

SPINDLETOP CENTER
ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED AUGUST 31, 2023

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

**SPINDLETOP CENTER
ANNUAL FINANCIAL AND COMPLIANCE REPORT
FOR THE YEAR ENDED AUGUST 31, 2023**

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.....	1-4
<u>Required Supplementary Information:</u>	
Management’s Discussion and Analysis.....	6-13
<u>Basic Financial Statements:</u>	
<u>Government-wide Financial Statements</u>	
Statement of Net Position	15
Statement of Activities.....	16
<u>Fund Financial Statements</u>	
Balance Sheet - Governmental Fund	17
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position	18
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Fund	19
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Fund to the Statement of Activities.....	20
Statement of Fiduciary Net Position - Fiduciary Fund	21
Statement of Changes in Fiduciary Net Position – Fiduciary Fund.....	22
Notes to Basic Financial Statements	23-48
<u>Required Supplementary Information:</u>	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual – General Fund.....	50-51

**SPINDLETOP CENTER
ANNUAL FINANCIAL AND COMPLIANCE REPORT
FOR THE YEAR ENDED AUGUST 31, 2023**

Table of Contents

	<u>Page</u>
STATISTICAL SECTION (UNAUDITED)	
Statistical Section – Contents	54
General Governmental Expenditures and Other Financing Uses by Function	55
General Governmental Revenue and Other Financing Sources by Sources	56
Revenue by Activity	57
10 Year Comparison Budget to Revenue and Expense	58
10 Year Comparison Fund Balances	59
Net Revenue/Expense and Change in Net Position	60
Expenses by Activity	61
Total Debt Service to Expenditures	62
Components of Net Position	63
Principal Employers	64-65
Service Area Demographic and Economic Statistics by County	66
Service Area Demographic Statistics – Population Graph	67
Service Area Demographic Statistics – Per Capita Income Graph	68
Service Area Demographic Statistics – Unemployment Rates for Counties Served	69
Agency FTE’s by Function	70
Schedule of Revenues and Expenditures by Source of Funds-General Fund	71
Reconciliation of Total Expenditures to Fourth Quarter Financial Report	72
Reconciliation of Total Revenues	73
Schedule of Indirect Costs	74
Schedule of Leases	75
Schedule of Subscription-Based IT Agreements	76
Schedule of Insurance in Force	77-78
Schedule of Bond Coverage	79
Schedule of Space Occupied in a State Owned Facility	80
Schedule of Professional and Consulting Fees	81
Schedule of Legal Services	82
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>	85-86
Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance and the Texas Grant Management Standards	87-90

**SPINDLETOP CENTER
ANNUAL FINANCIAL AND COMPLIANCE REPORT
FOR THE YEAR ENDED AUGUST 31, 2023**

Table of Contents

	<u>Page</u>
Schedule of Expenditures of Federal and State Awards	93-94
Notes to Schedule of Expenditures of Federal and State Awards.....	95-97
Notes to Schedule of Expenditures of Federal and State Awards.....	95-97
Schedule of Findings and Questioned Costs	98-99
Schedule of Prior Audit Findings.....	100



December 18, 2023

Board of Trustees
Spindletop Center
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Beaumont, TX 77701

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The Annual Financial and Compliance Report of Spindletop Center for the year ended August 31, 2023 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, 2023. 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 acquired its name from the Spindletop oil gusher in Beaumont, TX that changed the world nearly 125 years ago. 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. Rich in history, and in oil, Southeast Texas has a strong commitment to service both locally and around the world!

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)

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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 and serves more than 16,000 clients each year.

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 Information Officer, and Chief Medical 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 2021, the 87th legislature funded the Center with General Revenue funds of \$17,033,981 for FY 2023.

Additional revenues come from various grants and funding sources. Most notably are the revenues received from 1115 Waiver programs. The Center participates in the Directed Payment Program for Behavioral Health Services (DPP-BHS) and the Public Health Provider - Charity Care Provider (PHP-CCP) program.

MAJOR INITIATIVES

DPP-BHS

The DPP-BHS program began in fiscal year 2022 and was active in fiscal year 2023. The Center is required to track, measure, and reported on wellness improvement measures. These measures are preventive care & screening-unhealthy alcohol use-screening & brief counseling, child and adolescent major depressive disorder (MDD)- suicide risk assessment, adult major depressive disorder (MDD)-suicide risk assessment, follow-up after hospitalization for mental illness 7-day and 30-Day for discharges from state hospitals, and preventive care and screening; body mass index (BMI) screening and follow-up. In addition to these key measures, the Center must be a Certified Community Behavioral Health Clinic (CCBHC), provide patients with services by using remote technologies, provide integrated physical and behavioral health care services to children and adults with serious mental illness, and participate in electronic exchange of clinical data with other healthcare providers/entities. This program is currently a pay-for-reporting program, but is expected to transition to a pay-for-performance model sometime in the future. The Center received \$4,164,492 net of IGT and program expense in FY 2023.

PHP-CCP

The purpose of the PHP-CCP program under the 1115 waiver is to reimburse certain costs for qualifying providers associated with providing care, including behavioral health, immunizations, chronic disease prevention, and other preventative services for the uninsured. Funds received are determined by the completion of an annual uncompensated care tool for uncompensated care costs. The Center is eligible for this program as a provider established under the Texas Health and Safety Code Chapters 533 and 534 and by providing behavioral health services.

Year 1 of the PHP-CCP program covered the federal fiscal year (FFY) 2022 that included services provided from October 1, 2021 to September 30, 2022. The cost report was submitted on November 14, 2022. The Center received \$5,264,796 net of IGT in FY2023.

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. A compliance program is in place to continuously reassess 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, 2023 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, 2023, 84.43% of the Center's funds are held by First Financial Bank, earning 0.75% 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. Acceptable investment instruments 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 2023, the Center continued to invest in a diverse group of money market accounts and certificates of deposit. 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 the budget is incorporated into all required contract and budget formats. Any changes to the original budget are submitted to the Board of Trustees for their review and approval, including a mid-year review and possible adjusted budget, if applicable. Operating budget variances are reviewed monthly as part of the board approval of the financial statements.

No formal overspend variance amount requiring board approval has been determined by the governing body as of August 31, 2023. The board approves capital project on an individual project basis outside of the operating budget approval.

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 2022-2023 was approved when the 87th legislature met in the spring of 2021.

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 had long-term debt in the form of leases and subscription-based information technology arrangements (SBITAs) that required principal and interest payments in the current fiscal year.

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 2023, Spindletop was covered under a general liability insurance plan at a cost 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 6 - 13 of this report to find management's discussion and analysis for the fiscal year ended August 31, 2023.

Awards

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 annual comprehensive financial report for the fiscal year ended August 31, 2022. This was the fourth consecutive year that the government has achieved this prestigious award.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

Acknowledgement

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 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 C. LeBlanc, MBA
Chief Financial Officer



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Spindletop Center
Texas**

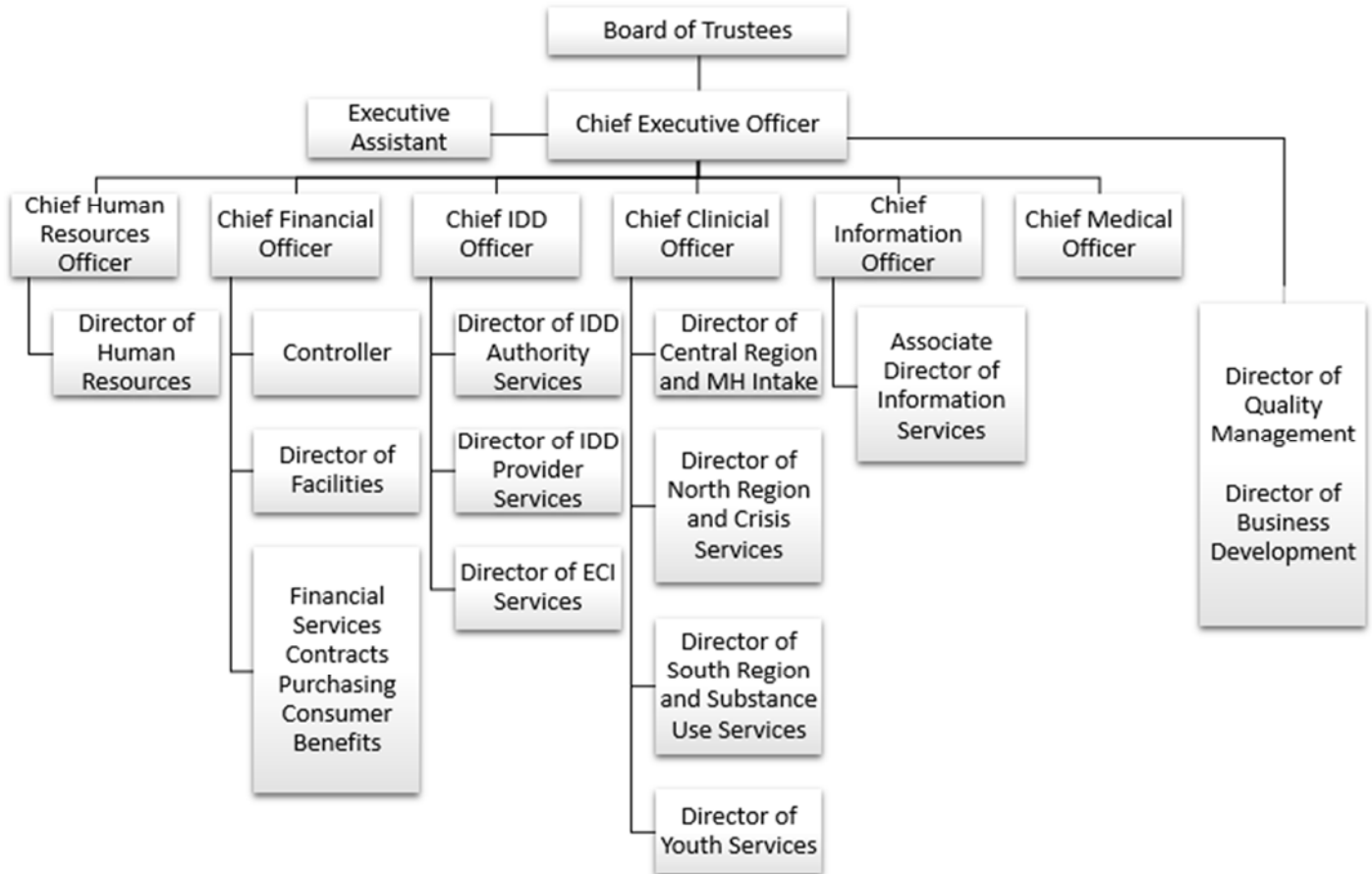
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

August 31, 2022

Christopher P. Morill

Executive Director/CEO

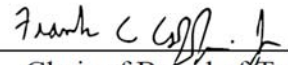
**SPINDLETOP CENTER
ORGANIZATIONAL CHART
AS OF AUGUST 31, 2023**



**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 2023 from Eide Bailly, LLP was reviewed and accepted at a meeting of the Board of Trustees held on the 18th day of December 2023.



Chair of Board of Trustees

SPINDLETOP CENTER
LIST OF PRINCIPAL OFFICIALS
AS OF AUGUST 31, 2023

BOARD OF TRUSTEES

Frank Coffin	Board Chair
Rebecca Ford	Board Vice-Chair
Gaye Lokey	Board Secretary
Ida Schossow	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
Heather Champion, M.Ed., LPC	Chief Clinical Officer
Lisa Gibbs, B.A.	Chief Intellectual and Developmental Disabilities Officer
Bryan Gauthier	Chief Information Officer
Roddy Strobel, M.D.	Chief Medical Officer

FINANCIAL SECTION



Independent Auditor's Report

To the Board of Directors
Spindletop Center
Beaumont, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Spindletop Center as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise Spindletop Center's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Spindletop Center, as of August 31, 2023, 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.

Basis for Opinions

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

Adoption of New Accounting Standard

As discussed in Note 1 to the financial statements, Spindletop Center has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, for the year ended August 31, 2023. Accordingly, a restatement has been made to the governmental activities net position as of September 1, 2022, to restate beginning net position. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 6-13 and 50-51 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Spindletop Center's basic financial statements. The schedule of expenditures of federal and state awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the Texas Grant Management Standards is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state and federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2023 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, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Spindletop 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 Spindletop Center's internal control over financial reporting and compliance.

The image shows a handwritten signature in cursive script that reads "Eide Sallee LLP".

Abilene, Texas
December 12, 2023

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, 2023 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 2023 by \$40,234,514 (*net position*). Of this amount, \$12,467,533 (*unrestricted net position*) may be used to meet the Center's ongoing obligations.
- The Center's total net position (government-wide) decreased by (\$1,647,579).
- As of the close of the current fiscal year, the Center's governmental fund balance reported an ending balance of \$13,660,039, which is a decrease of (\$6,997,086) in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$11,824,690 or 20.30% 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 15 and 16 of this report.

FUND FINANCIAL STATEMENTS

A *fund* is a group of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The Center, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Center can be divided into two categories: governmental funds and 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 flows 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 17 and 19 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 21 and 22 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 23-48 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 50 and 51 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 \$40,234,514 at the close of the most recent fiscal year.

A large portion of the Center’s net position, 75.31% reflects 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. 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, 30.99% represents unrestricted financial resources available for future operations.

