12,926,325	4,043,358	12,470,260	3,669,671	1,378,157	-	-	3,992,945	6,106,032	--	--	2,674,456	47,261,204
2021	14,637,935	5,068,503	12,602,602	3,923,030	940,043	374,964	-	1,119,604	7,208,699	--	--	3,152,257	49,027,998

Notes:

(a) Spindletop Center had no outstanding long-term debt requiring principal and interest payment in FY 2021.

(b) Beginning in 2019 - Due to changes in the Medicaid 1115 Waiver Program, Center no longer has specific 1115 Programs. 1115 Waiver Expenses other than those directly supporting the waiver administration are included in Other.

**Spindletop Center
Governmental Revenue
And Other Financing Sources by Sources
Last Ten Fiscal Years (Unaudited)**

Fiscal Year	<u>Local (a)</u>	<u>State</u>	<u>Federal</u>	<u>Total</u>
2012	14,266,063	12,207,428	3,268,341	29,741,832
2013	15,628,719	12,063,229	2,942,660	30,634,608
2014	18,505,360	13,284,063	3,241,963	35,031,386
2015	22,488,387	12,887,672	3,730,504	39,106,563
2016	23,554,762	15,260,138	3,517,671	42,332,571
2017	26,871,747	16,835,715	3,823,049	47,530,511
2018	24,428,973	17,267,019	4,933,502	46,629,494
2019	21,314,039	16,704,617	4,993,556	43,012,212
2020	28,589,954	17,758,721	6,828,948	53,177,624
2021	21,547,388	18,167,273	6,170,524	45,885,185

(a) Includes other local, earned and investment earnings, as well as Medicaid 1115 Waiver earnings

**Spindletop Center
Revenue by Activity
Statistical Section
(Unaudited)**

Revenues by Activity

**Net Revenues, (Expenses)
and Changes in Net Position**

Fiscal Year	Charges for Services	Operating Grants and Contributions	Governmental Activities	General Revenue	Change In Net Position
2012	13,888,998	14,827,104	(923,341)	977,386	54,045
2013	14,865,029	14,801,149	(157,483)	929,311	198,754
2014	18,385,120	15,561,369	(1,073,077)	1,081,720	8,643
2015	22,327,358	15,647,761	231,709	1,287,327	1,519,036
2016	22,535,206	18,623,726	(404,894)	1,156,468	751,574
2017	26,557,452	20,061,941	675,400	902,118	1,577,518
2018	24,321,076	21,282,108	910,372	925,400	1,835,772
2019	21,525,876	20,259,861	(2,610,380)	1,642,913	(967,467)
2020	30,951,862	21,061,989	5,714,352	3,677,198	9,391,551
2021	22,252,700	21,327,927	(3,233,581)	6,663,367	3,429,786

Revenues by Activity and Program

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<u>Mental Health - Adult</u>										
Charges for Services	2,556,955	2,373,071	2,105,029	1,950,171	2,027,243	1,655,435	1,534,080	1,493,594	1,467,797	1,670,518
Operating Grants/Contributions	12,014,155	11,663,526	10,897,815	12,039,038	11,770,830	11,535,061	8,198,617	8,799,369	7,995,200	7,790,918
<u>Mental Health - Child</u>										
Charges for Services	2,263,760	2,472,606	3,265,801	3,998,165	4,015,880	2,916,086	2,358,882	1,465,729	1,683,664	1,390,826
Operating Grants/Contributions	2,087,268	2,035,929	1,671,783	1,803,026	2,056,029	1,599,480	1,519,058	1,827,876	1,566,356	1,746,756
<u>Intellectual and Development Disability</u>										
Charges for Services	8,891,246	9,879,268	9,851,402	9,999,604	10,997,172	10,642,805	10,436,394	9,711,817	9,640,837	9,594,533
Operating Grants/Contributions	3,638,100	3,697,668	3,700,547	3,918,027	3,959,728	3,448,972	3,500,703	3,256,677	3,260,860	3,262,019
<u>Early Childhood Intervention</u>										
Charges for Services	1,463,942	1,645,719	2,313,914	1,757,390	1,412,057	1,375,258	1,104,615	997,543	1,062,197	1,083,171
Operating Grants/Contributions	2,847,914	2,685,885	2,359,571	2,460,087	1,091,930	973,586	1,132,454	864,178	873,558	1,210,595
<u>Substance Abuse Programs</u>										
Charges for Services	137,820	222,253	313,660	108,618	88,116	110,187	116,488	110,672	124,371	93,845
Operating Grants/Contributions	512,206	897,457	1,035,234	1,061,930	1,001,835	875,415	818,541	686,501	821,492	816,816
<u>Housing Program</u>										
Charges for Services	167,121	-	197,650	126,685	133,238	172,485	140,637	139,133	117,749	56,105
Operating Grants/Contributions	-	-	-	-	-	-	-	-	-	-
<u>1115 Waiver Program</u>										
Charges for Services	-	-	2,694,122	6,249,711	7,883,746	5,662,950	6,621,902	4,453,116	768,414	-
Operating Grants/Contributions	-	-	-	-	-	-	-	-	250,000	-
<u>Other Programs</u>										
** includes 1115 Waiver- Charges for Services	6,771,856	14,358,945	784,298	130,732	-	-	14,360	13,516	-	-
Operating Grants/Contributions	228,284	81,524	594,911	-	181,590	191,212	478,388	126,768	33,683	-
Total Revenues By Programs	43,580,627	52,013,851	41,785,737	45,603,184	46,619,393	41,158,932	37,975,119	33,946,489	29,666,178	28,716,102

Spindletop Center
10 Year Comparison
Budget to Revenue and Expense
(Unaudited)

Fiscal Year	Budgeted for Revenue	Actual Revenue	Revenue (Under) Over Budget	Budgeted for Expense	Actual Expenses	Expense Under (Over) Budget	Other Financing Sources	Net Change in Fund Balance
2012	30,074,106	29,741,832	(332,274)	30,074,106	30,153,323	(79,217)	950	(411,491)
2013	30,489,584	30,634,608	145,024	30,489,584	29,350,628	1,138,956	(423,074)	860,906
2014	36,568,726	35,031,386	(1,537,340)	35,690,940	36,660,827	(969,887)	-	(1,629,441)
2015	37,684,779	39,106,563	1,421,784	36,752,192	37,347,370	(595,178)	-	2,002,007
2016	43,624,645	42,332,571	(1,292,074)	41,439,093	40,920,462	518,631	-	1,412,109
2017	46,279,022	47,530,511	1,251,489	43,171,074	45,264,140	(2,093,066)	-	2,266,371
2018	50,274,811	46,629,494	(3,645,317)	47,121,676	44,828,423	2,293,253	-	1,801,071
2019	43,957,396	43,012,213	(945,183)	43,957,395	44,060,264	(102,869)	-	(1,048,051)
2020	46,961,884	53,177,624	6,215,740	46,952,853	47,261,205	(308,352)	6,888,566	12,804,985
2021	45,620,874	45,885,185	264,311	45,620,874	49,027,997	(3,407,123)	410,086	(2,732,727)

**Spindletop Center
10 Year Comparison
Fund Balances
Statistical Section
(Unaudited)**

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<u>General Fund</u>										
Non-spendable - Prepaid	252,169	348,856	501,422	660,478	765,139	830,734	344,115	373,285	325,236	374,827
Non-spendable – Note Receivable	415,010									
Committed	3,671,141	16,444,736	3,539,079	1,308,590	930,927	653,583	413,687	656,171	184,390	128,656
Unassigned	19,552,259	9,829,714	9,777,819	12,897,303	11,369,234	9,314,612	8,629,018	6,355,357	8,504,628	7,649,865
Total	23,890,579	26,623,306	13,818,320	14,866,371	13,065,300	10,798,929	9,386,820	7,384,813	9,014,254	8,153,348