Statement of Net Position

	Governmental Activities	
	2022	2023
	<i>restated</i>	
Current and other assets	\$ 26,048,449	\$ 20,743,728
Capital assets	25,756,542	30,298,821
Total assets	51,804,991	51,042,549
Current liabilities	5,073,545	6,764,497
Long-term liabilities	4,849,353	4,043,538
Total liabilities	9,922,898	10,808,035
Net investment in capital assets	22,398,649	27,766,981
Unrestricted	19,483,444	12,467,533
Total net position	\$ 41,882,093	\$ 40,234,514

GOVERNMENTAL ACTIVITIES

Governmental activities decreased the Center’s net position by (\$1,647,579), accounting for the entire decrease in the net position of the Center. Key elements of this decrease are as follows:

	Governmental Activities	
	2022	2023
REVENUES		
Program revenues:		
Charges for services:	\$ 22,504,979	\$ 14,188,707
Operating grants and contributions:	20,566,918	26,247,527
General revenues:		
Local income	7,337,927	10,347,052
Unrestricted investment earnings	57,844	155,976
Total revenues	<u>50,467,668</u>	<u>50,939,262</u>
EXPENSES		
Mental Health Adult	15,699,039	19,643,786
Mental Health Children	6,632,466	6,620,394
Intellectual and Developmental Disabilities	15,551,164	15,892,093
Other programs	13,990,627	10,430,568
Total expenses	<u>51,873,296</u>	<u>52,586,841</u>
Change in net position	<u>(1,405,628)</u>	<u>(1,647,579)</u>
Net Position - beginning	43,287,721	41,882,093
Net Position - ending	<u>\$ 41,882,093</u>	<u>\$ 40,234,514</u>

- The Center installed and implemented a new electronic health record system, Netsmart MyAvatar, in March 2023. Services and billing were adversely impacted during the few several months after going live in the new system. The effect of this can be seen in the reduction of Program revenues – Charges for services. Fiscal year 2024 is expected to show great improvement in this revenue source as staff are fully trained and the system continues to become more efficient.
- Contributions from local governments of \$536,495 are unrestricted funds given annually to the Center by the counties in which we serve to help meet local match requirements.

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 \$13,660,039. A portion of this, 86.56% 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 \$11,824,690 represents 20.30% 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, 2023, the Center's Days Cash on Hand was 75 days.

GENERAL FUND BUDGETARY HIGHLIGHTS

- The Center chose not to make any mid-year budget adjustments during the fiscal year.
- Local Revenues have an overall \$1,889,355 favorable variance comprised mainly of \$4,964,133 in 1115 Waiver funds for CCP that were received but not fully budgeted. Although Patient fees were less than the previous year, the revenue sources was \$467,147 more than budgeted, as was Medicare by \$1,694. Investment income had a favorable variance due to an increased interest rate by First Financial Bank. Other local income has a favorable variance of \$98,730 due to more miscellaneous revenues received than were expected at the time of budget. The unfavorable variance of (\$3,878) in County government funds is due to not receiving the amount requested from one county. Contract revenue had an unfavorable variance of (\$9,362) due to less contract service provided. Medicaid had an unfavorable variance of (\$2,047,369) due to the disruption in services and billing resulting from the implementation of the new EHR. Home and community-based services and Texas Home Living Waiver were below budget (\$652,208) due to lower services provided than expected. DPP has an unfavorable variance of (\$1,035,508) due to a reserve for expected FY23 recoupments.
- State Program Revenues have an overall \$344,780 favorable variance with all payor sources being more than or equal to budgeted amounts. General revenues for mental health services have an unfavorable variance of (\$47,943) due to not being able to bill HHSC for the full amount allotted in the budget. TCOOMMI has an unfavorable variance of (\$67,380) due mainly to a delay in payments. General revenue for IDD services had favorable variances of a total of \$189,143 and ECI of \$23,724 resulting from additional funds being allocated by HHSC and received during the fiscal year. The favorable variances for PASRR of \$7,403, Texas Department of Criminal Justice of \$103,818, MH Grant Program for Justice-Involved Individuals of \$79,287, and Texas Rehabilitation Commission of \$815 all resulted due to more services being provided than expected. The Community MH Grant – Hope Squad had a favorable variance of \$55,913 due to the program renewal not being announced by HHSC until after the fiscal year 2023 budget had been finalized.
- Federal Program Revenues have an overall (\$2,903) unfavorable variance. Mental Health Block Grants have a favorable variance of \$100,050 due to additional funding allocated by HHSC during the fiscal year. The Block Grant for COVID 19 Supplement has a favorable variance of \$227,083 due to Outpatient Expansion funds and Jail Services funds being

allocated to the Center during the fiscal year. The TANF Pandemic Emergency Assistance Funds have a favorable variance of \$1,890 due to the additional funds being allocated to the program during the fiscal year. Medicaid Administrative Claiming has a favorable variance of \$98,275 due to receiving more funds than estimated. The Coordinated Specialty Care funding, which supports the early onset psychosis (EOP) program, has a favorable variance of \$67,411 due to additional funds allocated to the program during the fiscal year. The unfavorable variance of (\$472,519) in the SAMHSA CCBHC Expansion Grant is due to the budgeted funds not being expended during the fiscal year, therefore the funds could not be reimbursed according to the grant. The grant funding has been approved as a no-cost continuation for fiscal year 2024. Early Childhood Intervention has a total unfavorable variance of (\$25,093) due to less funds received than budgeted.

- Current Expenditures before Capital Outlays has an unfavorable variance of (\$2,298,181).
- Salaries expenditures have an overall favorable variance of \$592,576. The unfavorable variance of (\$464,534) in Personnel was due to the payment of the fiscal year 2022 performance award from reserve funds in November 2023. Also, a retention payment was made in August 2023. Employee benefits has a favorable variance of \$1,057,110 due to lower than expected health benefit expenses.
- Favorable variances include Contracted services of \$186,568 due mainly to savings in information services contracts. Travel has a favorable variance of \$28,145 due to lower mileage reimbursements for daily operations than budgeted. Building repairs and rents has an \$89,329 favorable variance due to less repair needs than expected. A favorable variance of \$17,958 for vehicle operations is a result of less vehicle repairs required in the fiscal year. The Marketing favorable variance of \$2,125 and the Client costs favorable variance of \$5,237 are both due to lower actual expenditures than anticipated for the fiscal year. Other costs has a favorable variance of \$18,187 due to less expenditures than expected at the time of budget.
- Unfavorable variances include (\$26,510) in Medications requirements over the budgeted amount, (\$105,969) in additional Consumable supplies and (\$24,632) in additional Office supplies required for the fiscal year. Equipment repair and maintenance has an unfavorable variance of (\$6,170) due to unforeseen repair needs. Telephone and utilities expenditures have an unfavorable variance of (\$128,754) due to unusually high utility costs over the summer months. Insurance costs increased due to adding the new Silsbee building to the Center property insurance policy, resulting in an unfavorable variance of (\$13,325). Training and development also increased during the fiscal year as on-site trainings and conferences began in fiscal year 2023 after being halted during the pandemic. This increase resulted in an unfavorable variance of (\$58,410) and includes conference fees, mileage to attend, and lodging expenses. Office supplies has an unfavorable variance of (\$24,632) due to an increase in staff needs.
- DPP FY22 Recoupment of (\$1,394,275) and DPP FY22 Program Expense of (\$402,114) were expenses the Center were made aware of after the FY22 audit and the FY23 budget approval. Therefore, there are unfavorable variances for both expenses.

- Debt service for principal and interest was not budgeted in fiscal year 2023, resulting in unfavorable variances of (\$834,250) and (\$243,897).
- 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. The result is an unfavorable variance of (\$6,924,773). Actual expenditures for these projects were \$6,966,862. Renovations for the new Silsbee Clinic were completed in fiscal year 2023. The final payment to the contractor will take place in fiscal year 2024 due to the completion of minor punch list items. This building houses mental health services for both adults and youth, IDD day habilitation services, early childhood development services, and substance use disorder services. The Smith building, utilized for IDD services, was completely renovated and was completed in fiscal year 2023. The final payment to the contractor will take place in fiscal year 2024 due to the completion of minor punch list items.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The Center’s investment in capital assets for its governmental activities as of August 31, 2023 amounts to \$30,298,821 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, equipment, and vehicles. The following is a summary of changes in capital assets during the fiscal year:

SPINDLETOP CENTER CAPITAL ASSETS (Net of Depreciation)

	2022	2023	Change
	<i>restated</i>		
Land (non-depreciable)	\$ 2,974,689	\$ 2,974,689	\$ -
Buildings and improvements	33,108,255	33,409,955	301,700
Furniture and equipment	1,054,993	1,010,727	(44,266)
Vehicles	2,798,856	2,868,831	69,975
Right to use leased assets	198,807	181,074	(17,733)
Right to use subscription IT assets	3,204,461	3,204,461	-
Construction in progress	1,833,367	8,317,755	6,484,388
Less accumulated depreciation/amortization	(19,416,886)	(21,668,671)	(2,251,785)
	<u>\$ 25,756,542</u>	<u>\$ 30,298,821</u>	<u>\$ 4,542,279</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 – The Center has long-term lease liability debt of \$105,361 and long-term subscription-based information technology arrangement liability debt of \$2,426,479 at the end of the year. 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. Additional information on the Center's long-term obligations can be found in Notes 5, 6, and 7 to the financial statements in this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The Center's FY24 budget was developed based on the actual revenues and expenses from FY23 and forecasts for additional revenues and expenses. A balanced budget was approved by the Board of Trustees for FY24.
- The Center's FY24 Revenue budget is \$51,477,791. The FY24 Revenue budget is an increase of 5% over the FY23 Revenue budget. Recruitment efforts to fill vacancies has been successful. Therefore, revenues are expected to increase due to being better staffed.
- The amount of DPP revenue funds to be utilized for operating purposes is budgeted at \$2,829,058 and CCP revenue funds are budgeted at \$2,661,129. This is a slight increase of \$10,476 from FY23. The amount of DPP and CCP funds expected to be received are not fully budgeted nor recognized until reporting is approved and funds are received.
- The Center's FY24 Expense budget is \$51,477,791. This is a 5% increase from FY23. The increase is mainly due to a 6% cost of living increase given to staff who were employed as of September 1, 2023, an additional 5% increase to degreed positions, an increase in starting salaries for degreed positions, and the associated fringe expense for all.

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, 2023

	Primary Government		Component Unit
	Governmental Activities	Total	Spindletop Housing Corporation
ASSETS			
Cash and cash equivalents	\$ 3,098,253	\$ 3,098,253	\$
Restricted deposits			88,621
Investments	9,262,322	9,262,322	
Accounts Receivable (net)	5,873,442	5,873,442	
DPP IGT Deposit	1,700,624	1,700,624	
Prepaid items	418,659	418,659	16,412
Note Receivable - Spindletop Housing	390,428	390,428	
Capital assets:			
Land	2,974,689	2,974,689	159,931
Non-depreciable construction in progress	8,317,755	8,317,755	
Depreciable capital assets, net	16,391,929	16,391,929	1,887,008
Right to use leased assets, net	101,665	101,665	
Right to use subscription IT assets, net	2,512,783	2,512,783	
Total Assets	51,042,549	51,042,549	2,151,972
LIABILITIES			
Accounts payable	310,810	310,810	29,386
Accrued salaries and benefits	1,069,605	1,069,605	
Accrued liabilities	1,358,313	1,358,313	
Due to other governments	3,266,820	3,266,820	
Health claims payable	379,525	379,525	
Unearned revenue	379,424	379,424	3,272
Long-term liabilities:			
Lease and SBITA Liability due within one year	763,718	763,718	
Lease and SBITA Liability due in more than one year	1,768,122	1,768,122	
Compensated Absences/Notes Payable - Due within one year	1,511,698	1,511,698	12,466
Notes payable - Due in more than one year			377,962
Total Liabilities	10,808,035	10,808,035	423,086
NET POSITION			
Net investment in capital assets	27,766,981	27,766,981	1,656,511
Unrestricted	12,467,533	12,467,533	72,375
Total Net Position	\$ 40,234,514	\$ 40,234,514	\$ 1,728,886

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

**SPINDLETOP CENTER
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDING AUGUST 31, 2023**

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	\$ 16,872,412	\$ 2,771,374	\$ 19,643,786	\$ 1,938,178	\$ 14,346,892	\$ -	\$ (3,358,716)	\$ (3,358,716)	
Mental Health - Youth	5,649,625	970,769	6,620,394	2,554,956	2,726,444	-	(1,338,994)	(1,338,994)	
Intellectual & Developmental Disabilities	12,986,899	2,905,194	15,892,093	8,128,374	3,820,081	-	(3,943,638)	(3,943,638)	
Early Childhood Intervention	2,751,969	616,648	3,368,617	1,056,853	2,238,176	-	(73,588)	(73,588)	
Substance Use programs	822,464	254,472	1,076,936	187,092	1,165,157	-	275,313	275,313	
Housing program	548,163	30,731	578,894	250,324	118,044	-	(210,526)	(210,526)	
Other programs	4,743,506	662,615	5,406,121	72,930	1,832,733	-	(3,500,458)	(3,500,458)	
Administration	8,211,803	(8,211,803)	-	-	-	-	-	-	
Total governmental activities	\$ 52,586,841	\$ -	\$ 52,586,841	\$ 14,188,707	\$ 26,247,527	\$ -	\$ (12,150,607)	\$ (12,150,607)	
Component unit:									
Spindletop Housing Corporation	\$ 181,368	\$ -	\$ 181,368	\$ 109,792	\$ -	\$ -			\$ (71,576)
Total component unit	\$ 181,368	\$ -	\$ 181,368	\$ 109,792	\$ -	\$ -			\$ (71,576)
General revenues:									
							\$ 155,976	\$ 155,976	
							728,815	728,815	
							5,264,796	5,264,796	
							4,353,441	4,353,441	
Total general revenues							10,503,028	10,503,028	-
Change in net position							(1,647,579)	(1,647,579)	(71,576)
Net position-beginning							41,882,093	41,882,093	1,800,462
Net position-ending							\$ 40,234,514	\$ 40,234,514	\$ 1,728,886

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

**SPINDLETOP CENTER
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2023**

	General Fund	Total Governmental Funds
ASSETS		
Cash and cash equivalents	\$ 3,098,253	\$ 3,098,253
Investments	9,262,322	9,262,322
Accounts receivable, (net of allowance for uncollectibles)	5,873,442	5,873,442
DPP IGT deposit	1,700,624	1,700,624
Prepaid Items	418,659	418,659
Note receivable - Spindletop Housing	390,428	390,428
Total Assets	\$ 20,743,728	\$ 20,743,728
LIABILITIES		
Accounts payable	\$ 310,810	\$ 310,810
Accrued liabilities	1,358,313	1,358,313
Due to other governments	3,266,820	3,266,820
Accrued salaries and benefits	1,069,605	1,069,605
Health claims payable	379,525	379,525
Unearned revenue	379,424	379,424
Total Liabilities	6,764,497	6,764,497
DEFERRED INFLOWS OF RESOURCES		
Medicaid administrative claiming revenues	319,192	319,192
Total Deferred Inflows of Resources	319,192	319,192
FUND BALANCES		
Non-spendable: Prepaid items	418,659	418,659
Non-spendable: Note receivable	390,428	390,428
Committed for Special Projects	1,026,262	1,026,262
Unassigned	11,824,690	11,824,690
Total Fund Balance	13,660,039	13,660,039
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 20,743,728	\$ 20,743,728

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, 2023**

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

Total fund balance - governmental funds	\$ 13,660,039
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	30,298,821
Long-term liabilities, including leases, SBITAs, and compensated absences are not due and payable in the current period and therefore, are not reported in the governmental funds. As a result, leases and compensated absences decrease net position.	(4,043,538)
In the funds statements, revenue that exceeds a reasonable collectibility 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>319,192</u>
Net Position of Governmental Activities	<u><u>\$40,234,514</u></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, 2023

	General Fund	Total Governmental Funds
Revenues:		
Local and earned revenues	\$ 24,716,959	\$ 24,716,959
State programs	18,605,785	18,605,785
Federal programs	7,922,303	7,922,303
Total revenues	51,245,047	51,245,047
Expenditures:		
Current:		
Mental health adult	16,290,779	16,290,779
Mental health children	5,547,585	5,547,585
Intellectual and developmental disabilities	12,507,707	12,507,707
Early childhood intervention	2,706,828	2,706,828
Substance abuse programs	739,933	739,933
Housing program	386,238	386,238
Other programs	4,745,475	4,745,475
Administration	7,267,215	7,267,215
Debt Service:		
Principal	834,250	834,250
Interest	243,897	243,897
Capital outlay	6,966,862	6,966,862
Total expenditures	58,236,769	58,236,769
Deficiency of revenues over expenditures	(6,991,722)	(6,991,722)
Other Financing Sources:		
Leases (leasee)	5,364	5,364
Total other financing sources	5,364	5,364
Net change in fund balance	(6,997,086)	(6,997,086)
Fund balance at beginning of year	20,657,125	20,657,125
Fund balance at end of year	\$ 13,660,039	\$ 13,660,039

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, 2023**

**Amounts reported for Governmental Activities in the Statement of
Activities are different because:**

Net Change in Fund Balance-Total Governmental Funds \$ (6,997,086)

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 and amortization expense. This is the amount by which capital outlay (\$6,966,862) exceeded depreciation and amortization expense (\$2,418,151) for the year less net disposals for the year (\$6,432). 4,542,279

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 (\$1,470). 1,470

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. (23,071)

Debt service payments for principal payments are reported as expenditures in the governmental funds, but are not reported as expenses in the statement of activities. 834,250

Long-term liabilities, including leases, are not due and payable in the current period and, therefore, are not reported in the funds (5,421)

Change in Net Position-Governmental Activities \$ (1,647,579)

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

**SPINDLETOP CENTER
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AUGUST 31, 2023**

	Custodial Fund
ASSETS	
Cash and cash equivalents	\$ 141,382
Total Assets	141,382
 LIABILITIES	
Accounts payable	-
Total Liabilities	-
 NET POSITION	
Restricted for IDD PAC	19,963
Restricted for MH PAC	1,399
Restricted for Trust Fund Clients	120,020
Total Net Position	\$ 141,382

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

**SPINDLETOP CENTER
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDING AUGUST 31, 2023**

	<u>Custodial Fund</u>
ADDITIONS	
IDD PAC Fundraising	\$ 17,013
Trust Fund Deposits	1,186,806
Total Additions	1,203,819
 DEDUCTIONS	
IDD PAC Expenses	22,222
Trust Fund Distributions	1,179,340
Total Deductions	1,201,562
CHANGE IN NET POSITION	2,257
NET POSITION, BEGINNING	139,125
NET POSITION, ENDING	\$ 141,382

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

SPINDLETOP CENTER
NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2023

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, 2023.

(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 16,000 consumers a year. The Center employs approximately 500 full-time equivalent staff.

Spindletop Center is a public entity 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued:

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 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, 2023.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued:

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 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued:

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 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.

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:

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

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. 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 – The custodial fund is a fiduciary fund type used to account for assets held for consumers of the Center. These funds are for committees and for representative-payee client accounts. No trust agreements are required.

(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 Health and Human Services Commission (HHSC). 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued:

Actual expenditures exceeded budgeted expenditures by (\$6,991,722) in the current year and will be fully funded from reserves.

(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, 2023 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 enrolled in the Directed Payment Program for Behavioral Health Services (DPP-BHS) for fiscal year 2023 and, as of August 31, 2023, has sent HHSC two intergovernmental transfers (IGT) totaling \$2,481,756, in order to leverage federal funding. These payments are recorded as DPP IGT Deposit. As DPP payments are received, the applicable amount of IGT prepaid amount is recognized as an expense. As of August 31, 2023, the outstanding prepaid IGT balance is \$1,700,624. This amount can be found on the Statement of Net Position and the Balance Sheet – Governmental Funds. The \$402,114 of remaining IGT from fiscal year 2022 was expensed as DPP Program Expense.

(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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued:

Capital assets are depreciated using the straight-line method. Land is not depreciated. No interest has been capitalized in the cost of capital assets. 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:

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

Right to use leased assets are recognized at the lease commencement date and represent the Center’s right to use an underlying asset for the lease term. Right to use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the lease asset into service. Right to use leased assets are amortized over the shorter of the lease term or useful life of the underlying asset using the straight-line method. The amortization period varies from 3 to 5 years.

Right to use subscription IT assets are recognized at the subscription commencement date and represent the Center’s right to use the underlying IT asset for the subscription term. Right to use subscription IT assets are measured at the initial value of the subscription liability plus any payments made to the vendor at the commencement of the subscription term, less any subscription incentives received from the vendor at or before the commencement of the subscription term, plus any capitalizable initial implementation costs necessary to place the subscription asset into service. Right to use subscription IT assets are amortized over the shorter of the subscription term or useful life of the underlying asset using the same the straight-line method. The amortization period varies from 3 to 5 years.

Implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*:

As of September 1, 2022, the Center adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. The implementation of this standard establishes that a SBITA results in a right to use subscription IT asset – an intangible asset – and a corresponding liability. The standard provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. The Statement requires recognition of certain SBITA assets and liabilities for SBITAs that previously were recognized as outflows of resources based on the payment provisions of the contract. As a result of implementing this standard, the Center recognized a right

to use subscription asset and subscription liability of \$3,204,461 and \$3,204,461 as of September 1, 2022, respectively. As a result of these adjustments there was no effect on beginning net position. The additional disclosures required by this standard are included in Notes 4, 6 & 7.

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

(k) Long-Term Liabilities

In the government-wide financial statements, outstanding long-term debt and other long-term obligations 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.

Lease Liabilities represent the Center's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments expected to be made during the lease term. The present value of lease payments are discounted based on a borrowing rate determined by the Center.

Subscription Liabilities represent the Center's obligation to make subscription payments arising from the subscription contract. Subscription liabilities are recognized at the subscription commencement date based on the present value of future subscription payments expected to be made during the subscription term. The present value of subscription payments are discounted based on a borrowing rate determined by the Center.

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

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

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

(m) **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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued:

	General Fund	Total Governmental Fund
Fund Balances		
<i>Non-spendable</i>		
Prepaid Items	\$ 418,659	\$ 418,659
Note Receivable	390,428	390,428
<i>Committed</i>		
Special Projects	1,026,262	1,026,262
<i>Unassigned</i>	11,824,690	11,824,690
	<u>\$ 13,660,039</u>	<u>\$ 13,660,039</u>

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 480 hours. Employees terminating from service are paid up to a maximum of 480 accumulated hours. The resulting cash value of the benefits, based on the maximum 480 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 2023, 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 2023, 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued:

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.

(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, at amortized cost for the certificates of deposits, and Level 1 for obligation funds.

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

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

(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. All 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.

At August 31, 2023, the Center’s investments are as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Average Days to Maturity</u>
TexPool Money Market Fund	\$ 5,138	AAAm	40 Days
Certificate of Deposit - Barclays Bank	245,000	Not required	105 days
Certificate of Deposit - JP Morgan Chase	245,000	Not required	105 days
Certificate of Deposit - Goldman Sachs Bk USA	245,000	Not required	105 days
Certificate of Deposit - Morgan Stanley	245,000	Not required	28 days
Federated Hermes Inst Prime Obligation Fund (POIXX)	785,725	AAAm	N/A
Government National Mtg Assn Pool	1,988	AAA	10.63 years
Beaumont Community Credit Union - Savings	56	Not required	N/A
First Financial Bank - High-Yield Savings	7,489,425	Not required	N/A
	<u>\$ 9,262,322</u>		

During the year ending August 31, 2023 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.

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

(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, 2023, the Center did not own any types of securities other than those permitted by statute or its investment policy.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. 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	\$7,489,425	80.86%

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

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.

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, 2023 is \$98,396.

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.

3. DUE FROM OTHER GOVERNMENTS AND ACCOUNTS RECEIVABLE
continued:

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	\$ 1,230,881
Due from Medicaid Administrative Claiming	357,286
Other receivables	<u>4,383,671</u>
Gross receivables	5,971,838
Less: Allowance for uncollectible accounts	<u>(98,396)</u>
Accounts receivable, net	<u>\$ 5,873,442</u>

4. CAPITAL ASSETS:

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

Governmental Activities	Beginning Balance			Ending Balance
	Restated	Additions	Retirements	
Non-Depreciable Capital Assets				
Land	\$ 2,974,689	\$ -	\$ -	\$ 2,974,689
Construction in progress	1,833,367	6,484,388	-	8,317,755
Total Non-Depreciable Capital Assets	4,808,056	6,484,388	-	11,292,444
Depreciable Capital Assets:				
Buildings & improvements	33,108,255	332,999	31,299	33,409,955
Furniture and fixtures	1,054,993	-	44,266	1,010,727
Vehicles	2,798,856	144,156	74,181	2,868,831
Total capital assets	36,962,104	477,155	149,746	37,289,513
Less: Accumulated Depreciation				
Buildings & improvements	16,242,714	1,348,126	31,299	17,559,541
Furniture and fixtures	770,964	51,421	44,266	778,119
Vehicles	2,357,833	269,840	67,749	2,559,924
Total Accumulated Depreciation	19,371,511	1,669,387	143,314	20,897,584
Net Capital Assets	22,398,649	5,292,156	6,432	27,684,373
Amortized Right To Use Leased Assets				
Right to use leased building	17,733	5,319	23,052	-
Right to use leased equipment	181,074	-	-	181,074
Total Amortized Right to use leased assets	198,807	5,319	23,052	181,074
Less: Accumulated Amortization				
Right to use leased building	5,320	17,732	23,052	-
Right to use leased equipment	40,055	39,354	-	79,409
Total Accumulated Amortization	45,375	57,086	23,052	79,409
Net Right To Use leased assets	153,432	(51,767)	-	101,665
Amortized Right To Use Subscription IT Assets				
Right to use subscription IT assets	3,204,461	-	-	3,204,461
Less: Accumulated Amortization	-	691,678	-	691,678
Net Right To Use Subscription IT Assets	3,204,461	(691,678)	-	2,512,783
Total leased/subscription IT assets, net	3,357,893	(743,445)	-	2,614,448
Total Net Capital Assets	\$ 25,756,542	\$ 4,548,711	\$ 6,432	\$ 30,298,821

4. CAPITAL ASSETS - continued:

Depreciation and amortization expenses were charged to the functions in the statement of activities as follows:

Governmental activities:	<u>Cap Assets</u>	<u>Leases</u>	<u>IT Subs</u>	<u>Total</u>
Mental Health Adult	\$ 588,027	\$	\$	\$ 588,027
Mental Health Children	105,293			105,293
Intellectual and Developmental Disabilities	427,190	57,086		484,276
Early Childhood Intervention	46,974			46,974
Substance Abuse	83,287			83,287
Housing	162,016			162,016
Administration	256,600		691,678	948,278
Total depreciation/amortization expense	<u>\$ 1,669,387</u>	<u>\$ 57,086</u>	<u>\$ 691,678</u>	<u>\$ 2,418,151</u>

Spindletop Housing Component Unit	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Non-Depreciable Capital Assets:				
Land	\$ 159,931	\$	\$	\$ 159,931
Depreciable Capital Assets:				
Buildings & improvements	2,401,699			2,401,699
Total capital assets	<u>2,561,630</u>			<u>2,561,630</u>
Less: Accumulated Depreciation	444,930	69,761		514,691
Total Net Capital Assets	<u>\$ 2,116,700</u>	<u>\$ (69,761)</u>	<u>\$</u>	<u>\$ 2,046,939</u>

5. LEASES:

On April 26, 2021, the Center entered into a lease agreement as a lessee for the use of maintenance and janitorial uniforms. As of August 31, 2023, the value of the lease liability was \$105,361. The Center is required to make monthly payments of \$3,548 through April 25, 2026. The lease liability was valued using a discount rate of 3.25% based on the Wall Street Journal prime rate as of the date of the lease agreement.

The Center has other leases for buildings and equipment that did not meet the definition of a lease under GASB 87. At August 31, 2023, lease expenditures for these leases was \$142,072. Payments required in subsequent years are not material to the Center's financial statements.

6. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY AGREEMENTS (SBITAS):

On January 1, 2019, the Center entered into a SBITA contract for the use of staff training software. As of August 31, 2023, the value of the subscription liability was \$29,049. The Center is required to make annual principal and interest payments of \$21,046 through January 2025. The subscription was valued using a discount rate of 6.00% based on the Wall Street Journal prime rate as of the date of the subscription agreement.

On November 30, 2021, the Center entered into a SBITA contract for the use of electronic health record software. As of August 31, 2023, the value of the subscription liability was \$2,483,734. The Center is required to make annual principal and interest payments of \$910,258 through October 2024, \$937,566 through October 2025, and \$64,546 through October 2026. The subscription was valued using a discount rate of 7.50% based on the Wall Street Journal prime rate as of the date of the subscription agreement.

The Center has other subscription-based information technology agreements that did not meet the definition of a SBITA under GASB 96. At August 31, 2023, subscription-based IT agreement expenditures for these non-SBITAs was \$136,743. Payments required in subsequent years are not material to the Center’s financial statements.