Spindletop Center
Net Revenue/Expense and Change in Net Position
Reporting Under GASB 34
Statistical Section
(Unaudited)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Mental Health - Adult										
Total Revenue by Activity	14,571,110	14,036,597	13,002,844	13,989,209	13,798,073	13,190,496	9,732,697	10,292,963	9,462,997	9,485,405
Total Expense by Activity	17,198,261	15,216,608	13,958,844	14,127,696	15,434,087	13,357,384	10,493,248	10,249,548	9,119,839	10,342,507
Change in N.P. by Activity	(2,627,151)	(1,180,011)	(956,000)	(138,487)	(1,636,014)	(166,888)	(760,551)	43,415	343,158	(857,102)
Mental Health - Child										
Total Revenue by Activity	4,351,028	4,508,535	4,937,584	5,801,191	6,071,909	4,515,566	3,877,940	3,293,605	3,250,020	3,137,582
Total Expense by Activity	6,012,881	4,839,478	4,948,524	4,684,538	4,667,311	3,292,342	2,403,695	2,187,634	2,094,455	1,729,762
Change in N.P. by Activity	(1,661,853)	(330,943)	(10,940)	1,116,653	1,404,597	1,223,224	1,474,245	1,105,970	1,155,565	1,407,820
Intellectual & Developmental Disability										
Total Revenue by Activity	12,529,346	13,576,936	13,551,949	13,917,631	14,956,900	14,091,777	13,937,097	12,968,494	12,901,697	12,856,552
Total Expense by Activity	15,433,279	14,975,612	15,685,084	15,415,054	15,901,070	15,363,195	15,267,701	14,289,609	13,853,658	13,527,838
Change in N.P. by Activity	(2,903,933)	(1,398,676)	(2,133,134)	(1,497,423)	(944,171)	(1,271,418)	(1,330,604)	(1,321,115)	(951,961)	(671,286)
Early Childhood Intervention										
Total Revenue by Activity	4,311,856	4,331,604	4,673,485	4,217,477	2,503,987	2,348,844	2,237,069	1,861,721	1,935,755	2,293,766
Total Expense by Activity	4,926,428	4,452,823	4,620,711	4,191,463	2,636,703	2,419,404	2,339,282	2,196,460	2,213,415	2,505,145
Change in N.P. by Activity	(614,572)	(121,219)	52,774	26,014	(132,716)	(70,560)	(102,214)	(334,739)	(277,660)	(211,379)
Substance Abuse Programs										
Total Revenue by Activity	650,026	1,119,710	1,348,894	1,170,548	1,089,951	985,602	935,029	797,173	945,863	917,197
Total Expense by Activity	1,235,247	1,750,696	1,752,560	1,331,904	1,248,685	1,163,899	1,158,083	964,782	1,128,601	1,139,410
Change in N.P. by Activity	(585,221)	(630,986)	(403,666)	(161,356)	(158,733)	(178,297)	(223,054)	(167,609)	(182,738)	(222,213)
Housing Program										
Total Revenue by Activity	167,121	-	383,734	126,685	133,238	172,485	140,637	139,133	117,749	156,105
Total Expense by Activity	629,818	-	543,502	377,661	354,367	346,021	329,393	497,304	394,997	525,286
Change in N.P. by Activity	(462,097)	-	(159,768)	(250,976)	(221,129)	(173,536)	(188,756)	(358,171)	(277,248)	(369,181)
1115 Waiver Program										
Total Revenue by Activity	-	-	2,694,122	6,249,711	7,883,746	5,662,950	6,621,902	4,453,116	1,018,414	-
Total Expense by Activity	-	-	149,253	3,898,739	5,550,213	4,531,020	4,591,142	3,624,732	929,167	-
Change in N.P. by Activity	-	-	2,544,869	2,350,972	2,333,533	1,131,930	2,030,760	828,384	89,247	-
Other Programs										
Total Revenue by Activity	7,000,140	14,440,469	1,379,209	130,732	181,590	191,212	492,748	140,284	33,683	-
Total Expense by Activity	1,378,893	5,064,283	2,737,640	665,758	151,559	1,090,561	1,160,865	1,009,496	89,528	-
Change in N.P. by Activity	5,621,247	9,376,186	(1,358,431)	(535,026)	30,032	(899,349)	(668,117)	(869,213)	(55,845)	-
General Revenues	6,663,367	3,677,198	1,642,913	925,400	902,118	1,156,468	1,287,327	1,081,720	929,311	977,386
Transfer - Spindletop Housing Corp.	-	-	-	-	-	-	-	(573,074)	-	-
Net Revenue/Expense & Change in Net Position	3,429,785	9,391,551	(967,467)	1,835,771	1,577,517	751,574	1,519,036	8,642	198,755	54,045

**Spindletop Center
Expenses by Activity
Statistical Section
(Unaudited)**

Fiscal Year	Mental Health Adult	Mental Health Child	Intellectual & Development Disability	Early Childhood Intervention	Substance Abuse Programs	Housing Program	(b) 1115 Waiver Program	Other Programs	(a) Interest on Long Term Debt	Total After Allocation of Admin	Admin Allocated to Programs
2012	10,342,507	1,729,762	13,527,838	2,505,145	1,139,410	525,286			-	29,769,948	4,232,795
2013	9,119,839	2,094,455	13,853,658	2,213,415	1,128,601	394,997	929,167	89,528	-	29,823,661	4,439,443
2014	10,249,548	2,187,634	14,289,609	2,196,460	964,782	497,304	3,624,732	1,009,496	-	35,019,566	4,625,442
2015	10,493,248	2,403,695	15,267,701	2,339,283	1,158,083	329,393	4,591,142	1,160,865	-	37,743,410	4,712,955
2016	13,357,384	3,292,342	15,363,195	2,419,404	1,163,899	346,021	4,531,020	1,090,561	-	41,563,826	5,184,283
2017	15,434,087	4,667,311	15,901,070	2,636,703	1,248,685	354,367	5,550,213	151,559	-	45,943,993	5,209,052
2018	14,127,696	4,684,538	15,415,054	4,191,463	1,331,904	377,661	3,898,739	665,758	-	44,692,813	4,646,187
2019	13,958,844	4,948,524	15,685,083	4,620,711	1,752,560	543,502	149,254	2,737,640	-	44,396,117	5,039,620
2020	15,216,608	4,839,478	14,975,612	4,452,823	1,750,696	-	-	5,064,283	-	46,299,500	6,441,085
2021	17,198,261	6,012,881	15,433,279	4,926,428	1,235,247	629,218	-	1,378,893	-	46,814,208	7,008,750

55

Notes:

(a) Spindletop Center had no outstanding long-term debt requiring principal and interest payment in FY 2021.

(b) Beginning in 2019 - Due to changes in the Medicaid 1115 Waiver Program, Center no longer has specific 1115 Programs. 1115 Waiver Expenses other than those directly supporting the waiver administration are included in Other.

Spindletop Center
Total Debt Service to Expenditures
Statistical Section
(Unaudited)

Spindletop Center has had no debt prior to FY 2021.

In May 2020, the Center obtained a Paycheck Protection Program loan in the amount of \$4,443,478. Application for forgiveness was submitted December 31, 2020 and granted on June 16, 2021.

Due to the forgiveness of this debt, a schedule would not be meaningful.

Spindletop Center
Components of Net Position
Statistical Section
(Unaudited)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Net Investment in Capital Assets	20,599,787	18,954,934	17,717,260	17,757,053	17,742,982	18,456,636	19,018,409	19,513,398	17,814,099	18,390,499
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	22,687,934	20,903,001	12,749,124	13,676,798	11,855,097	9,563,925	8,250,578	6,236,553	7,927,209	7,152,055
Total Net Position	43,287,721	39,857,935	30,466,384	31,433,851	29,598,079	28,020,561	27,268,987	25,749,951	25,741,308	25,542,554

Spindletop Center
Total Debt of Primary Government
Statistical Section
(Unaudited)

Spindletop Center has had no debt prior to FY 2021.

In May 2020, the Center obtained a Paycheck Protection Program loan in the amount of \$4,443,478. Application for forgiveness was submitted December 31, 2020 and granted on June 16, 2021.

Due to the forgiveness of this debt, a schedule would not be meaningful.