7. LONG-TERM LIABILITIES:

The following is a summary of changes in long-term liabilities of the Center for the year ended August 31, 2023:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Governmental Activities:					
Leases	\$ 156,265	\$ 5,364	\$ 56,268	\$ 105,361	\$ 39,740
Subscription IT liabilities	\$ 3,204,461	\$ -	\$ 777,982	\$ 2,426,479	\$ 723,978
Compensated absences	<u>\$ 1,488,627</u>	<u>\$ 1,969,837</u>	<u>\$ 1,946,766</u>	<u>\$ 1,511,698</u>	<u>\$ 1,511,698</u>
Total long-term liabilities	<u>\$ 4,849,353</u>	<u>\$ 1,975,201</u>	<u>\$ 2,781,016</u>	<u>\$ 4,043,538</u>	<u>\$ 2,275,416</u>

Remaining principal and interest on leases are as follows:

<u>Years Ending August 31,</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 39,740	\$ 2,836
2025	41,051	1,521
2026	<u>24,570</u>	<u>267</u>
	<u>\$ 105,361</u>	<u>\$ 4,624</u>

7. LONG-TERM LIABILITIES - continued:

Remaining principal and interest on SBITAs are as follows:

<u>Years Ending August 31,</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 723,978	\$ 188,023
2025	805,584	132,566
2026	894,130	71,563
2027	2,787	4,503
	<u>\$ 2,426,479</u>	<u>\$ 396,655</u>

8. SPINDLETOP HOUSING CORPORATION COMPONENT UNIT CAPITAL ADVANCE:

Spindletop Housing Corporation 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.

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.

9. 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 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 \$1,132,115. These amounts are included in employee benefit expenditures. At year-end, 441 employees were participating in the plan. The Plan does not issue separate audited GAAP basis post-employment benefit plan financial statements.

9. DEFINED CONTRIBUTION PLAN - continued:

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%

10. DEFERRED 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 \$1,290,085 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.

11. 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.

11. COMMITMENTS AND CONTINGENCIES - continued:

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, 2023. 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>Claims Incurred</u>	<u>Payments</u>	<u>Ending Liability</u>
2021 - Workers compensation	\$ -	\$ 892	\$ 892	\$ -
2022 - Workers compensation	\$ -	\$ 55,097	\$ 55,097	\$ -
2023 - Workers compensation	\$ -	\$ 25,467	\$ 25,467	\$ -

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 - \$46,717,912; 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. The Center purchases 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. The Total Insured Value for the policy is \$31,401,053 with a \$10,000,000 Primary layer limit. The policy has a deductible per named storm of 5% per building with a minimum per occurrence deductible of \$100,000. There is a \$50,000 deductible for all other windstorm/hail claims.

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.

11. COMMITMENTS AND CONTINGENCIES: - continued

Commitment of General Fund Equity

\$1,026,262 of the fund balance in the General fund has been committed for special projects. This amount is not legally restricted.

12. 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, 2023, these contracts have been continued through August 31, 2024.

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

Medicaid	\$	5,154,337	10.06%
Home and Community-Based Services	\$	6,514,063	12.71%
DPP/CCP	\$	9,429,288	18.40%
General Revenue - MH Services (state)	\$	11,928,577	23.28%

13. 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 \$6,485,495 during the year ending August 31, 2023.

14. SELF-FUNDED HEALTH BENEFIT PLAN:

The Center operates a medical self-insurance program managed by United Healthcare (UHC). The Center is protected against unanticipated catastrophic individual or aggregate loss by stop-loss coverage carried also through UHC, a commercial insurer licensed or eligible to do business in Texas in accordance with the Texas Insurance Code.

14. SELF-FUNDED HEALTH BENEFIT PLAN - continued:

Stop-loss coverage was in effect for individual claims exceeding \$125,000 with an additional \$75,000 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.

Total premiums, claims and administrative fees incurred for the program for the year ended August 31, 2023, were \$4,504,027. For the same period, management recorded a \$379,525 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</u> <u>Liability</u>	<u>Claims</u> <u>Incurred</u>	<u>Claim</u> <u>Payments</u>	<u>Ending</u> <u>Liability</u>
2019 Medical and dental	\$ 315,000	\$2,915,066	\$ 2,930,066	\$ 300,000
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
2022 Medical and dental	\$ 430,000	\$6,084,537	\$ 5,989,537	\$ 525,000
2023 Medical and dental	\$ 525,000	\$4,358,552	\$ 4,504,027	\$ 379,525

15. MEDICAID 1115 WAIVER:

Directed Payment Program – Behavioral Health Services (DPP-BHS)

CMS approved DPP-BHS for the period of September 1, 2022 through August 31, 2023. The Center is required to track, measure, and reported on wellness improvement measures. Reporting is required twice a year. These measures are preventive care & screening-unhealthy alcohol use-screening & brief counseling, child and adolescent major depressive disorder (MDD)- suicide risk assessment, adult major depressive disorder (MDD)-suicide risk assessment, follow-up after hospitalization for mental illness 7-day and 30-Day for discharges from state hospitals, and preventive care and screening; body mass index (BMI) screening and follow-up. In addition to these key measures, the Center must be a Certified Community Behavioral Health Clinic (CCBHC), provide patients with services by using remote technologies, provide integrated physical and behavioral health care services to children and adults with serious mental illness, and participate in electronic exchange of clinical data with other healthcare providers/entities.

15. MEDICAID 1115 WAIVER - continued:

This program is currently a pay-for-reporting program, but is expected to transition to a pay-for-performance model sometime in the future. The DPP funds are not expenditure-reimbursement type funds.

HHSC issued a DPP FY22 Recoupment notice in early 2023 in the amount of (\$1,394,275). This amount was recorded as an expense due to the timing of the notice being after the end of the fiscal year 2022. The associated \$402,114 of remaining IGT that was not going to be refunded to the Center from fiscal year 2022 was expensed as DPP Program Expense.

As of August 31, 2023, the Center sent HHSC two intergovernmental transfers (IGT) for FY23 totaling \$2,481,756, in order to leverage federal funding. These payments are recorded as DPP IGT Deposit. As DPP payments are received, the applicable amount of IGT prepaid amount is recognized as an expense. As of August 31, 2023, the outstanding prepaid IGT balance is \$1,700,624. This amount can be found on the Statement of Net Position and the Balance Sheet – Governmental Funds. The Center received \$4,164,492 FY23 DPP funding net of IGT and program expense in FY 2023.

Public Health Provider – Charity Care Program

The Center participated in the PHP-CCP program under the 1115 waiver in order to be reimbursed certain costs, as a qualifying provider, associated with providing care, including behavioral health, immunizations, chronic disease prevention, and other preventative services for the uninsured. Funds received are determined by the completion of an annual uncompensated care tool for uncompensated care costs. The Center is eligible for this program as a provider established under the Texas Health and Safety Code Chapters 533 and 534 and by providing behavioral health services.

Year 1 of the PHP-CCP program covered the federal fiscal year (FFY) 2022 that included services provided from October 1, 2021 to September 30, 2022. The cost report was submitted on November 14, 2022. The Center received \$5,264,796 in FY2023.

16. 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

16. REVENUE - continued:

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.

(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.

17. 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 \$8,740,134 as of August 31, 2023

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, 2023, Spindletop Center has \$377,962 in notes receivable and the component unit, Spindletop Housing Corporation has \$377,962 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>
2024	\$ 12,592	\$ 3,732	\$ 16,324
2025	12,728	3,596	16,324
2026	12,856	3,468	16,324
2027	12,986	3,338	16,324
2028	13,107	3,217	16,324
2029-2033	67,575	14,045	81,620
2034-2038	71,040	10,580	81,620
2039-2043	74,682	6,938	81,620
2044-2048	78,510	3,110	81,620
2049-2051	21,886	91	21,977
	<u>\$ 377,962</u>	<u>\$ 52,115</u>	<u>\$ 430,077</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, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Local Revenues:				
County government	\$ 540,373	\$ 540,373	\$ 536,495	\$ (3,878)
Patient fees and insurance	674,340	674,340	1,141,487	467,147
Contracts	74,542	74,542	65,180	(9,362)
Medicare	82,000	82,000	83,694	1,694
Medicaid	7,201,706	7,201,706	5,154,337	(2,047,369)
Home and community-based services	6,864,069	6,864,069	6,514,063	(350,006)
Texas Home Living Waiver	742,504	742,504	440,302	(302,202)
Directed Payment Program (DPP) FY23	5,200,000	5,200,000	4,164,492	(1,035,508)
Charity Care Program (CCP)	300,663	300,663	5,264,796	4,964,133
Investment income	50,000	50,000	155,976	105,976
Other local income	1,097,407	1,097,407	1,196,137	98,730
Total local revenues	22,827,604	22,827,604	24,716,959	1,889,355
State Program Revenues:				
General revenue - mental health services	11,976,520	11,976,520	11,928,577	(47,943)
General revenue - IDD services	3,524,991	3,524,991	3,714,134	189,143
PASRR	29,149	29,149	36,552	7,403
TCOOMMI	855,480	855,480	788,100	(67,380)
Texas Department of Criminal Justice	225,000	225,000	328,818	103,818
Mental Health First Aid - Training	11,000	11,000	11,000	-
Community MH Grant - Hope Squad	-	-	55,913	55,913
Early Childhood Intervention	903,492	903,492	927,216	23,724
Substance abuse contracts - state portion	51,446	51,446	51,446	-
Supportive Housing - state portion	207,013	207,013	207,013	-
PATH - state portion	6,825	6,825	6,825	-
Mental Health Grant Program for Justice-Involved Individuals	441,775	441,775	521,062	79,287
Texas Rehabilitation Commission	28,314	28,314	29,129	815
Total state program revenues	18,261,005	18,261,005	18,605,785	344,780
Federal Program Revenues:				
Mental Health Block Grant	802,693	802,693	902,743	100,050
Block Grants for the Treatment and Prevention of Substance Abuse	708,585	708,585	708,585	-
Block Grant for COVID19 Supplement	-	-	227,083	227,083
Block Grant for Supportive Housing	3,886	3,886	3,886	-
Mental Health First Aid - Outreach	89,050	89,050	89,050	-
Early Childhood Intervention	1,334,475	1,334,475	1,309,382	(25,093)
TANF (MH only)	257,834	257,834	257,834	-
TANF Pandemic Emergency Asst Funds	-	-	1,890	1,890
Social Services Block Grant	110,263	110,263	110,263	-
Medicaid Administrative Claiming	1,999,999	1,999,999	2,098,274	98,275
Title XVIII - Money Follows the Person	87,735	87,735	87,735	-
Coordinated Specialty Care (CSC)	310,000	310,000	377,411	67,411
PATH	220,686	220,686	220,686	-
SAMHSA CCBHC Expansion Grant	2,000,000	2,000,000	1,527,481	(472,519)
Total federal program revenues	7,925,206	7,925,206	7,922,303	(2,903)
TOTAL REVENUES	\$ 49,013,815	\$ 49,013,815	\$ 51,245,047	\$ 2,231,232

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 REVENUE, EXPENDITURES
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDING AUGUST 31, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Balance
	Original	Final		
Expenditures				
Personnel	\$ 23,522,037	\$ 23,522,037	\$ 23,986,571	\$ (464,534)
Employee benefits	8,703,154	8,703,154	7,646,044	1,057,110
Contracted services	10,259,834	10,259,834	10,073,266	186,568
Travel - board and staff	143,989	143,989	115,844	28,145
Medications	155,800	155,800	182,310	(26,510)
Consumable supplies	516,614	516,614	622,583	(105,969)
Building repairs and rent	665,905	665,905	576,576	89,329
Equipment repair and maintenance	18,971	18,971	25,141	(6,170)
Telephone and utilities	922,015	922,015	1,050,769	(128,754)
Vehicle operations	332,861	332,861	314,903	17,958
Insurance	739,600	739,600	752,925	(13,325)
Training and development	160,610	160,610	219,020	(58,410)
Office supplies	156,490	156,490	181,122	(24,632)
Marketing	15,000	15,000	12,875	2,125
Client costs	508,610	508,610	503,373	5,237
Other costs	2,150,236	2,150,236	2,132,049	18,187
DPP FY22 Recoupment			1,394,275	(1,394,275)
DPP FY22 Program Expense			402,114	(402,114)
Debt Service:				
Principal			834,250	(834,250)
Interest			243,897	(243,897)
Total current	48,971,726	48,971,726	51,269,907	(2,298,181)
Capital outlay	42,089	42,089	6,966,862	(6,924,773)
TOTAL EXPENDITURES	49,013,815	49,013,815	58,236,769	(9,222,954)
Deficiency of revenues over expenditures	-	-	(6,991,722)	(6,991,722)
Other Financing Sources				
Lesses (leasee)			5,364	(5,364)
Total other financing sources			5,364	(5,364)
Net change in fund balance	-	-	(6,997,086)	(6,997,086)
Fund balance-Beginning of year	23,890,579	23,890,579	20,657,125	(3,233,454)
Fund balance-End of Year	\$ 23,890,579	\$ 23,890,579	\$ 13,660,039	\$ (10,230,540)

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 annual comprehensive 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.	54-58
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.	59-60
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.	61-63
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.	64-70
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.	71-82

**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>
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	4,096,164	1,463,268	345,977	52,330	2,437,601	4,823,611			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	49,027,637
2022	13,102,674	5,674,072	12,897,465	3,494,058	1,212,438	391,996		6,688,632	6,466,648	42,543	5,433	3,498,419	53,474,378
2023	16,290,779	5,547,585	12,507,707	2,706,828	739,933	386,238		4,745,475	7,267,215	834,250	243,897	6,966,862	58,236,769

Notes:

(a) Spindletop Center adopted GASB 87, *Leases* in FY 2022 and GASB 96, *Subscription-Based Information Technology Agreements* in FY 2023

(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	Local (a)	State	Federal	Total
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	53,177,623
2021	21,547,388	18,167,273	6,170,524	45,885,185
2022	24,291,616	18,142,065	7,789,511	50,223,192
2023	24,716,959	18,605,785	7,922,303	51,245,047