**Spindletop Center
Principal Employers
Current Year and Nine Years Ago **
(Unaudited)**

Jefferson County

** Most current information available

<u>Employer</u>	<u>FY 2020</u>		<u>FY 2011</u>	
	<u>Employees</u>	<u>Percentage of Top Employment</u>	<u>Employees</u>	<u>Percentage of Top Employment</u>
State of Texas	4,392	4.72%	5,500	5.32%
Beaumont ISD	2,328	2.50%	3,000	2.90%
ExxonMobil Oil Corporation	2,361	2.54%	2,050	1.98%
Christus Health Southeast Texas	2,465	2.65%	1,706	1.65%
Motiva Enterprises	1,675	1.80%	1,340	1.30%
Memorial Hermann Baptist Hospital	1,468	1.58%	1,300	1.26%
City of Beaumont	1,256	1.35%	1,277	1.24%
Port Arthur ISD	1,347	1.45%	1,145	1.11%
Jefferson County	1,130	1.22%	1,179	1.14%
Valero	766	0.82%		
Motiva Crude Expansion Project			10,241	9.91%
Total	19,188	20.63%	28,738	27.81%

Chambers County

** Most current information available

<u>Employer</u>	<u>FY 2020</u>		<u>FY 2013 **</u>	
	<u>Employees</u>	<u>Percentage of Top Employment</u>	<u>Employees</u>	<u>Percentage of Top Employment</u>
ExxonMobil Oil Corporation	3,800	20.19%	486	3.00%
Goose Creek CISD	3,015	16.02%		
Houston Methodist San Jacinto Hospital	1,630	8.66%		
Bayer Material Science-Coverstro	1,000	5.31%	1,100	6.79%
Chevron-Phillips	970	5.15%	685	4.23%
Targa	950	5.05%		
City of Baytown	800	4.25%		
Lee College	750	3.99%		
Barber's Hill ISD	685	3.64%		
Wal-Mart Associates	600	3.19%	600	3.70%
Jindal Steel Works			780	4.81%
Total	14,200	75.46%	3,651	22.53%

**Spindletop Center
Principal Employers - continued
Current Year and Nine Years Ago **
(Unaudited)**

Orange County

** Most current information available

<u>Employer</u>	<u>FY 2020</u>		<u>FY 2011</u>	
	<u>Employees</u>	<u>Percentage of Top Employment</u>	<u>Employees</u>	<u>Percentage of Top Employment</u>
EI Dupont de Nemours & Co	920	2.42%	900	2.37%
Invista	732	1.93%	375	0.99%
Little Cypress-Mauriceville ISD	584	1.54%	584	1.54%
Orange County	500	1.32%	500	1.32%
West Orange Cove Consolidated ISD	450	1.18%	450	1.18%
International Paper	412	1.08%	345	0.91%
Kellog - Brown & Root	420	1.11%	300	0.79%
Lanxess, Inc.	390	1.03%	330	0.87%
Lamar State College - Orange	274	0.72%	274	0.72%
Cloeren Company, Inc.	250	0.66%	250	0.66%
Orangefield ISD	249	0.66%	249	0.66%
Firestone Polymers	200	0.53%	300	0.79%
Total	5,381	14.03%	4,297	12.80%

Hardin County

** Most current information available

<u>Employer</u>	<u>FY 2020</u>		<u>FY 2011</u>	
	<u>Employees</u>	<u>Percentage of Top Employment</u>	<u>Employees</u>	<u>Percentage of Top Employment</u>
Walmart Supercenter	500 - 1000	n/a	n/a	n/a
BNSF	100 - 499	n/a	n/a	n/a
Brookshire Brothers	100 - 499	n/a	n/a	n/a
Dragon Products	100 - 499	n/a	n/a	n/a
Paschal Welding	100 - 499	n/a	n/a	n/a
Pineywoods Sanitation	100 - 499	n/a	n/a	n/a
South Hampton Resources, Inc.	100 - 499	n/a	n/a	n/a
Streamline Production Systems	100 - 499	n/a	n/a	n/a
Triple S	100 - 499	n/a	n/a	n/a
Wooden Pallets	100 - 499	n/a	n/a	n/a
Total				

Sources -

- Economic Development Councils
- Area Chambers of Commerce

**Spindletop Center
Service Area Demographic and Economic Statistics (By County)
Last 10 Years
(Unaudited)**

Jefferson County

<u>Year</u>	<u>Population (a)</u>	<u>Total Personal Income (a)</u>	<u>Per Capita Personal Income (a)</u>	<u>Unemployment Rate (b)</u>
2011	252,273	\$ 9,369,167	\$ 37,139	11.70%
2012	252,802	\$ 9,786,471	\$ 38,712	10.20%
2013	251,813	\$ 9,658,791	\$ 38,357	10.10%
2014	252,358	\$ 10,083,721	\$ 39,958	7.80%
2015	255,235	\$ 9,971,354	\$ 39,532	6.60%
2016	254,308	\$ 10,809,362	\$ 42,505	7.40%
2017	254,679	\$ 11,451,641	\$ 44,965	8.50%
2018	256,299	\$ 11,524,485	\$ 44,965	6.20%
2019	255,001	\$ 12,358,113	\$ 48,463	5.60%
2020	251,565	\$ 14,036,572	\$ 55,797	13.10%

Chambers County

<u>Year</u>	<u>Population (a)</u>	<u>Total Personal Income (a)</u>	<u>Per Capita Personal Income (a)</u>	<u>Unemployment Rate (b)</u>
2011	35,687	\$ 1,798,647	\$ 50,750	9.30%
2012	36,388	\$ 1,969,630	\$ 54,568	8.00%
2013	37,215	\$ 2,006,107	\$ 54,496	7.20%
2014	38,145	\$ 1,792,274	\$ 46,986	5.70%
2015	38,863	\$ 1,792,274	\$ 46,118	5.30%
2016	39,899	\$ 1,929,438	\$ 49,647	6.10%
2017	41,441	\$ 1,929,438	\$ 46,559	6.50%
2018	42,454	\$ 2,200,476	\$ 51,832	6.50%
2019	43,867	\$ 2,278,642	\$ 53,673	4.50%
2020	45,590	\$ 2,481,633	\$ 56,610	4.50%

Orange County

<u>Year</u>	<u>Population (a)</u>	<u>Total Personal Income (a)</u>	<u>Per Capita Personal Income (a)</u>	<u>Unemployment Rate (b)</u>
2011	82,331	\$ 3,035,566	\$ 36,870	12.10%
2012	82,881	\$ 3,186,958	\$ 38,452	11.00%
2013	82,811	\$ 3,132,230	\$ 37,824	10.80%
2014	83,249	\$ 3,363,436	\$ 40,402	8.50%
2015	83,946	\$ 3,507,046	\$ 41,777	6.70%
2016	84,533	\$ 3,576,049	\$ 42,304	7.40%
2017	84,936	\$ 3,670,645	\$ 43,217	6.70%
2018	83,572	\$ 3,755,583	\$ 44,938	5.80%
2019	83,396	\$ 3,808,098	\$ 45,663	5.10%
2020	83,318	\$ 4,013,678	\$ 48,173	11.30%

Hardin County

<u>Year</u>	<u>Population (a)</u>	<u>Total Personal Income (a)</u>	<u>Per Capita Personal Income (a)</u>	<u>Unemployment Rate (b)</u>
2011	55,061	\$ 2,038,988		
2012	55,117	\$ 2,147,634	\$ 38,965	8.90%
2013	55,301	\$ 2,145,138	\$ 38,790	8.30%
2014	55,508	\$ 2,287,409	\$ 41,209	6.70%
2015	55,761	\$ 2,389,574	\$ 42,854	6.00%
2016	56,260	\$ 2,431,993	\$ 43,228	6.80%
2017	57,159	\$ 2,530,607	\$ 44,273	6.40%
2018	57,207	\$ 2,630,490	\$ 56,982	5.30%
2019	57,602	\$ 2,720,004	\$ 47,221	4.30%
2020	58,097	\$ 2,855,990	\$ 49,159	7.90%

Sources:

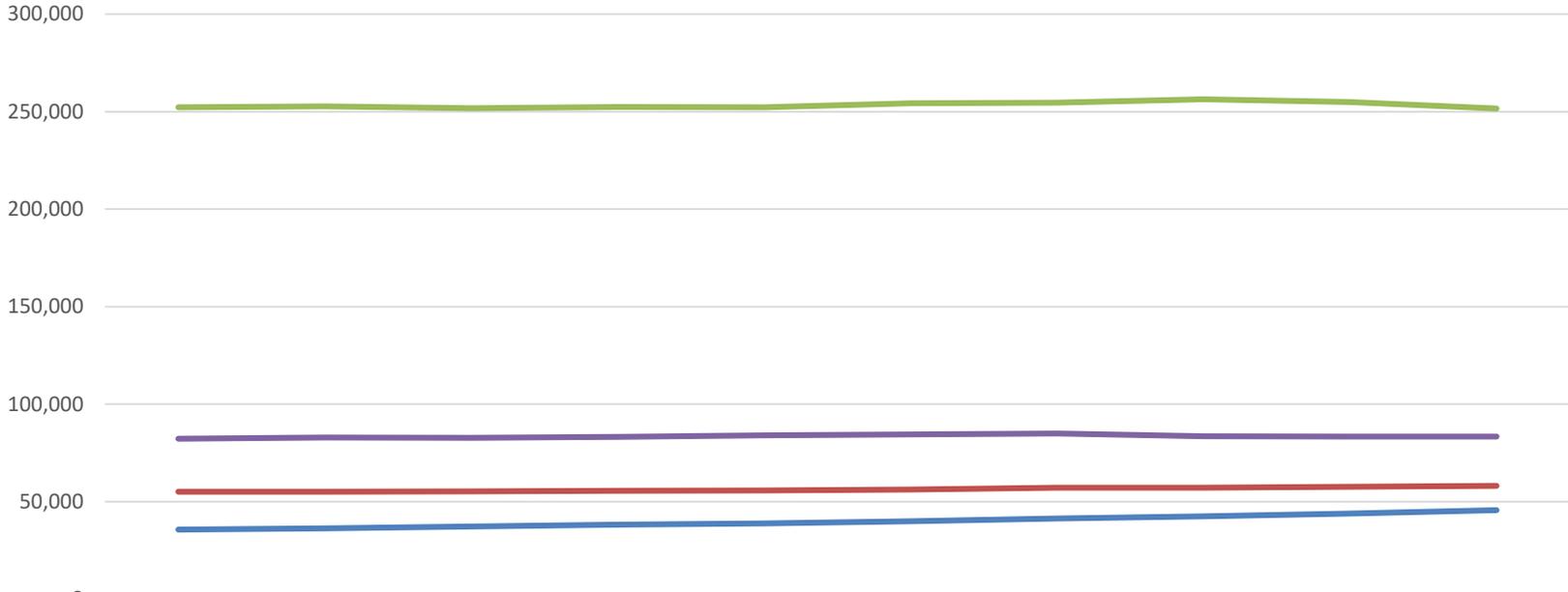
(a) Bureau of Economic Analysis

(b) Bureau of Labor Statistics

* There is a one-year lag for county Total Personal Income and Per Capita Personal Income

**Spindletop Center
Service Area Demographic Statistics
Population
(Unaudited)**

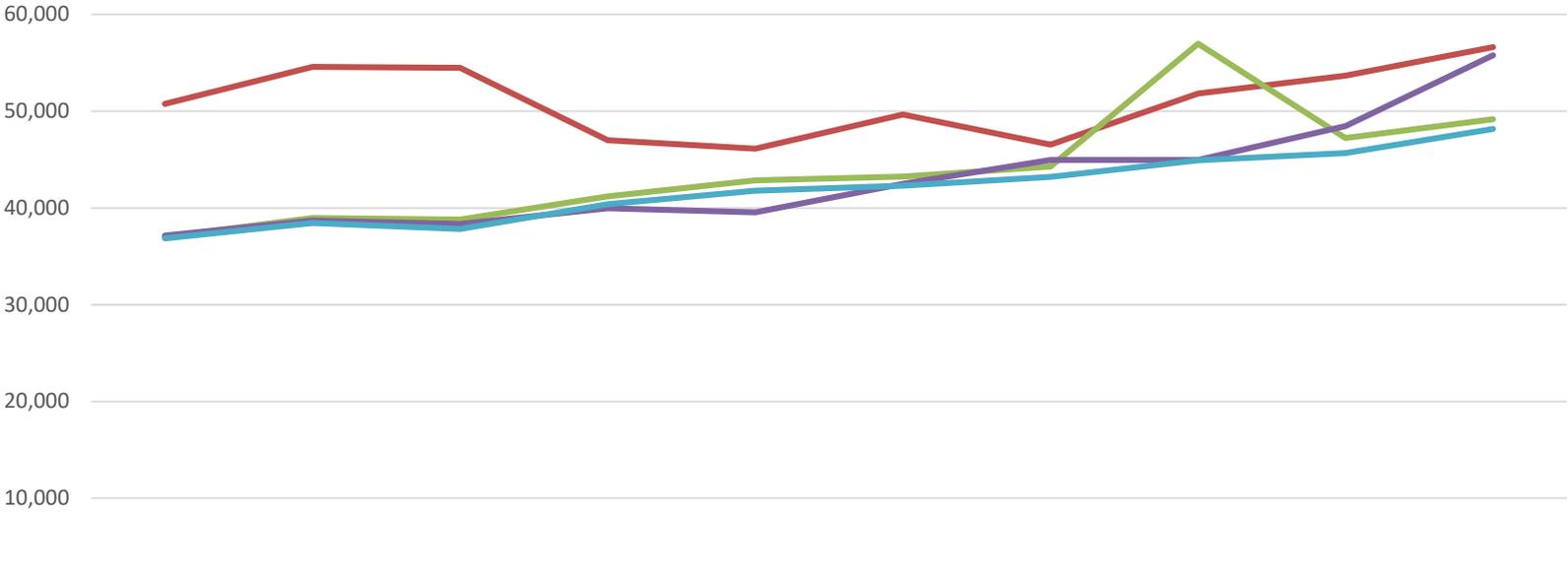
62



	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Chambers	35,687	36,388	37,215	38,145	38,863	39,899	41,441	42,454	43,867	45,590
Hardin	55,061	55,117	55,301	55,508	55,761	56,260	57,159	57,207	57,602	58,097
Jefferson	252,273	252,802	251,813	252,358	252,235	254,308	254,679	256,299	255,001	251,565
Orange	82,331	82,881	82,811	83,249	83,946	84,533	84,936	83,572	83,396	83,318

— Chambers
 — Hardin
 — Jefferson
 — Orange

**Spindletop Center
Service Area Demographic Statistics
Per Capita Income Graph
(Unaudited)**

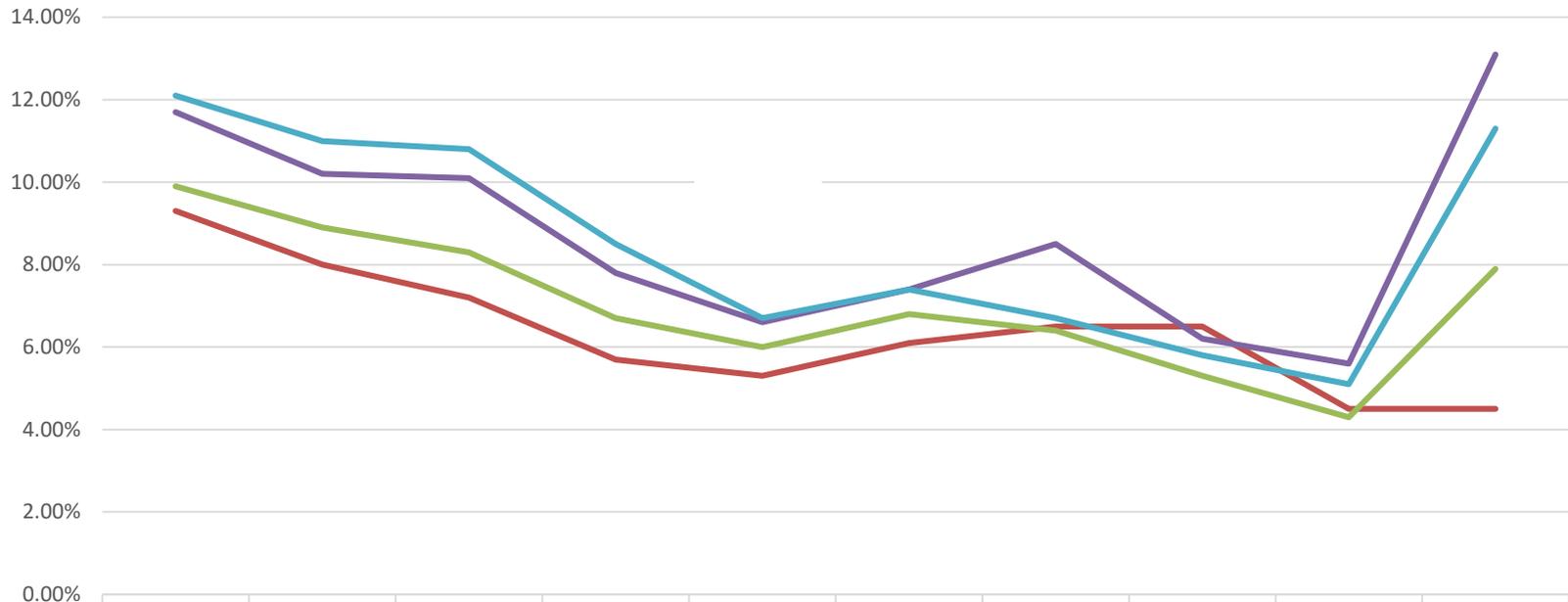


	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Chambers	50,750	54,568	54,496	46,986	46,118	49,647	46,559	51,832	53,673	56,610
Hardin	37,031	38,965	38,790	41,209	42,854	43,228	44,273	56,982	47,221	49,159
Jefferson	37,139	38,712	38,357	39,958	39,532	42,505	44,965	44,965	48,463	55,797
Orange	36,870	38,452	37,824	40,402	41,777	42,304	43,217	44,938	45,663	48,173