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

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

Net Revenues, (Expenses) and Changes in Net Position

<u>Revenues by Activity</u>	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Charges for Services	14,188,707	22,504,979	22,252,700	30,951,862	21,525,876	24,321,076	26,557,452	22,535,206	22,327,358	18,385,120
Operating Grants and Contributions	26,247,527	20,566,918	21,327,927	21,061,989	20,259,861	21,282,108	20,061,941	18,623,726	15,647,761	15,561,369
Governmental Activities	(12,150,607)	(8,801,399)	(3,233,581)	5,714,352	(2,610,380)	910,372	675,400	(404,894)	231,709	(1,073,077)
General Revenue	10,503,028	7,395,771	6,663,367	3,677,198	1,642,913	925,400	902,118	1,156,468	1,287,327	1,081,720
Change in Net Position	(1,647,579)	(1,405,628)	3,429,786	9,391,550	(967,467)	1,835,772	1,577,518	751,574	1,519,036	8,643
<u>Revenues by Activity and Program</u>	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<u>Mental Health - Adult</u>										
Charges for Services	1,938,178	3,256,213	2,556,955	2,373,071	2,105,029	1,950,171	2,027,243	1,655,435	1,534,080	1,493,594
Operating Grants/Contributions	14,346,892	11,960,996	12,014,155	11,663,526	10,897,815	12,039,038	11,770,830	11,535,061	8,198,617	8,799,369
<u>Mental Health - Child</u>										
Charges for Services	2,554,956	3,280,245	2,263,760	2,472,606	3,265,801	3,998,165	4,015,880	2,916,086	2,358,882	1,465,729
Operating Grants/Contributions	2,726,444	2,102,268	2,087,268	2,035,929	1,671,783	1,803,026	2,056,029	1,599,480	1,519,058	1,827,876
<u>Intellectual and Development Disability</u>										
Charges for Services	8,128,374	9,154,091	8,891,246	9,879,268	9,851,402	9,999,604	10,997,172	10,642,805	10,436,394	9,711,817
Operating Grants/Contributions	3,820,081	3,621,545	3,638,100	3,697,668	3,700,547	3,918,027	3,959,728	3,448,972	3,500,703	3,256,677
<u>Early Childhood Intervention</u>										
Charges for Services	1,056,853	1,597,113	1,463,942	1,645,719	2,313,914	1,757,390	1,412,057	1,375,258	1,104,615	997,543
Operating Grants/Contributions	2,238,176	2,146,545	2,847,914	2,685,885	2,359,571	2,460,087	1,091,930	973,586	1,132,454	864,178
<u>Substance Abuse Programs</u>										
Charges for Services	187,092	305,722	137,820	222,253	313,660	108,618	88,116	110,187	116,488	110,672
Operating Grants/Contributions	1,165,157	530,291	512,206	897,457	1,035,234	1,061,930	1,001,835	875,415	818,541	686,501
<u>Housing Program</u>										
Charges for Services	250,324	292,549	167,121		197,650	126,685	133,238	172,485	140,637	139,133
Operating Grants/Contributions	118,044									
<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
Operating Grants/Contributions										
<u>Other Programs</u>										
**includes 1115 waiver Charges for Services	72,930	4,619,046	6,771,856	14,358,945	784,298	130,732			14,360	13,516
Operating Grants/Contributions	1,832,733	205,273	228,284	81,524	594,911		181,590	191,212	478,388	126,768
Total Revenues By Programs	40,436,234	43,071,897	43,580,627	52,013,851	41,785,737	45,603,184	46,619,394	41,158,932	37,975,119	33,946,489

**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
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)
2022	48,609,908	50,223,192	1,613,285	48,609,908	53,474,379	(4,864,471)	17,733	(3,233,454)
2023	49,013,815	51,245,047	2,231,232	49,013,815	58,236,769	(9,222,954)	5,364	(6,997,086)

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Fund										
Nonspendable - Prepaid	418,659	358,461	252,169	348,856	501,422	660,478	765,139	830,734	344,115	373,285
Nonspendable - Note Receivable	390,428	402,780	415,010							
Committed	1,026,262	1,224,721	3,671,141	16,444,736	3,539,079	1,308,590	930,927	653,583	413,687	656,171
Unassigned	11,824,690	18,671,163	19,552,259	9,829,714	9,777,819	12,897,303	11,369,234	9,314,612	8,629,018	6,355,357
Total	13,660,039	20,657,125	23,890,579	26,623,306	13,818,320	14,866,371	13,065,300	10,798,929	9,386,820	7,384,813

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Mental Health - Adult										
Total Revenue by Activity	16,285,070	15,217,209	14,571,110	14,036,597	13,002,844	13,989,209	13,798,073	13,190,496	9,732,697	10,292,963
Total Expense by Activity	19,643,786	15,699,039	17,198,261	15,216,608	13,958,844	14,127,696	15,434,087	13,357,384	10,493,248	10,249,548
Change in N.P. by Activity	(3,358,716)	(481,830)	(2,627,151)	(1,180,011)	(956,000)	(138,487)	(1,636,014)	(166,888)	(760,551)	43,415
Mental Health - Child										
Total Revenue by Activity	5,281,400	5,382,513	4,351,028	4,508,535	4,937,584	5,801,191	6,071,909	4,515,566	3,877,940	3,293,605
Total Expense by Activity	6,620,394	6,632,466	6,012,881	4,839,478	4,948,524	4,684,538	4,667,311	3,292,342	2,403,695	2,187,634
Change in N.P. by Activity	(1,338,994)	(1,249,953)	(1,661,853)	(330,943)	(10,940)	1,116,653	1,404,598	1,223,224	1,474,245	1,105,970
Intellectual & Developmental Disability										
Total Revenue by Activity	11,948,455	12,775,636	12,529,346	13,576,936	13,551,949	13,917,631	14,956,900	14,091,777	13,937,097	12,968,494
Total Expense by Activity	15,892,093	15,551,164	15,613,651	14,975,612	15,685,084	15,415,054	15,901,070	15,363,195	15,267,701	14,289,609
Change in N.P. by Activity	(3,943,638)	(2,775,528)	(3,084,305)	(1,398,676)	(2,133,135)	(1,497,423)	(944,171)	(1,271,418)	(1,330,604)	(1,321,115)
Early Childhood Intervention										
Total Revenue by Activity	3,295,029	3,743,658	4,311,856	4,331,604	4,673,485	4,217,477	2,503,987	2,348,844	2,237,069	1,861,721
Total Expense by Activity	3,368,617	4,407,506	4,926,428	4,452,823	4,620,711	4,191,463	2,636,703	2,419,404	2,339,282	2,196,460
Change in N.P. by Activity	(73,588)	(663,848)	(614,572)	(121,219)	52,774	26,014	(132,716)	(70,560)	(102,214)	(334,739)
Substance Abuse Programs										
Total Revenue by Activity	1,352,249	836,013	650,026	1,119,710	1,348,894	1,170,548	1,089,951	985,602	935,029	797,173
Total Expense by Activity	1,076,936	1,492,162	1,235,247	1,750,696	1,752,560	1,331,904	1,248,685	1,163,899	1,158,083	964,782
Change in N.P. by Activity	275,313	(656,149)	(585,221)	(630,986)	(403,666)	(161,356)	(158,733)	(178,297)	(223,054)	(167,609)
Housing Program										
Total Revenue by Activity	368,368	292,549	167,121		197,650	126,685	133,238	172,485	140,637	139,133
Total Expense by Activity	578,894	591,950	629,818		543,502	377,661	354,367	346,021	329,393	497,304
Change in N.P. by Activity	(210,526)	(299,401)	(462,697)		(345,852)	(250,976)	(221,129)	(173,536)	(188,756)	(358,171)
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
Total Expense by Activity					149,253	3,898,739	5,550,213	4,531,020	4,591,142	3,624,732
Change in N.P. by Activity					2,544,869	2,350,972	2,333,533	1,131,930	2,030,760	828,384
Other Programs										
Total Revenue by Activity	1,905,663	4,824,319	7,000,140	14,440,469	1,379,209	130,732	181,590	191,212	492,748	140,284
Total Expense by Activity	5,406,121	7,499,009	1,378,893	5,064,283	2,737,640	665,758	151,559	1,090,561	1,160,865	1,009,496
Change in N.P. by Activity	(3,500,458)	(2,674,690)	5,621,247	9,376,186	(1,358,431)	(535,026)	30,032	(899,349)	(668,117)	(869,213)
General Revenues										
Investment Income	155,976	57,844	59,950	112,755	148,058	46,867	22,020	38,002	24,525	56,527
Contributions from local govmts	728,815	497,519	534,240	527,045	544,798	505,259	505,391	495,519	497,339	470,519
PPP loan forgiveness			4,443,478							
Charity care program	5,264,796									
Other local revenues	4,353,441	6,840,408	1,625,699	3,037,399	950,057	373,274	374,707	622,947	765,463	554,674
Change in N.P. by Activity	10,503,028	7,395,771	6,663,367	3,677,199	1,642,913	925,400	902,118	1,156,468	1,287,327	1,081,720
Change in Net Position	(1,647,579)	(1,405,628)	3,248,815	9,391,550	(967,468)	1,835,771	1,577,518	751,574	1,519,036	8,642

**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
2013	9,119,839	2,094,455	13,853,658	2,213,415	1,128,601	394,997	929,167	89,528		29,823,660	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		35,019,565	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		45,943,995	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		44,396,118	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		46,814,207	7,008,750
2022	15,699,039	6,632,466	15,551,164	4,407,506	1,492,162	591,950		7,493,576	5,433	51,873,296	6,790,544
2023	19,643,786	6,620,394	15,892,093	3,368,617	1,076,936	578,894		5,162,224	243,897	52,586,841	8,211,803

Notes:

(a) Spindletop Center adopted GASB 87, *Leases* in FY 2022 and GASB 96, *Subscription-Based Information Technology Agreements* in FY 2023

(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)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<u>Lease and SBITA Liability Debt Service</u>										
Principal	834,250	42,543								
Interest	243,897	5,433								
Total Debt Service	1,078,147	47,976								
<u>Expenditures</u>										
Expenses	51,269,907	49,975,960								
Capital Outlays	6,966,862	3,498,419								
Total Expenditures	58,236,769	53,474,379								
<u>Ratio</u>										
Debt Service to Expenditures	1.85%	0.09%								
<u>Percentage</u>										
Debt Service to Non-Capital Expenditures	0.09%	0.09%								

(a) Spindletop Center had no debt prior to FY 2022

(b) Spindletop Center adopted GASB 87, Leases in FY 2022 and GASB 96, Subscription-Based Information Technology Agreements in FY 2023.

(c) 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 his debt, a schedule would not be meaningful.

**Spindletop Center
Components of Net Position
Statistical Section
(Unaudited)**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Net Investment in Capital Assets	27,766,981	22,395,816	20,599,787	18,954,934	17,717,260	17,757,053	17,742,982	18,456,636	19,018,409	19,513,398
Restricted										
Unrestricted	12,467,533	19,486,277	22,687,934	20,903,001	12,749,124	13,676,798	11,855,097	9,563,925	8,250,578	6,236,553
Total Net Position	40,234,514	41,882,093	43,287,721	39,857,935	30,466,384	31,433,851	29,598,079	28,020,561	27,268,987	25,749,951

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

Jefferson County				
<i>** most current information available</i>				
<u>Employer</u>	<u>FY 2022</u>		<u>FY2013</u>	
	<u>Employees</u>	<u>Percentage of Top Employment</u>	<u>Employees</u>	<u>Percentage of Top Employment</u>
State of Texas	3,423	3.65%	5,500	5.12%
Beaumont ISD	2,432	2.59%	2,976	2.77%
ExxonMobil Oil Corporation	2,016	2.15%	2,000	1.86%
Christus Health Southeast Texas	1,713	1.83%	1,530	1.43%
Motiva Enterprises	1,634	1.74%	1,475	1.37%
Memorial Hermann Baptist Hospital	1,456	1.55%	1,232	1.15%
City of Beaumont	1,248	1.33%	1,335	1.24%
Port Arthur ISD	1,507	1.61%	1,170	1.09%
Jefferson County	1,083	1.15%	1,184	1.10%
Valero	761	0.81%	833	0.78%
Total	17,273	18.41%	19,235	17.91%

Chambers County				
<i>** most current information available</i>				
<u>Employer</u>	<u>FY 2022</u>		<u>FY 2013</u>	
	<u>Employees</u>	<u>Percentage of Top Employment</u>	<u>Employees</u>	<u>Percentage of Top Employment</u>
Covestro	1,110	5.81%		
Barber's Hill ISD	767	4.02%		
Enterprise Products	759	3.98%	210	1.28%
Wal-Mart Distribution Center	600	3.14%	600	3.66%
Chambers County	500	2.62%	685	4.18%
JSW Steel	450	2.36%		
Borusan Mannesmann	342	1.79%		
Home Depot Distribution Center	325	1.70%		
ExxonMobil Oil Corporation	250	1.31%	486	2.97%
IKEA	200	1.05%	600	3.66%
Bayer Material Science-Coverstro			1,100	6.71%
Jindal Steel Works			780	4.76%
Chevron-Phillips			685	4.18%
Total	5,303	27.78%	5,146	31.40%

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

Orange County		<u>FY 2022</u>		<u>FY 2012</u>	
<i>** most current information available</i>					
<u>Employer</u>	<u>Employees</u>	<u>Percentage of Top Employment</u>	<u>Employees</u>	<u>Percentage of Top Employment</u>	
Signal International, Llc	1000+				
EI Dupont de Nemours & Co	920	2.42%	950	2.50%	
Invista	732	1.93%	625	1.64%	
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%	400	1.05%	
Kellog - Brown & Root	420	1.11%	274	0.72%	
Lanxess, Inc.	390	1.03%	350	0.92%	
Lamar State College - Orange	274	0.72%	250	0.66%	
Cloeren Company, Inc.	250	0.66%	249	0.66%	
Orangefield ISD	249	0.53%	215	0.57%	
Firestone Polymers	200	0.51%	300	0.79%	
Total	5,381	14.03%	5,147	13.55%	