— Chambers
 — Hardin
 — Jefferson
 — Orange

**Spindletop Center
Service Area Demographic Statistics
Unemployment Rates for Counties served by Spindletop Center
(Unaudited)**

64



	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Chambers	9.30%	8.00%	7.20%	5.70%	5.30%	6.10%	6.50%	6.50%	4.50%	4.50%
Hardin	9.90%	8.90%	8.30%	6.70%	6.00%	6.80%	6.40%	5.30%	4.30%	7.90%
Jefferson	11.70%	10.20%	10.10%	7.80%	6.60%	7.40%	8.50%	6.20%	5.60%	13.10%
Orange	12.10%	11.00%	10.80%	8.50%	6.70%	7.40%	6.70%	5.80%	5.10%	11.30%

— Chambers
 — Hardin
 — Jefferson
 — Orange

Spindletop Center
Agency FTE's by Function
(Unaudited)

<u>Fiscal Year</u>	<u>Mental Health Adult</u>	<u>Mental Health Child</u>	<u>Intellectual & Developmental Disability</u>	<u>Early Childhood Intervention</u>	<u>Substance Use Disorder</u>	<u>Housing Program</u>	<u>Admin</u>	<u>Other Programs</u>	<u>Total</u>
2012	Information unavailable								
2013	Information unavailable								
2014	Information unavailable								
2015	Information unavailable								
2016	88	41	155	30	24	2	73	66	479
2017	77	60	157	31	24	2	70	96	517
2018	80	61	157	50	23	2	60	89	522
2019	85	50	125	51	15	2	50	81	459
2020	111	60	128	45	12	2	49	50	457
2021	89	64	125	46	14	2	55	74	469

SPINDLETOP CENTER
SCHEDULE OF REVENUES AND EXPENDITURES BY SOURCE OF FUNDS
GENERAL FUND (Unaudited)
For the Year Ended August 31, 2021

<u>Fund Source</u>	<u>Total Mental Health Adult & Crisis</u>	<u>Total Mental Health Children</u>	<u>Total Intellectual & Developmental Disabilities</u>	<u>Total Other</u>	<u>Total Center</u>
Objects of Expense					
Salaries	\$ 4,796,352	\$ 3,060,784	\$ 4,843,307	\$ 5,247,354	\$ 17,947,798
Employee Benefits	1,714,101	1,122,879	2,069,610	1,967,503	6,874,093
Professional and Consultant Services	5,202,668	537,228	4,424,119	689,098	10,853,113
Training and Travel	9,070	28,068	25,273	98,303	160,714
Capital Outlay	389,683	21,118	2,501,914	692,457	3,152,257
Non-Capitalized Equipment	45,760	59,308	122,488	298,858	526,414
Pharmaceutical Expense					
Pharmaceutical Expense (PAP only)	3,908,517				3,908,517
Other Operating Expenses	273,032	218,724	769,744	1,024,903	2,739,323
Allocation of General Administration to Strategies	1,853,487	752,703	2,200,277	1,493,815	6,300,282
Allocation of Authority Administration to Strategies	182,787	74,230	216,987		474,004
Total Expenditures	\$ 18,375,457	\$ 5,875,042	\$ 17,173,724	\$ 11,512,292	\$ 52,936,515
Method of Finance					
General Revenue Allocated from DSHS	\$ 10,255,891	\$ 1,522,548	\$	\$ 307,996	\$ 12,086,435
General Revenue Allocated from DADS			3,638,100		3,638,100
Title XX Social Services Block Grant, CFDA #93.667	129,609				129,609
Mental Health Block Grant, CFDA #93.958	480,341	326,232		163,297	969,870
TANF, CFDA #93.558.667		238,488			238,488
Medicaid Waiver			6,825,398		6,825,398
PATH, CFDA #93.150	265,845				265,845
Medical Assistance Program, CFDA #93.778	1,127,964	578,746	1,383,002	1,166,983	4,256,695
Other Federal				144,467	144,467
Medicaid 1115 Transformation Waiver				6,340,267	6,340,267
Other State Agencies	639,460		3,105	3,389,282	4,031,847
Required Local Match	494,684	187,854	292,987		975,525
Additional Local Funds	4,981,663	3,021,174	5,031,132		13,033,969
Total Method of Finance	\$ 18,375,457	\$ 5,875,042	\$ 17,173,724	\$ 11,512,292	\$ 52,936,515
Reconciliation of Final Report III to Audit:					
Expenditures per audit report					\$ 49,027,997
Pharmaceutical Expense (PAP only)					3,908,517
Rounding					1
Expenditures per final Report III					\$ 52,936,515
Revenue per audit report					\$ 46,295,271
Revenue from other funding sources					410,086
Excess revenues not reported on Report III					2,322,639
Pharmaceutical Expense (PAP only)					3,908,517
Rounding					2
Revenue per final Report III					\$ 52,936,515

**SPINDLETOP CENTER
RECONCILIATION OF TOTAL EXPENDITURES
TO FOURTH QUARTER FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2021
(UNAUDITED)**

Object of Expenditure	CARE Report III	Additions	Deletions	Audit Financial Statements
Personnel	\$ 21,530,260			\$ 21,530,260
Employee Benefits	8,237,570			8,237,570
Professional and Consulting Services	11,268,019			11,302,267
Training and Travel	197,526			196,4733
Capital Outlay	3,152,257			3,152,257
Non-capitalized Equipment	1,192,624			27,075
Pharmaceutical Expense	-			129,213
Pharmaceutical Expenses (PAP) only	3,908,517		3,908,517 (a)	-
Other Operating Expenses	3,449,742			4,452,882
Total Expenditures	\$ 52,936,515	\$	\$ 3,908,517	\$ 49,027,997

(a) PAP not included in financial statements

**SPINDLETOP CENTER
RECONCILIATION OF TOTAL REVENUES
FOR THE YEAR ENDING AUGUST 31, 2021
(UNAUDITED)**

Fund Source	Total Revenue	Expended Revenue	Excess Revenue
General Revenue Allocated from DSHS	\$ 12,086,435	\$ 12,086,435	\$
General Revenue Allocated from DADS	3,638,100	3,638,100	
Title XX Social Services Block Grant, CFDA # 93.667	129,609	129,609	
Mental Health Block Grant, CFDA # 93.958	969,870	969,870	
TANF, CFDA #93.558.667	238,488	238,488	
Medicaid Waiver	6,825,398	6,825,398	
PATH, CFDA #93.150	265,845	265,845	
Medical Assistance Program, CFDA # 93.778:	4,256,695	4,256,695	
Other Federal	144,467	144,467	
Medicaid 1115 Transformation Waiver	7,464,548	6,340,267	1,124,281
Other State Agencies	4,031,847	4,031,847	
Required Local Match (See Below)	975,525	975,525	
Additional Local Funds	13,033,969	13,033,969	
Total Expended Sources	\$ 54,060,796	\$ 52,936,515	\$ 1,124,281
Required Local Match & Additional Local Funds			
County Government Tax Funds	\$ 632,290	\$ 632,290	\$
Patient Fees (Insurance and Reimbursements)	2,833,229	2,833,229	
Miscellaneous Income & Contributions	2,778,451	2,778,451	
Transfers In	3,857,007	3,857,007	
PAP Contributions	3,908,517	3,908,517	
	\$ 14,009,494	\$ 14,009,494	\$