Hardin County		<u>FY 2022</u>		<u>FY 2012</u>	
<i>** information available</i>					
<u>Employer</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	500 - 1000	n/a	
BNSF	100 - 499	n/a	100 - 499	n/a	
Brookshire Borhters	100 - 499	n/a	100 - 499	n/a	
Dragon Products	100 - 499	n/a	100 - 499	n/a	
Paschal Welding	100 - 499	n/a	100 - 499	n/a	
Pineywoods Sanitation	100 - 499	n/a	100 - 499	n/a	
South Hampton Resources, Inc.	100 - 499	n/a	100 - 499	n/a	
Streamline Production Systems	100 - 499	n/a	100 - 499	n/a	
Triple S	100 - 499	n/a	100 - 499	n/a	
Wooden Pallets	100 - 499	n/a	100 - 499	n/a	
Total	0	0.00%	0	0.00%	

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

<u>Year</u>	<u>Population (a)</u>	<u>Jefferson</u>			<u>Unemployment</u>
			<u>Total Personal</u>	<u>Per Capita Personal Income (a)</u>	
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	252,235	\$	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%
2021	256,526	\$	13,146,444	\$ 51,248	8.30%
2022	253,704	\$	13,601,833	\$ 53,613	6.60%

<u>Year</u>	<u>Population (a)</u>	<u>Chambers</u>			<u>Unemployment</u>
			<u>Total Personal</u>	<u>Per Capita Personal Income (a)</u>	
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%
2021	48,865	\$	2,960,776	\$ 60,591	8.30%
2022	51,288	\$	3,164,169	\$ 61,694	5.30%

<u>Year</u>	<u>Population (a)</u>	<u>Orange</u>			<u>Unemployment</u>
			<u>Total Personal</u>	<u>Per Capita Personal Income (a)</u>	
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%
2021	84,742	\$	4,144,861	\$ 48,912	9.00%
2022	84,934	\$	4,261,107	\$ 50,170	5.70%

<u>Year</u>	<u>Population (a)</u>	<u>Hardin</u>			<u>Unemployment</u>
			<u>Total Personal</u>	<u>Per Capita Personal Income (a)</u>	
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%
2021	56,973	\$	2,993,594	\$ 52,544	8.00%
2022	57,811	\$	3,158,513	\$ 54,635	5.20%

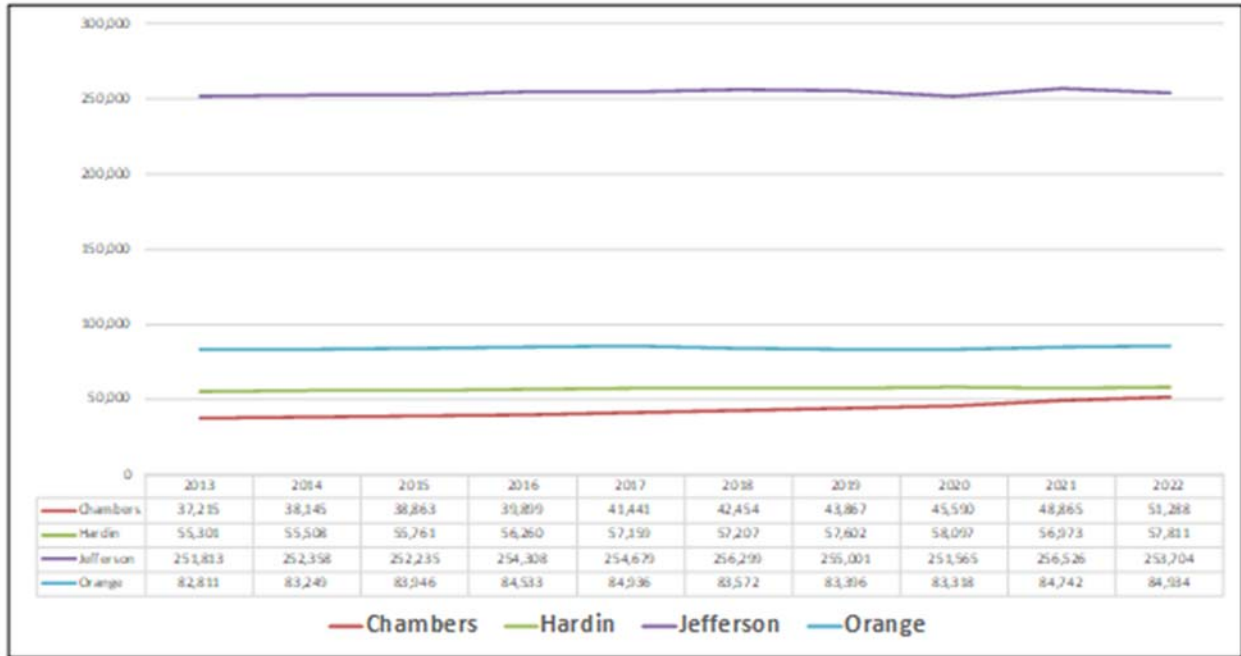
Sources:

(a) Bureau of Economic Analysis

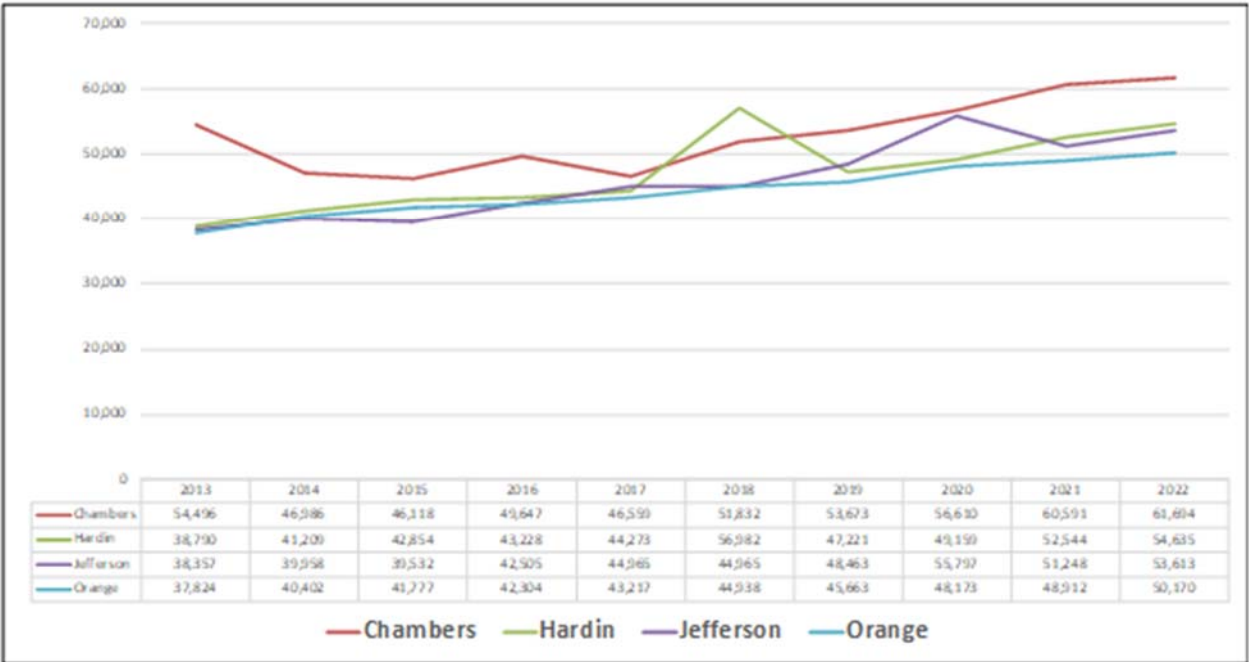
(b) Bureau of Labor Statistics

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

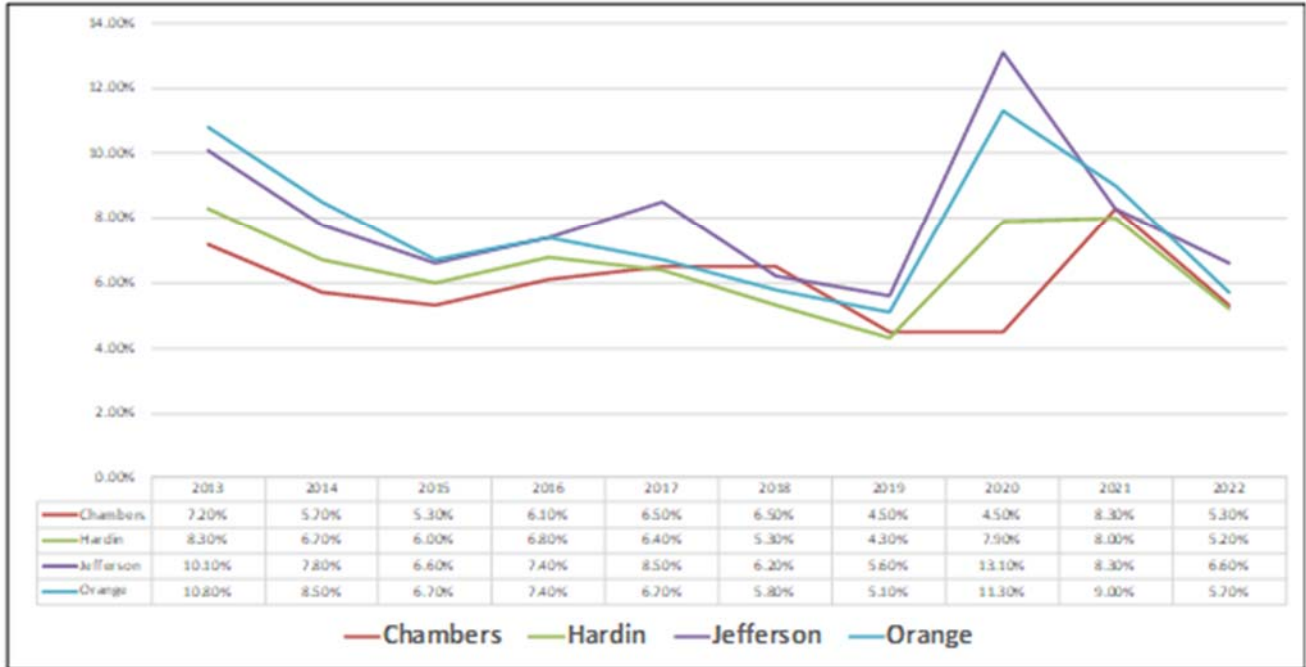
**Spindletop Center
Service Area Demographic Statistics
Population
(Unaudited)**



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



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



**Spindletop Center
Agency FTE's by Function
(Unaudited)**

Fiscal Year	MH Adult	MH Child	IDD	ECI	SUD	Housing	<u>Admin</u>	<u>Other Programs</u>	<u>Total</u>
2014	Unavailable								
2015	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
2022	95	55	137	30	19	2	69	71	478
2023	147	83	156	39	22	3	71	51	572

SPINDLETOP CENTER
SCHEDULE OF REVENUES AND EXPENDITURES BY SOURCE OF FUNDS
GENERAL FUND (Unaudited)
FOR THE YEAR ENDING AUGUST 31, 2023

<u>Fund Source</u>	Total				Total Center
	Total Mental Health Adult & Crisis	Total Mental Health Children	Intellectual & Developmental Disabilities	Total Other	
Objects of Expense					
Salaries	\$ 6,648,209	\$ 3,382,057	\$ 5,285,681	\$ 4,888,616	\$ 20,204,563
Employee Benefits	2,028,383	1,089,791	1,765,365	1,516,587	6,400,126
Professional and Consultant Services	4,240,644	470,464	181,470	25,065	4,917,643
Training and Travel	76,923	49,307	38,070	73,967	238,267
Capital Outlay	935,728	261,491	3,939,142	1,830,501	6,966,862
Non-Capitalized Equipment	209,754	129,313	227,804	212,239	779,110
Pharmaceutical Expense	180,792			1,533	182,325
Pharmaceutical Expense (PAP only)	6,485,495				6,485,495
Other Operating Expenses	2,864,129	573,736	5,494,275	2,138,032	11,070,172
Allocation of General Administration to Strategies	2,525,434	884,620	2,376,746	1,425,634	7,212,434
Allocation of Authority Administration to Strategies	-	-	270,631	-	270,631
Total Expenditures	\$ 26,195,491	\$ 6,840,779	\$ 19,579,184	\$ 12,112,174	\$ 64,727,628
Method of Finance					
General Revenue Allocated from DSHS	\$ 10,219,015	\$ 1,920,460	\$	\$	\$ 12,139,475
General Revenue Allocated from DADS			3,524,991		3,524,991
Title XX Social Services Block Grant, CFDA # 93.667	130,689				130,689
Mental Health Block Grant, CFDA # 93.958	969,618	310,536			1,280,154
TANF, CFDA #93.558.667		237,408			237,408
Medicaid Waiver		112,644	6,954,361		7,067,005
PATH, CFDA #93.150	220,686				220,686
Medicaid Programs	2,268,358	2,762,057	917,659	794,748	6,742,822
Other Federal			87,735		87,735
Medicaid 1115 Waiver (DPP/CCP)				9,429,959	9,429,959
Other State Agencies	43,377		301,260		344,637
Required Local Match	420,843	183,857	292,987		897,687
Additional Local Funds	11,922,905	1,313,817	7,500,191	1,887,467	22,624,380
Total Method of Finance	\$ 26,195,491	\$ 6,840,779	\$ 19,579,184	\$ 12,112,174	\$ 64,727,628
Reconciliation of Final Report III to Audit:					
Expenditures per audit report					\$ 58,236,769
Other Funding Sources (Leases)					5,364
Pharmaceutical Expense (PAP only)					6,485,495
Expenditures per final Report III					\$ 64,727,628
Revenue per audit report					\$ 51,245,047
Excess Expenses not reported on Report III					6,997,086
Pharmaceutical Expense (PAP only)					6,485,495
Revenue per final Report III					\$ 64,727,628

SPINDLETOP CENTER
RECONCILIATION OF TOTAL EXPENDITURES
TO FOURTH QUARTER FINANCIAL REPORT
FOR THE YEAR ENDING AUGUST 31, 2023
(UNAUDITED)