**SPINDLETOP CENTER
SCHEDULE OF INDIRECT COST (UNAUDITED)
YEAR ENDED AUGUST 31, 2021**

	<u>Per CARE Report III</u>	<u>Reclassifications</u>	<u>Reclassified Cost</u>	<u>Nonallowable Cost</u>	<u>Depreciation</u>	<u>Total Adjusted Cost</u>	<u>Direct Cost</u>	<u>Indirect Cost</u>
Salaries	\$ 17,947,798	\$	\$ 17,947,798	\$	\$	\$ 17,947,798	\$ 14,365,338	\$ 3,582,463
Employee Benefits	6,874,093		6,874,093			6,874,093	5,510,620	1,363,473
Other Expenditures	21,053,850		21,053,850	(194,774)		20,859,076	19,030,726	1,828,350
Capital Outlay	3,152,257		3,152,257	(3,152,257)				
Depreciation					1,470,868	1,470,868	1,199,223	271,645
PAP	3,908,517		3,908,517	(3,908,517)				
Total	<u>\$ 52,936,515</u>	<u>\$ -</u>	<u>\$ 52,936,515</u>	<u>\$ (7,255,548)</u>	<u>\$ 1,470,868</u>	<u>\$ 47,151,835</u>	<u>\$ 40,105,904</u>	<u>\$ 7,045,931</u>
Less PAP			(3,908,517)					
Rounding			(1)					
Expenditures per audit			<u>\$ 49,027,997</u>					

Rate Computation

Indirect Cost	\$ 7,045,931
Direct Cost	\$ 40,105,904
Indirect Cost Rate	17.57%

**SPINDLETOP CENTER
SCHEDULE OF LEASES (UNAUDITED)
YEAR ENDED AUGUST 31, 2021**

	<u>Annual Amount</u>
Lessor: Silsbee Community Center	
Terms: \$1,000 per Month for Office Space	\$ 36,000
Period: September 1, 2020 through August 31, 2021	
Terms: \$2,000 per Month for Office Space	
Period: September 1, 2020 through August 31, 2021	
Location: Silsbee, Texas	
Lessor: Office Depot	
Terms: \$35 per Unit per Month	9,590
Period: February 14, 2020 through February 13, 2021	
Terms: \$35 per Unit per Month	
Period: February 14, 2021 through February 13, 2022	
Location: Chicago, Illinois	
Lessor: Southeast Texas Optometric	
Terms: \$2,000 per month prorated amount for Rental Space	4,000
Period: September 1, 2020 through October 31, 2020	
Location: Beaumont, Texas	
Lessor: Baptist Hospital of S.E. Texas	
Terms: \$11,000 per month prorated amount for Rental Space	22,000
Period: September 1, 2020 through October 30, 2020	
Location: Beaumont, Texas	
Lessor: Galveston Bay Properties	
Terms: \$1,700 per Month prorated amount for Rental Space	20,400
Period: October 31, 2019 through August 31, 2022	
Location: Galveston, Texas	
Lessor: Double H Property Mgmt. LLC	
Terms: \$1,400 per Month for Residential Services	16,800
Period: November 1, 2019 through October 31, 2020	
Terms: \$1,500 per Month for Residential Services	
Period: November 1, 2020 through October 31, 2021	
Location: Lumberton, Texas	
Lessor: Region 5 Education Service Center	15,000
Terms: \$1,500 prorated amount for Rental Space	
Period: October 31, 2020 through August 31, 2021	
Location: Beaumont, Texas	
Lessor: Spindletop Housing Corporation	3,266
Terms: \$625 prorated amount for Rental Space	
Period: March 25, 2021 through August 31, 2021	
Location: Beaumont, Texas	
Total	127,056

SPINDLETOP CENTER
SCHEDULE OF INSURANCE IN FORCE (UNAUDITED)
YEAR ENDED AUGUST 31, 2021

<u>Insurer</u>	<u>Policy Period</u>	<u>Coverage</u>	<u>Limits of Coverage</u>
Texas Council Risk Management Fund	09/01/20 – 08/31/21	Worker’s Compensation	Statutory
Texas Council Risk Management Fund	09/01/20 – 08/31/21	General Liability	\$1,000,000
Texas Council Risk Management Fund	09/01/20 – 08/31/21	Automobile Liability	\$1,000,000
Texas Council Risk Management Fund	09/01/20 – 08/31/21	Errors and Omissions	\$1,000,000
Texas Council Risk Management Fund	09/01/20 – 08/31/21	Property	\$38,226,887
Texas Council Risk Management Fund	09/01/20 – 08/31/21	Automobile Physical Damage	Actual Cash Value
Arthur J. Gallagher Risk Management	07/01/20 – 06/30/21	Windstorm/Hail	\$30,334,569
Arthur J. Gallagher Risk Management	07/01/21 – 06/30/22	Windstorm/Hail	\$31,738,535
American Bankers Insurance Company	09/28/19 – 09/27/20	Flood Coverage	\$500,000 building \$423,000 contents
American Bankers Insurance Company	09/28/20 – 09/27/21	Flood Coverage	\$500,000 building \$423,000 contents
American Bankers Insurance Company	11/18/19 – 11/17/20	Flood Coverage	\$500,000 building \$150,000 contents
American Bankers Insurance Company	11/18/20 – 11/17/21	Flood Coverage	\$500,000 building \$200,000 contents
JJ Special Risk Insurance Agency	11/15/19 – 11/15/20	Professional Liability	\$1,000,000 per claim \$3,000,000 annual aggregate
JJ Special Risk Insurance Agency	11/15/20 – 11/15/21	Professional Liability	\$1,000,000 per claim \$3,000,000 annual aggregate
JJ Special Risk Insurance Agency	09/01/20 – 8/31/21	Cyber Coverage	\$3,000,000

**SPINDLETOP CENTER
SCHEDULE OF BOND COVERAGE (UNAUDITED)
YEAR ENDED AUGUST 31, 2021**

<u>Insurer</u>	<u>Policy Period</u>	<u>Coverage</u>	<u>Limits of Coverage</u>
Braud, Vaughn & Williamson Insurance	12/29/19 – 12/29/20	Commercial Crime Employee Dishonesty	\$ 5,000
Braud, Vaughn & Williamson Insurance	12/29/19 – 12/29/20	Commercial Crime Computer Fraud	\$ 5,000
Braud, Vaughn & Williamson Insurance	12/29/20 – 12/29/21	Commercial Crime Employee Dishonesty	\$ 5,000
Braud, Vaughn & Williamson Insurance	12/29/20 – 12/29/21	Commercial Crime Computer Fraud	\$ 5,000

SPINDLETOP CENTER
SCHEDULE OF SPACE OCCUPIED IN A STATE OWNED FACILITY (UNAUDITED)
YEAR ENDED AUGUST 31, 2021

<u>Location</u>	<u>Utilization</u>	<u>Monthly Cost</u>
NONE		

SPINDLETOP CENTER
SCHEDULE OF PROFESSIONAL AND CONSULTING FEES
(UNAUDITED)
YEAR ENDED AUGUST 31, 2021

Name	City	Type of Service	Amount
A. W. Wehner, III, DDS	Nederland, Texas	Dental Services	\$ 161
Advanced Family Dental Care	Beaumont, Texas	Dental Services	\$ 262
Andy B. Duke DDS	Beaumont, Texas	Dental Services	\$ 4,424
Baptist Hospital of S.E. Texas	Beaumont, Texas	Medical Services	\$ 1,885,214
Barton & Associates, Inc.	Peabody, Massachusetts	Medical Services	\$ 205,950
Beaumont Smile Center	Beaumont, Texas	Dental Services	\$ 1,612
Brewer Family Dental	Orange, Texas	Dental Services	\$ 116
Burke Center for East Texas Behavioral Network	Lufkin, Texas	Psychiatrist Services	\$ 512,324
Christopher Riedel, DDS, PA	Orange, Texas	Dental Services	\$ 51
CornerStone Dental	Beaumont, Texas	Dental Services	\$ 1,596
Dabel Family Dentistry	Groves, Texas	Dental Services	\$ 500
Daron P Etie, DDS	Beaumont, Texas	Dental Services	\$ 1,860
David Caldwell, DDS	Beaumont, Texas	Dental Services	\$ 241
David Nelams, DDS	Lumberton, Texas	Dental Services	\$ 1,437
Dr. Keith Kyle, DDS	Orange, Texas	Dental Services	\$ 934
Dr. Michael Bartlett, DDS	Port Arthur, Texas	Dental Services	\$ 155
Dr. Michael Fahey, DDS	Winnie, Texas	Dental Services	\$ 294
Elite Dentures	Nederland, Texas	Dental Services	\$ 1,421
Faspsych, LLC	Scottsdale, Arizona	Medical Services	\$ 322,053
Garrett Dental Clinic	Groves, Texas	Dental Services	\$ 995
Greater Beaumont Oral & Maxillofacial	Beaumont, Texas	Dental Services	\$ 1,995
Hagler-Sciarrila Family Dentistry	Vidor, Texas	Dental Services	\$ 940
Jackson & Coker Locum Tenens	Atlanta, GA	Medical Services	\$ 17,238
Jackson Physician Search, LLC	Atlanta, GA	Consulting Services	\$ 14,400
James A. Arisco, DDS	Port Neches, Texas	Dental Services	\$ 149
Jerry L. Burd, DDS	Beaumont, Texas	Dental Services	\$ 116
Justin Morrison, DDS	Beaumont, Texas	Dental Services	\$ 592
Karen Chu	Richmond, Texas	Psychiatric Services	\$ 13,738
Kevin M Correia	Beaumont, Texas	Physician	\$ 7,100
Kountze Dental Center	Kountze, Texas	Dental Services	\$ 2,058
Kyle M Walker, DDS	Orange, Texas	Dental Services	\$ 2,254
Longhorn Health Solutions	Austin, Texas	Medical Services	\$ 4,521
M.A. Ganni, DMD	Beaumont, Texas	Dental Services	\$ 1,685
Mark W. Stephenson, DDS	Conroe, Texas	Dental Services	\$ 11,000
Michael E. Cessac, DDS	Nederland, Texas	Dental Services	\$ 431
Nederland Family Dental	Nederland, Texas	Dental Services	\$ 4,487
New Path Counseling Group, LLP	Lumberton, Texas	Consulting Services	\$ 9,075
Nora Mosely, DDS	Beaumont, Texas	Dental Services	\$ 295
Premier Dental Care	Port Arthur, Texas	Dental Services	\$ 3,581
Restorative Wellness Consultants	Silsbee, Texas	Occupational Services	\$ 150
Robert L. Smith, DDS	Beaumont, Texas	Dental Services	\$ 16,959
Ronda G. Green, DDS	Baytown, Texas	Dental Services	\$ 314
Silsbee Family Dentistry	Silsbee, Texas	Dental Services	\$ 711
Smiles By Design	Port Arthur, Texas	Dental Services	\$ 755
Stacen Velvin	San Antonio, Texas	Psychiatric Services	\$ 13,213
Tara Reed	Beaumont, Texas	Dietician	\$ 5,445
The Dental Dock	Port Arthur, Texas	Dental Services	\$ 1,385
The Medical Center of Southeast Texas, LP	Port Arthur, Texas	Medical Services	\$ 1,290,504
Transon Nguyen	Dickinson, Texas	Psychiatric Services	\$ 15,640
Twin City Dental	Port Arthur, Texas	Dental Services	\$ 85
UTMB	Houston, Texas	Medical Services	\$ 6,320
Weaver and Jaynes Dentistry, PLLC	Beaumont, Texas	Dental Services	\$ 30,867
William D. Middleton, DDS	Silsbee, Texas	Dental Services	\$ 957
William S. Nantz, DDS	Beaumont, Texas	Dental Services	\$ 255

**SPINDLETOP CENTER
SCHEDULE OF LEGAL SERVICES (UNAUDITED)
YEAR ENDED AUGUST 31, 2021**

<u>Name</u>	<u>City</u>	<u>Type of Service</u>	<u>Amount</u>
Calvert Eaves Clarke & Stelly, L.L.P.	Beaumont, Texas	Legal Services	\$ 4,209

SINGLE AUDIT SECTION



Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Trustees
Spindletop Center
Beaumont, Texas

We have audited, 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, the financial statements of the governmental activities, the discretely presented component unit, the major fund, and the aggregate remaining fund information of Spindletop Center (the Center), as of and for the year ended August 31, 2021, and the related notes to the financial statements, which collectively comprise the Center’s basic financial statements and have issued our report thereon dated December 8, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in cursive script that reads "Eide Saelly LLP".

Abilene, Texas
December 8, 2021



Independent Auditor’s Report on Compliance for Each Major Federal and State Program; Report on Internal Control Over Compliance Required by the Uniform Guidance and the State of Texas Single Audit Circular

To the Board of Trustees
Spindletop Center
Beaumont, Texas

Report on Compliance for Each Major Federal and State Program

We have audited Spindletop Center’s (the Center) compliance with the types of compliance requirements described in the *OMB Compliance Supplement, State of Texas Single Audit Circular (TSAC)* and *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 the Center’s major federal and state programs for the year ended August 31, 2021. The Center’s major federal and state programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

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

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the Center’s major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); *State of Texas Single Audit Circular* and *Guidelines for Annual Financial and Compliance Audits of Community Mental Health and Mental Retardation Centers*. Those standards, the Uniform Guidance, TSAC and the Audit Guidelines require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Center’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

In our opinion, the Center complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended August 31, 2021.

Report on Internal Control over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Abilene, Texas
December 8, 2021

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

**SPINDLETOP CENTER
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDING AUGUST 31, 2021**

<u>Grant/Contract</u>	<u>Financial Assistance Listing Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
Federal Awards			
<u>U.S. Department of Agriculture</u>			
Passed through Texas Health and Human Services Commission Supplemental Nutrition Assistance Program	10.561	HHS000640200027	\$ 6,514
Total U. S. Department of Agriculture			6,514
<u>U.S. Department of Education</u>			
Passed through the Texas Health and Human Services Commission Special Education - Grants to State – Special Education Cluster	84.027	HHS000640200027	60,840
Special Education - Grants for Infants and Families with Disabilities	84.181	HHS000640200027	1,639,651
Total U. S. Department of Education			1,700,491
<u>U.S. Department of Homeland Security</u>			
Passed through the Texas Health and Human Services Commission FEMA COVID 19 – Disaster Crisis Counseling Program	97.032	HHS000434500007	243,417
Total U. S. Department of Homeland Security			243,417
<u>U.S. Department of Justice</u>			
Passed through the Texas Office of the Governor DJ-Edward Byrne Memorial Justice Assistance Grant Program	16.738	4009601	13,779
Total U. S. Department of Justice			13,779
<u>U.S. Department of Health and Human Services</u>			
Passed through the Health Resources and Services Administration COVID-19 Provider Relief Fund	93.498	N/A	8,342
Total U. S. Health Resources and Service Administration			8,342
Passed through Texas Health and Human Services Commission			
Local Mental Health Authority & Local Intellectual & Developmental Disabilities Authority			
Medicaid Administrative Claiming (Medicaid Title XIX) – Medicaid Cluster (a)	93.778	529-09-0032-00059	1,453,906
Total LMHA & LIDDA			1,453,906
Local Mental Health Authority			
Temporary Assistance for Needy Families (TANF)	93.558	HHS000537200008-A01	257,834
Title XX - Social Services Block Grant	93.667	HHS000537200008-A01	110,263
Mental Health Block Grant	(b) 93.958	HHS000537200008-A01	902,743
Mental Health First Aid – Outreach	(b) 93.958	HHS000182900001	54,041
Mental Health Block Grant – Supportive Housing	(b) 93.958	HHS000537200008-A10	3,886
Block Grants for Prevention and Treatment of Substance Abuse	(c) 93.959	HHS000663700056 (SA/TCO)	56,250
Block Grants for Prevention and Treatment of Substance Abuse	(c) 93.959	HHS000663700134 (SA/TRA)	78,800
Block Grants for Prevention and Treatment of Substance Abuse	(c) 93.959	HHS000663700056 (SA/TRF)	41,250
Block Grants for Prevention and Treatment of Substance Abuse	(c) 93.959	HHS000663700134 (SA/TRY)	10,914
Block Grants for Prevention and Treatment of Substance Abuse	(c) 93.959	HHS000843300001 (TXMOUD)	81,760
Coordinated Specialty Care	(b) 93.958	HHS00335800001	269,929
Projects for Assistance in Transition from Homelessness (PATH)	93.150	HHS00023150008	257,870
Total Local Mental Health Authority			2,125,540
Local Intellectual & Developmental Disabilities Authority			
Money Follows the Person (Medicare Title XVIII)	93.791	HHS00058760001	113,109
Total Local Intellectual & Developmental Disabilities Authority			113,109
Early Childhood Intervention			
Temporary Assistance for Needy Families	93.558	HHS000640200027	84,373
Medicaid Administrative Claiming (Medicaid Title XIX) – Medicaid Cluster (a)	93.778	HHS000640200027	171,406
Total Early Childhood Intervention			255,779
Total U.S. Department of Health and Human Services			3,948,335
Total Expenditures of Federal Awards			\$ 5,920,877
Medicaid Cluster – (a) Total expenditures for CFDA 93.778 is	\$ 1,625,312		
(b) Total expenditures for CFDA 93.958 is	\$ 1,230,599		
(c) Total expenditures for CFDA 93.959 is	\$ 268,974		