Object of Expenditure	CARE Report III	Additions	Deletions	Audit Financial Statements
Personnel	\$23,986,571			\$23,986,571
Employee Benefits	7,646,044			7,646,044
Professional and Consulting Services	10,073,266			10,073,266
Training and Travel	115,844			115,844
Capital Outlay	6,966,862			6,966,862
Non-capitalized Equipment	601,717			601,717
Pharmaceutical Expense	182,310			182,310
Pharmaceutical Expense (PAP) only	6,485,495		(6,485,495) (a)	
Other Operating Expenses	8,664,155			8,664,155
	<u>8,664,155</u>	<u> </u>	<u> </u>	<u>8,664,155</u>
Total Expenditures	<u>\$64,722,264</u>	<u>\$ -</u>	<u>\$ (6,485,495)</u>	<u>\$58,236,769</u>

(a) PAP not included in financial statements

**SPINDLETOP CENTER
RECONCILIATION OF TOTAL REVENUES
FOR THE YEAR ENDING AUGUST 31, 2023
(UNAUDITED)**

Fund Source	Total Revenue	Expended Revenue	Excess Revenue
General Revenue Allocated from DSHS	\$ 12,139,475	\$ 12,139,475	\$ -
General Revenue Allocated from DADS	3,524,991	3,524,991	-
Title XX Social Services Block Grant, CFDA # 93.667	130,689	130,689	-
Mental Health Block Grant, CFDA # 93.958	1,280,154	1,280,154	-
TANF, CFDA #93.558.667	237,408	237,408	-
Medicaid Waiver	7,067,005	7,067,005	-
PATH, CFDA #93.150	220,686	220,686	-
Medicaid Programs	6,742,822	6,742,822	-
Other Federal	87,735	87,735	-
Medicaid 1115 Waiver (DPP/CCP)	9,429,959	9,429,959	-
Other State Agencies	344,637	344,637	-
Required Local Match	897,687	897,687	-
Additional Local Funds	22,624,380	22,624,380	-
Total Expended Sources	\$ 64,727,628	\$ 64,727,628	\$ -
Required Local Match & Additional Local Funds			
County Government Tax Funds	\$ 728,815	\$ 728,815	\$ -
Patient Fees (Insurance and Reimbursements)	1,032,865	1,032,865	-
Miscellaneous Income & Contributions	1,239,718	1,239,718	-
Transfers In	9,637,391	9,637,391	-
PAP Contributions	6,485,495	6,485,495	-
	\$ 19,124,284	\$ 19,124,284	\$ -

SPINDLETOP CENTER
SCHEDULE OF INDIRECT COST (UNAUDITED)
FOR THE YEAR ENDING AUGUST 31, 2023

	<u>Per CARE</u> <u>Report III</u>	<u>Reclassified</u> <u>Cost</u>	<u>Nonallowable</u> <u>Cost</u>	<u>Depreciation</u>	<u>Total</u> <u>Adjusted Cost</u>	<u>Direct Cost</u>	<u>Indirect Cost</u>
Salaries	\$ 20,204,563	\$ 20,204,563	\$	\$	\$ 20,204,563	\$ 16,422,551	\$ 3,782,012
Employee Benefits	6,400,126	6,400,126			6,400,126	5,154,203	1,245,923
Other Expenditures	24,665,218	24,665,218	(184,394)		24,480,824	22,025,694	2,455,130
Capital Outlay	6,966,862	6,966,862	(6,966,862)			-	
Depreciation				2,418,151	2,418,151	2,161,551	256,600
PAP	6,485,495	6,485,495	(6,485,495)				
Total	<u>\$ 64,722,264</u>	<u>\$ 64,722,264</u>	<u>\$ (13,636,751)</u>	<u>\$ 2,418,151</u>	<u>\$ 53,503,664</u>	<u>\$ 45,763,999</u>	<u>\$ 7,739,665</u>
Less PAP		(6,485,495)					
Expenditures per audit		<u>\$ 58,236,769</u>					

Rate Computation

Indirect Cost	\$ 7,739,665
Direct Cost	\$ 45,763,999
Indirect Cost Rate	16.91%

**SPINDLETOP CENTER
SCHEDULE OF LEASES (UNAUDITED)
FOR THE YEAR ENDING AUGUST 31, 2023**

Leases Subject to GASB 87

STC	Lessor/Lessee	Lease Asset	Contract Date	Ending Date	Annual Amt
Lessee	Cintas Corporation	Uniforms and Mats	4/26/2021	4/25/2026	\$ 28,485

Leases Not Subject to GASB 87

STC	Lessor/Lessee	Lease Asset	Contract Date	Ending Date	Annual Amt
Lessee	Double H Property Mgmt, LLC	Group Home	10/31/2021	10/31/2022	\$ 2,990
Lessee	Double H Property Mgmt, LLC	Group Home	10/31/2022	10/31/2023	\$ 15,950
Lessee	Empress Care Services, LLC	Sublease - 3 Musketeers	9/1/2022	8/31/2023	10,143
Lessee	Galveston Bay Properties	Office Space - ECI Galveston	10/31/2019	4/30/2023	11,900
Lessee	Guillory's Birds of a Feather	Sublease - Robin's Nest	9/1/2022	8/31/2023	11,421
Lessee	Guillory's Birds of a Feather	Sublease - Soaring Eagles	9/1/2022	8/31/2023	11,010
Lessee	Lynetta & Lisa's Dignified Angels	Sublease - Angels in Waiting	9/1/2022	8/31/2023	8,246
Lessee	Lynetta & Lisa's Dignified Angels	Sublease - Concrete Angels	9/1/2022	8/31/2023	9,150
Lessee	Lynetta & Lisa's Dignified Angels	Sublease - Earth Angels	9/1/2022	8/31/2023	9,495
Lessee	Office Depot	Water Dispensers	2/14/2013	8/31/2023	13,464
Lessee	Region 5 Education Service Ctr	Office Space - HB19	9/1/2022	8/31/2023	15,000
Lessee	Serenity Group	Sublease - Grace II	9/1/2022	8/31/2023	8,880
Lessee	Silsbee Community Center	Office Space - NDI	9/1/2022	6/30/2023	15,000
Lessee	Silsbee Community Center	Office Space - HOPC	9/1/2022	6/30/2023	10,000
Lessee	Spindletop Housing Corp.	Office Space - Cottages	5/24/2022	5/23/2023	5,000
Lessee	Spindletop Housing Corp.	Office Space - Cottages	5/24/2022	5/23/2024	2,500
Lessee	Susan's Home Sweet Homes	Sublease - M & M	9/1/2022	8/31/2023	8,120
Lessee	Susan's Home Sweet Homes	Sublease - Skittles	9/1/2022	8/31/2023	9,012
Lessee	TLC & Associates	Sublease - Knight	9/1/2022	8/31/2023	9,600
Lessee	Victory Bound	Sublease - Edson	9/1/2022	8/31/2023	10,138
Lessee	Victory Bound	Sublease - Jackson	9/1/2022	8/31/2023	12,075
Lessor	Genoa Pharmacy	Office Space - BOPC	2/15/2015	2/14/2024	4,560
Lessor	Genoa Pharmacy	Office Space - SCOPC	7/1/2022	6/30/2024	1,882

SPINDLETOP CENTER
SCHEDULE OF SUBSCRIPTION-BASED IT AGREEMENTS (UNAUDITED)
FOR THE YEAR ENDING AUGUST 31, 2023

IT Software agreements Subject to GASB 96

Lessor	SBITA Asset	Contract Date	Ending Date	Annual Amt
Relias	Staff Training Software	1/1/2019	12/31/2024	\$ 21,046
Netsmart	Electronic Health Record Software	11/30/2021	11/29/2026	910,258

IT Software agreements Not Subject to GASB 96

Lessor	SBITA Asset	Contract Date	Ending Date	Annual Amt
Adobe Acrobat	Application Software	3/8/2023	3/7/2024	\$ 2,208
Biddle Consulting	Pre-employment Testing Software	3/10/2023	3/9/2024	3,300
Citrix	Application Software	9/8/2022	9/8/2023	19,020
Cloud Navigators	Application Software	6/29/2023	6/28/2024	2,880
Complete Paperless	IT Support Service Only	5/3/2023	5/2/2024	7,745
Datis - e3	Human Resources Software	4/14/2023	4/13/2024	9,477
Helpsystems - Digital Defense	Security Penetration Testing Service	10/1/2022	10/1/2023	6,233
KnowBe4	Security Training Software	12/29/2020	12/28/2023	15,135
Manageengine - Zoho	Help Desk Software	3/20/2023	3/19/2024	2,445
Microsoft	Monthly Application License	8/1/2023	8/31/2023	15,000
Odyssey Managed Svcs - Dynamics	IT Support Service Only	8/1/2023	8/31/2023	14,280
Regroup Mass Notification	Notification Service	9/21/2022	9/21/2023	4,140
Survey Monkey	Application Software	10/30/2022	10/29/2023	1,279
Tejas Behavioral Health - BECA Report	IT Support Service Only	11/1/2022	10/31/2023	1,300
Tejas Behavioral Health - DPP Report	IT Support Service Only	4/1/2023	8/31/2023	1,250
Vertical Communicaion - Mitel	IT Support Service Only	10/24/2022	10/23/2023	22,650
Viyu Network Solutions	IT Support Service Only	9/1/2022	8/31/2023	6,600
Zoom Video Communications	Application Software	10/21/2022	10/20/2023	1,800

**SPINDLETOP CENTER
SCHEDULE OF INSURANCE IN FORCE (UNAUDITED)
FOR THE YEAR ENDING AUGUST 31, 2023**

Insurance	Coverage	Premium Amount
<u>Insurance provided through the Texas Council Risk Management Fund is as follows:</u>		
<u>Period Covered 09/01/22 - 08/31/23</u>		
Workers' Compensation		\$66,920
Liability Coverage		
General Liability	\$1,000,000 Per Occurrence Limit and Annual Aggregate \$10,000 Deductible	4,481
Professional Liability	1,000,000 Per Claim Limit 3,000,000 Annual Aggregate \$10,000 Deductible	12,041
Automobile Liability	1,000,000 Combined Single Limit Per Occurrence \$5,000 Deductible	50,350
Errors and Omissions	1,000,000 Per claim Limit and Annual Aggregate \$10,000 Deductible	41,139
Property Coverage		315,537
Coverage Basis	All Risk	
Valuation Method for Loss Adjustment		
Real and Personal Property	Replacement Cost	
Mobile Equipment and Automobile		
Physical Damage Catastrophe	Actual Cash Value	
Blanket Limit Each Occurrence	51,052,975 Combined Single Limit Per Occurrence \$10,000 Deductible	
Automobile Physical Damage	Actual Cash Value Varies by Vehicle	60,525
<u>Insurance provided through Arthur J. Gallagher Risk Management Services Inc.:</u>		
<u>Period Covered 07/01/22 - 06/30/23</u>		
Windstorm/Hail		185,261
Valuation Method for Loss Adjustment	Actual Cash Value	
Blanket Limit Each Occurrence	32,198,535 Per Named Storm Minimum \$25,000 Deductible	
<u>Insurance provided through Texas Windstorm Insurance Association:</u>		
<u>Period Covered 07/01/23 - 06/30/24</u>		
Windstorm/Hail		297,746
Valuation Method for Loss Adjustment	Actual Cash Value	
Blanket Limit Each Occurrence	35,738,116 Per Named Storm Minimum \$100,000 Deductible	

**SPINDLETOP CENTER
SCHEDULE OF INSURANCE IN FORCE (UNAUDITED)
FOR THE YEAR ENDING AUGUST 31, 2023**

Insurance	Coverage	Premium Amount
<u>Insurance provided through American Bankers Insurance Company of Florida:</u>		
<u>Period Covered 09/28/21 - 09/27/22</u>		
Flood Coverage		
Building-3419 57th St, Port Arthur	500,000 \$1,250 Deductible	4,905
Contents	424,000 \$1,250 Deductible	4,178
<u>Period Covered 09/28/22 - 09/27/23</u>		
Flood Coverage		
Building-3419 57th St, Port Arthur	500,000 \$1,250 Deductible	4,905
Contents	424,000 \$1,250 Deductible	4,178
<u>Period Covered 11/18/21 - 11/17/22</u>		
Flood Coverage		
Building-3401 57th St, Port Arthur	500,000 \$1,250 Deductible	2,695
Contents	200,000 \$1,250 Deductible	1,101
<u>Period Covered 11/17/22 - 11/16/23</u>		
Flood Coverage		
Building-3401 57th St, Port Arthur	500,000 \$1,250 Deductible	2,695
Contents	200,000 \$1,250 Deductible	1,101
<u>Period Covered 08/25/23- 08/24/24</u>		
Flood Coverage		
Building-222 Durdin Dr., Silsbee	500,000 \$2,000 Deductible	1,082
Contents	500,000 \$2,000 Deductible	1,081
<u>Insurance provided through JI Special Risk Ins. Agency:</u>		
<u>Period Covered 09/01/22 - 08/31/23</u>		
Cyber Coverage		
	3,000,000 Per Claim Limit	43,079
	3,000,000 Annual Aggregate \$25,000 Deductible	

**SPINDLETOP CENTER
SCHEDULE OF BOND COVERAGE (UNAUDITED)
FOR THE YEAR ENDING AUGUST 31, 2023**

Coverage

Braud, Vaughn & Williamson Insurance

Period Covered 12/29/2021 - 12/28/2022

Commercial Crime

Employee Dishonesty

Per Occurrence Deductible: \$5,000

Computer Fraud

Per Occurrence Deductible: \$5,000

Period Covered 12/29/2022 - 12/28/2023

Commercial Crime

Employee Dishonesty

Per Occurrence Deductible: \$5,000

Computer Fraud

Per Occurrence Deductible: \$5,000

SPINDLETOP CENTER

SCHEDULE OF SPACE OCCUPIED IN A STATE OWNED FACILITY (UNAUDITED)