SPINDLETOP CENTER
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDING AUGUST 31, 2021
(Continued)

<u>Grant/Contract</u>	<u>Grantor's Number</u>	<u>Expenditures</u>
State Awards		
<u>Texas Health and Human Services Commission</u>		
Local Mental Health Authority		
General Revenue - Mental Health Adult	HHS000537200008-A01	4,662,179
General Revenue - Mental Health Children	HHS000537200008-A01	1,271,971
General Revenue - Crisis	HHS000537200008-A01	520,762
Mental Health First Aid - Training	HHS000182900001	9,200
Psychiatric Emergency Service Centers	HHS000537200008-A06	3,155,427
Private Psychiatric Beds	HHS000537200008-A07	2,168,100
Supportive Housing Project	HHS000537200008-A10	193,745
Veteran Support Services	HHS000537200008-A11	49,264
HB19 – Education Service Center Based Non-Physician MH Profession	HHS000537200008-A24	64,987
High-Needs Children in the Foster Care System Grant	HHS000051500002	24,555
Community Mental Health Grant Program – Hope Squad	HHS000477100038	65,274
Treatment Co-occurring Psychiatric & Substance Use Disorders	HHS000663700056 (SA/TCO)	75,212
Treatment for Adult Residential and Outpatient Services	HHS000663700134 (SA/TRA)	21,200
Treatment for Females	HHS000663700056 (SA/TRF)	2,507
Projects for Assistance in Transition from Homelessness (PATH)	HHS000231500008	7,975
Mental Health Grant Program for Justice-Involved Individuals – Rural	HHS000134400020 (MH/SB292)	247,308
Mental Health Grant Program for Justice-Involved Individuals – Urban	HHS000135400001 (MH/SB292)	142,467
Total Local Mental Health Authority		<u>12,682,133</u>
Local Intellectual and Developmental Disabilities Authority		
General Revenue - IDD	HHS00058760001	3,255,413
Permanency Planning	HHS00058760001	18,135
IDD Crisis Intervention Specialist & Crisis Respite	HHS00058760001	251,443
Total Local Intellectual and Developmental Disabilities Authority		<u>3,524,991</u>
Early Childhood Intervention		
Early Childhood Intervention	HHS000640200027	1,052,888
Respite	HHS000640200027	2,740
Total Local Intellectual and Developmental Disabilities Authority		<u>1,055,628</u>
Total Expenditures of State Awards		<u>\$ 17,262,752</u>
Total Expenditures of Federal and State Awards		<u>\$ 23,183,629</u>

SPINDLETOP CENTER
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
AUGUST 31, 2021

1. GENERAL

The accompanying Schedule of Expenditures of Federal and State Awards presents the activity of all applicable state and federal financial assistance programs of Spindletop Center ("Center"). The Center reporting entity is defined in Note 1 to the Center's basic financial statements. State and federal financial assistance received directly from state and federal agencies as well as federal financial assistance passed through other government agencies are included on the schedule.

The information in the Schedule of Expenditures of State and Federal Awards is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule of Expenditures of State and Federal Awards presents only a selected portion of the operations of the Center, it is not intended to and does not present the financial position, changes in financial position, or cash flows of the Center.

2. BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal and State Awards is presented using the modified accrual basis of accounting. The modified accrual basis of accounting is described in Note 1 to the Center's basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance or State of Texas Uniform Grant Management Standards, wherein certain types of expenditures are not allowable or are limited as to reimbursement. State and federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as unearned revenues until earned.

The format for the accompanying schedule has been prescribed by the Texas Department of Health and Human Services Commission *Guidelines for Annual Financial and Compliance Audits of Community MHMR Centers*. Such format includes revenue recognized in the Center's basic financial statements.

3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

State and federal financial assistance programs are reported in the Center's basic financial statements in the General Fund.

Certain state programs have been excluded from the Schedule of Expenditures of Federal and State Awards, including monies received under the vendor contract for Title XIX HCS/IDD and other Medicaid/Medicare funding for providing patient services. The federal and state monies excluded from the Schedule of Expenditures of Federal and State Awards are not considered federal or state awards as defined in the Uniform Guidance or State of Texas Single Audit Circular. These monies are reported as local revenues in the basic financial statements.

Texas Correctional Office on Offenders with Medical or Mental Impairments (TCOOMMI) has been excluded from the Schedule of Federal and State Awards, as has the Texas Department of Criminal Justice program, the Workquest program, and the Texas Rehabilitation Commission program because these programs are considered contract revenue and not federal or state awards.

The Center received amounts from the U.S. Department of Health and Human Services (HHS) through the Provider Relief Fund (PRF) program (Federal Financial Assistance Listing/CFDA #93.498) during the years ended August 31, 2020 and 2021. The Center incurred eligible expenditures and, therefore, recognized revenues totaling \$8,342 and \$271,768 for the years ended August 31, 2020 and 2021, respectively, on the financial statements. In accordance with the compliance supplement addendum, the PRF expenditures recognized on the schedule are based on the reporting to HHS for the calendar year ending December 31, 2020, as required under the PRF program.

Federal awards per Schedule of Expenditures of Federal and State Awards	\$ 5,920,877
+ CARES Provider Funds reported in FY21 audit	271,768
- CARES Provider Funds received prior to June 30, 2020	(8,342)
- DJ-Edward Byrne Memorial Justice Assistance Grant	(13,779)
Total federal revenues on statement of revenues, expenditures, and changes in fund balance – governmental funds	<u>\$ 6,170,524</u>
State awards per Schedule of Expenditures of Federal and State Awards	\$ 17,262,752
+ PASRR	5,345
+ TCOOMMI – contract, not considered a grant	639,460
+ Texas Dept. of Criminal Justice – contract, not considered a grant	226,541
+ Workquest – contract, not considered a grant	2,130
+ Texas Rehabilitation Commission – contract, not considered a grant	31,045
Total state revenues on statement of revenues, expenditures, and changes in fund balance – governmental funds	<u>\$ 18,167,273</u>

4. PROGRAM OR AWARD AMOUNTS

Amounts include contract/award amounts plus any additional reimbursement monies received in fiscal year 2021.

5. STATE FINANCIAL ASSISTANCE GUIDELINES

State financial assistance is subject to *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, Uniform Guidance, the *State of Texas Single Audit Circular*, and *Government Auditing Standards*, issued by the Comptroller General of the United States.

6. INDIRECT COSTS

The Center elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance because the Center has not been able to negotiate an indirect cost rate for its federal awards.

7. SUB-RECIPIENTS

The Center had no sub-recipients for the year ended August 31, 2021.

SPINDLETOP CENTER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2021

Section I – Summary of Auditor’s Results

FINANCIAL STATEMENTS

Type of auditor’s report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified not considered To be material weaknesses	None reported
Noncompliance material to financial statements noted?	No

FEDERAL AND STATE AWARDS

Internal control over major program:	
Material weaknesses identified	No
Significant deficiencies identified not considered To be material weaknesses	None reported
Type of auditor’s report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in Accordance with Uniform Guidance 2 CFR 200.516	No

Identification of major programs:

Name of Federal Program	CFDA Number
Medicaid Administrative Claiming (Medicaid Cluster)	93.778
Mental Health Block Grant	93.958
Dollar threshold used to distinguish between type A And type B programs for federal awards:	\$750,000
Name of State Programs	
General Revenue Mental Health (Adult, Children, Crisis, PESC, PPB)	N/A
General Revenue Intellectual and Developmental Disabilities	N/A
Dollar threshold used to distinguish between type A and type B programs for state awards:	\$517,883
Auditee qualified as a low-risk auditee?	Yes

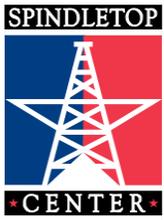
SPINDLETOP CENTER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
YEAR ENDED AUGUST 31, 2021

Section II – Financial Statement Findings

The audit disclosed no findings required to be reported.

Section III – Federal Award Findings and Questioned Costs

The audit disclosed no findings and questioned costs required to be reported.



SPINDLETOP CENTER
SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED AUGUST 31, 2021

None

Mailing Address:
PO BOX 3846
BEAUMONT, TX
77704-3846

Physical Address:
655 S. 8th STREET
BEAUMONT, TX 77701

Tel (409) 784-5400
Fax (409) 833-8041
www.Spindletopcenter.org

Hearing impaired, call
1-800-735-2989 (TDD)
1-800-735-2988 (VOICE)

Equal Employment Opportunity
Affirmative Action Employer