FOR THE YEAR ENDING AUGUST 31, 2023

Location	Utilization	Monthly Cost
NONE		

SPINDLETOP CENTER
SCHEDULE OF PROFESSIONAL AND CONSULTING FEES
(UNAUDITED)
FOR THE YEAR ENDING AUGUST 31, 2023

Name	City	Type of Service	Amount
A. W. Wehner, III, DDS	Nederland, Texas	Dental Services	\$ 186
Arisco, James A. DDS	Port Neches, Texas	Dental Services	237
Baptist Hospital of S.E. Texas	Beaumont, Texas	Medical Services	2,091,328
Beaumont Smile Center	Beaumont, Texas	Dental Services	683
Burd, Jerry L. DDS	Beaumont, Texas	Dental Services	642
Brewer Family Dental	Orange, Texas	Dental Services	63
Burke Center for East Texas Behavioral Network	Lufkin, Texas	Psychiatric Services	613,148
CornerStone Dental	Beaumont, Texas	Dental Services	1,217
David Nelams, DDS	Lumberton, Texas	Dental Services	56
Dr. Keith Kyle, DDS	Orange, Texas	Dental Services	880
Duke, Andy B, DDS	Beaumont, Texas	Dental Services	6,918
Faspsych, LLC	Scottsdale, Arizona	Medical Services	387,630
Garrett Dental Clinic	Groves, Texas	Dental Services	242
Greater Beaumont Oral & Maxillofacial	Beaumont, Texas	Dental Services	240
Hagler-Sciarrila Family Dentistry	Vidor, Texas	Dental Services	603
Jackson & Coker Locum Tenens	Atlanta, GA	Medical Services	447,355
Justin Morrison, DDS	Beaumont, Texas	Dental Services	1,200
Kountze Dental Center	Kountze, Texas	Dental Services	1,490
Keith Welton Kyle, DDS	Orange, Texas	Dental Services	394
Kyle M Walker, DDS	Orange, Texas	Dental Services	310
M. A. Ganni, DMD	Beaumont, Texas	Dental Services	980
Mark W. Stephenson, DDS	Conroe, Texas	Dental Services	7,000
Michael E. Cessac, DDS	Nederland, Texas	Dental Services	432
Mid County Oral Surgery	Port Arthur, Texas	Dental Services	100
Nederland Family Dental	Nederland, Texas	Dental Services	1,286
Newpath Counseling Group, LLP	Lumberton, Texas	Consulting Services	23,040
Nora Mosely, DDS	Beaumont, Texas	Dental Services	308
Premier Dental Care	Port Arthur, Texas	Dental Services	3,913
Robert L. Smith, DDS	Beaumont, Texas	Dental Services	10,772
Ronda G. Green, DDS	Baytown, Texas	Dental Services	395
Silsbee Family Dentistry	Silsbee, Texas	Dental Services	708
Smiles By Design	Port Arthur, Texas	Dental Services	593
Strobel, Roddy, MD	Midland, Texas	Psychiatric Services	179,413
Tara Reed	Beaumont, Texas	Dietician	3,054
The Medical Center of Southeast Texas, LP	Port Arthur, Texas	Medical Services	827,035
Twin City Dental	Port Arthur, Texas	Dental Services	940
Weaver and Jaynes Dentistry, PLLC	Beaumont, Texas	Dental Services	18,443
Webb Psychological Services	Beaumont, Texas	Psychiatric Services	1,000
William D. Middleton, DDS	Silsbee, Texas	Dental Services	839
William S. Nantz, DDS	Beaumont, Texas	Dental Services	455

SPINDLETOP CENTER
SCHEDULE OF LEGAL SERVICES (UNAUDITED)
FOR THE YEAR ENDING AUGUST 31, 2023

Name	City	Type of Service	Amount
Calvert, Eaves, Clark & Stelly, L.L.P.	Beaumont, Texas	Legal Services	\$ 5,243
Law Office of Dakshini R Senanayake	Houston Texas	Legal Services	1,250
Taylor, Olson, Adkins, Stalla & Ellam, L.L.P.	Fort Worth, Texas	Legal Services	32,010

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 Directors
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 (*Government Audit Standards*), the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Spindletop Center, as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise Spindletop Center’s basic financial statements and have issued our report thereon dated December 12, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Spindletop Center's internal control over financial reporting (internal control) as the 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 Spindletop Center’s internal control. Accordingly, we do not express an opinion on the effectiveness of Spindletop Center’s internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Spindletop 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.

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP". The signature is written in black ink and is positioned above the typed name and date.

Abilene, Texas
December 12, 2023



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 Texas Grant Management Standards

To the Board of Directors
Spindletop Center
Beaumont, Texas

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited Spindletop Center’s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement*, Texas Grant Management Standards (TxGMS) and *Guidelines for Annual Financial and Compliance Audits of Community Mental Health and Mental Retardation Centers* (Guidelines) 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, 2023. Spindletop Center’s major federal and state programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, Spindletop Center complied, in all material respects, with the 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, 2023.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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); TxGMS, and the Guidelines. Our responsibilities under those standards and the Uniform Guidance, TxGMS and the Guidelines are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, TxGMS, and the Guidelines, we:

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

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

Report on Internal Control over Compliance

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

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

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



Abilene, Texas
December 12, 2023

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

SPINDLETOP CENTER
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDING AUGUST 31, 2023

<u>Grant/Contract</u> <u>Federal Awards</u>	<u>Federal Financial Assistance Listing</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
U.S. Department of Education			
Passed through the Texas Health and Human Services Commission			
Special Education - Grants to State - Special Education Cluster	84.027	HHS000191200024	58,680
Special Education - Grants for Infants and Families with Disabilities	84.181	HHS000191200024	926,296
Special Education - Grants for Infants and Families with Disabilities - Personnel Retention Grant	84.181	HHS000640200027	175,673
Total U. S. Department of Education			1,160,649
U.S. Department of Health and Human Services - Substance Abuse and Mental			
Passed through the Texas Health and Human Services Commission			
COVID19 Section 233 Demonstration programs & Improve Community Mental Health Services - CCBHC Expansion Grant	93.829	1H79SM085294-01	1,527,481
Substance Abuse/Behavioral Health Care Services (SA/BHCVS) under Texas Emergency Response COVID-19 Behavioral Health (TEC-BH)	(c) 93.959	HHS000843300001 (Be Well)	116,223
Total U.S. Department of SAMHSA			1,643,704
U. S. Department of Health and Human Services			
Passed through the Health Resources and Services Administration			
COVID 19 Provider Relief Funds and American Plan Rural Distributions	93.498	N/A	392,197
Total U.S. Health Resources and Services Administration			392,197
Passed Through Texas Health and Human Services Commission			
Local MH Authority & Local IDD Authority			
Medicaid Administrative Claiming-MH (Medicaid Title XIX) - Medicaid Cluster	(a) 93.778	HHS000537900316	1,967,357
Total LMHA & LIDDA			1,967,357
Local Mental Health Authority			
Temporary Assistance for Needy Families (TANF) - 477 Cluster	(d) 93.558	HHS001022200031-A01	257,834
Title XX - Social Services Block Grant	93.667	HHS001022200031-A01	110,263
Mental Health Block Grant	(b) 93.958	HHS001022200031-A01	902,743
Mental Health First Aid - Outreach	(b) 93.958	HHS000182900001	89,050
Mental Health Block Grant - Supportive Housing	(b) 93.958	HHS001022200031-A10	3,886
Mental Health Block Grant - COVID-19 Supplemental Grant	(b) 93.958	HHS001108400030-A01	177,809
Mental Health Block Grant - COVID-19 Supplemental Grant	(b) 93.958	HHS001108400030-A06	49,274
Block Grants for Prevention and Treatment of Substance Abuse	(b) 93.958	HHS000663700056 (COPSD)	1,286
Block Grants for Prevention and Treatment of Substance Abuse	(c) 93.959	HHS000663700056 (COPSD)	124,631
Block Grants for Prevention and Treatment of Substance Abuse	(c) 93.959	HHS000663700134 (TRA)	88,478
Block Grants for Prevention and Treatment of Substance Abuse	(c) 93.959	HHS000663700214 (TRF)	38,404
Block Grants for Prevention and Treatment of Substance Abuse	(c) 93.959	HHS000663700182 (TRY)	14,563
Block Grants for Prevention and Treatment of Substance Abuse	(c) 93.959	HHS000780500009 (CHW)	325,000
Coordinated Specialty Care	(b) 93.958	HHS001329300017	377,411
Projects for Assistance in Transition from Homelessness (PATH)	93.150	HHS000231500008	220,686
TANF Pandemic Emergency Assistance Funds - 477 Cluster	(d) 93.558	HHS001120200007	1,890
Total Local Mental Health Authority			2,783,208
Local Intellectual & Developmental Disabilities Authority			
Money Follows the Person (Medicare Title XVIII)	93.791	HHS000993900001	87,735
Total Local Intellectual & Developmental Disabilities Authority			87,735
Early Childhood Intervention			
Temporary Assistance for Needy Families - 477 Cluster	(d) 93.558	HHS000640200027	54,725
Medicaid Administrative Claiming-ECI (Medicaid Title XIX) - Medicaid Cluster	(a) 93.778	HHS000537900316	130,917
Preschool Development Grant	93.434	HHS000640200027	59,080
American Rescue Plan Act 2021 Child Care and Development Block Grant - CCDF Cluster	93.575	HS000640200027	34,928
Total Early Childhood Intervention			279,650
Total U.S. Department of Health and Human Services			5,510,147
Total Expenditures of Federal Awards			\$ 8,314,500
(a) Total expenditures for CFDA 93.778 - Medicaid Cluster is	\$	2,098,274	
(b) Total expenditures for CFDA 93.958 is	\$	1,601,459	
(c) Total expenditures for CFDA 93.959 is	\$	707,299	
(d) Total expenditures for CFDA 93.558 - 477 Cluster is	\$	314,449	
(e) Total expenditures for CFDA 84.181 is	\$	1,101,969	

SPINDLETOP CENTER
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDING AUGUST 31, 2023
(Continued)

Grant/Contract	Grantor's Number	Expenditures
State Awards		
Texas Health and Human Services Commission		
Local Mental Health Authority		
General Revenue - Mental Health Adult	HHS001022200031-A01	* \$ 4,560,283
General Revenue - Mental Health Children	HHS001022200031-A01	** 1,269,760
General Revenue - Crisis	HHS001022200031-A01	520,762
Mental Health First Aid - Training	HHS000182900001	11,000
Community Based Crisis Services	HHS001022200031-A06	3,155,427
Private Psychiatric Beds	HHS001022200031-A07	2,237,345
Supportive Housing Project	HHS001022200031-A10	207,013
Veteran Support Services	HHS001022200031-A11	70,000
HB 19 - Education Service Center Based Non-Physician MH Professional	HHS001022200031-A24	115,000
Community Mental Health Grant Program - Hope Squad	HHS000477100038	55,913
Treatment Co-occurring Psychiatric & Substance Use Disorders	HHS000663700056 (COPSD)	36,811
Treatment for Adult Residential and Outpatient Services	HHS000663700134 (TRA)	14,635
Projects for Assistance in Transition from Homelessness (PATH)	HHS000231500008	6,825
Mental Health Grant Program for Justice-Involved Individuals - Rural	HHS000134400020 (SB292)	281,300
Mental Health Grant Program for Justice-Involved Individuals - Urban	HHS000135400001 (SB292)	239,762
Total Local Mental Health Authority		12,781,836
Local Intellectual and Developmental Disabilities Authority		
General Revenue - IDD	HHS00058760001	3,234,612
Permanency Planning	HHS00058760001	18,135
IDD Crisis Intervention Specialist & Crisis Respite	HHS00058760001	251,443
American Rescue Plan Act of 2021: Workforce Challenges	HHS00058760001	209,944
Total Local Intellectual and Developmental Disabilities Authority		3,714,134
Early Childhood Intervention		
Early Childhood Intervention	HHS000640200027	924,590
Respite	HHS000640200027	2,626
Total Early Childhood Intervention		927,216
Total Expenditures of State Awards		\$ 17,423,186
Total Expenditures of Federal and State Awards		\$ 25,737,686

SPINDLETOP CENTER
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
AUGUST 31, 2023

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 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. No funds passed through to subrecipients.

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 and American Rescue Plan (ARP) Rural Distribution 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 \$827,372 and \$271,767 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. No funds were received for Period 3. The Center received \$392,197 for Period 4 that was included in FY22 financials and was reported on the SEFA for FY23.

Federal awards per Schedule of Expenditures of Federal and State Awards	\$ 8,314,500
+ CARES Provider Funds reported in FY22 audit	<u>(392,197)</u>
Total federal revenues on statement of revenues, expenditures and changes in fund balance - governmental funds	<u>\$ 7,922,303</u>
State awards per Schedule of Expenditures of Federal and State Awards	\$ 17,423,186
+ PASRR	36,552
+ TCOOMMI - contract, not considered a grant	788,100
+ Texas Department of Criminal Justice	328,818
+ Texas Rehabilitation Commission	<u>29,129</u>
Total state revenues on statement of revenues, expenditures and changes in fund balance - governmental funds	<u>\$ 18,605,785</u>

4. PROGRAM OR AWARD AMOUNTS

Amounts include contract/award amounts plus any additional reimbursement monies received in fiscal year 2023.

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 *Texas Grant Management Standards*, 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, 2023.

SPINDLETOP CENTER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2023

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	Federal Financial Assistance Listing, CFDA Number
COVID 19 Provider Relief Funds and American Rescue Plan Rural Distribution	93.498
Mental Health Block Grant	93.958
Medicaid Administrative Claiming – Medicaid Cluster	93.778

Dollar threshold used to distinguish between type A and type B programs for federal awards:	\$750,000
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Name of State Programs	
General Revenue Mental Health (Adult, Children, Crisis, CBCS, 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:	\$750,000
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Auditee qualified as a low-risk auditee?	No
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SPINDLETOP CENTER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
YEAR ENDED AUGUST 31, 2023

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, 2022

Mailing Address:
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77704-3846

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655 S. 8th STREET
BEAUMONT, TX 77701

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www.Spindletopcenter.org

Finding 2022-001

Federal Agency Name: *United States Department of Health and Human Services
Health Resources & Services Administration*

Program Name: *COVID-19 Provider Relief Fund and American Rescue Plan Rural Distributons (PRF)*

CFDA # *93.498*

Finding Summary: *The Reporting Period 2 Provider Relief Fund Report was not properly reviewed prior to submission, resulting in a reporting error related to lost revenues.*

Responsible Individuals: *Denise LeBlanc, Chief Financial Officer*

Status: *Resolved - Controls were added to ensure all federal and state reporting is reviewed by a member of the financial services staff, who was not the preparer of the report, prior to submission. The amount of lost revenue was corrected in subsequent reporting in March 2023.*

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

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