

**SPINDLETOP CENTER**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**YEAR ENDED AUGUST 31, 2020**

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

**SPINDLETOP CENTER  
ANNUAL FINANCIAL AND COMPLIANCE REPORT  
FOR THE YEAR ENDED AUGUST 31, 2020**

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Holly Borel

*Chief Executive Officer*

*Jefferson County Board Members*

Gladdie Fowler  
Dolores Sennette  
Frank Coffin, Jr.  
Rebecca Ford  
Dana Johnson

*Orange County Board Members*

Gus Harris  
Mike Marion

*Hardin County Board Members*

Gaye Lokey

*Chambers County Board Members*

Brian C. Hawthorne

*Hearing impaired, call*

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January 25, 2021

Board of Trustees

Spindletop Center

655 S. 8<sup>th</sup> St.

Beaumont, TX 77701

The Annual Financial and Compliance Report of Spindletop Center for the year ended August 31, 2020 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, 2020. The independent auditor's report is located at the front of the financial section of this report.

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

## Profile of Spindletop Center

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

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

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

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

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

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

## **Economic Outlook**

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

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

Spindletop Center receives general revenue funding from the state of Texas through the Health and Human Services Commission (HHSC). In 2019, the 86<sup>th</sup> legislature funded the Center with General Revenue funds of \$18,089,388 for FY 2020.

Additional revenues come from the 1115 Waiver program. This Delivery System Reform Incentive Payment (DSRIP) waiver program funded the Center for five years ending September 2016 and was extended until December 2017. On December 21, 2017, the Centers for Medicare & Medicaid Services (CMS) approved Texas HHSC's request to extend Texas' section 1115(a) demonstration project effective from January 1, 2018 through September 30, 2022. There are two years of level funding, followed by two years of funding which will decrease each year. The fifth year of the extension, from October 1, 2021 through September 30, 2022, will not include any funding. The extension included a strategic, systemic effort of focusing on health system performance measurement and improvement to achieve sustainable and effective delivery system reform.

## **MAJOR INITIATIVES**

### **DSRIP**

The 1115 waiver funding for DSRIP continues to be a major initiative for the Center. The Center has received \$45,348,033 net of intergovernmental transfer (IGT) funds from the inception of the Waiver through August 31, 2020. The Center received \$12,438,975 net of IGT of these funds in FY 2020.

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

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

### **Internal Control**

The Center has policies and procedures to maintain an adequate system of internal control. Policies are reviewed annually and modified as needed. A full inventory of fixed assets is conducted annually, with on-going monitoring of technology assets that are at risk of being lost. There is a segregation of duties within the financial services department from purchasing through the reconciliation of bank accounts. There is a compliance program in place to continuously re-assess risk areas, re-prioritize compliance projects that are most critical to the mission of the center, and report compliance developments and compliance audit findings to the Chief Executive Officer and the full Board of Trustees as appropriate. Security management is overseen by the security officer to provide a safe and secure environment addressing both physical and technological security.

Authorization levels and monthly reporting to the Board of Trustees help strengthen administrative controls. Because the cost of control should not exceed the benefit to be derived, the objective is to provide reasonable, rather than absolute assurance, that the financial statements are free of any material misstatements.

## **Cash Management**

The Center's cash at August 31, 2020 was insured by FDIC at First Financial Bank and Chase Bank or by securities pledged to Spindletop Center for amounts over the standard FDIC limit. As of August 31, 2020, 92.66% of the Center's funds are held by First Financial Bank, earning 0.65% APY. The remainder of funds are invested in various certificates of deposit and mutual funds.

## **Investment Policy**

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

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

## **Investment Strategy**

In FY 2020, the Center continued to invest in a diverse group of certificates of deposit. As market conditions improved and the certificates mature, a portion of funds was invested in a Federal U.S. Treasury Cash Reserve Instrument. As certificates mature, funds will be reinvested into instruments preserving the safety of principal, liquidity, and maximization of yield.

## **Budgeting Process**

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



## **Appropriations**

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

## **Financial Management**

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

## **Debt Service**

Spindletop Center does not have any long-term debt that required principal and interest payments in the current fiscal year. The Center was granted a \$4,443,478 loan under the Paycheck Protection Plan (PPP) administered by an approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. The Center is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The Center has initially recorded the loan as other financing sources and will record the forgiveness in accordance with guidance for conditional revenues when there is no longer a measurable performance or other barrier and a right of return of the PPP loan or when such conditions are explicitly waived. Proceeds from the loan are eligible for forgiveness if the Center maintains employment levels during its covered period and uses the funds for certain payroll, rent, and utility expenses. The Center will be required to repay any remaining balance, plus interest accrued at 1 percent, in monthly payments commencing on December 1, 2020. Principal and interest payments will be required through the maturity date May 13, 2022. The balance of the note is \$4,443,478 at August 31, 2020.

## **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 2020, Spindletop was covered under a general liability insurance plan at a cost which is considered economically justifiable. The Center also carries cyber liability insurance and windstorm insurance.

## **Management's Discussion and Analysis**

As management of Spindletop Center, we offer readers of the Center's financial statements a narrative overview and analysis of the financial activities of the Center. Readers should refer to pages 5 - 11 of this report to find management's discussion and analysis for the fiscal year ended August 31, 2020.

## **Awards**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Spindletop Center for its comprehensive annual financial report (CAFR) for the fiscal year ended August 31, 2019. This is the 1<sup>st</sup> year that Spindletop Center has achieved this prestigious award under current management. In order to be awarded a Certificate of Achievement, Spindletop Center had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable program requirements.

A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. However, we believe that our current CAFR continue to meet the Certificate of Achievement for Excellence in Financial Reporting Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

## **Acknowledgement**

Spindletop Center suffered the loss of two individuals who were champions for people living with mental illness, substance use, and intellectual and developmental disabilities.

On November 6, 2020, Dr. Harlan Charleston, our chief medical officer, passed away at the age of 49. Dr. Charleston defied typical expectations of a doctor in administration by continuing his outreach to the most vulnerable patients, personally seeing people transitioning from the criminal-justice system or those experiencing homelessness. Dr. Charleston had been with Spindletop as an employee for nine years after serving many years as a contract employee. His care for his clients, dedication to continued learning, his soft voice, and quick wit are greatly missed.

On December 4, 2020, Spindletop lost our beloved and fiercely passionate Board Chair, Gladdie Fowler. Ms. Gladdie spent over 30 years on the Board of Trustee at Spindletop. She also served as on the board and as Board Chair for the Texas Council of Community Centers in prior years. She was an advocate for all in need. A teacher by trade, Ms. Gladdie spent many years educating the community and public leaders about the needs of the mentally ill and intellectually disabled. She was a passionate servant who always wore a smile and something sparkly. Community centers statewide have lost a great voice and leader.

Spindletop Center is working to fill the positions left vacant by these two wonderful people. However, Dr. Charleston and Ms. Gladdie can never be replaced.

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

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

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

Sincerely,



Denise LeBlanc  
Chief Financial Officer



Government Finance Officers Association

Certificate of  
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for Excellence  
in Financial  
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Texas**

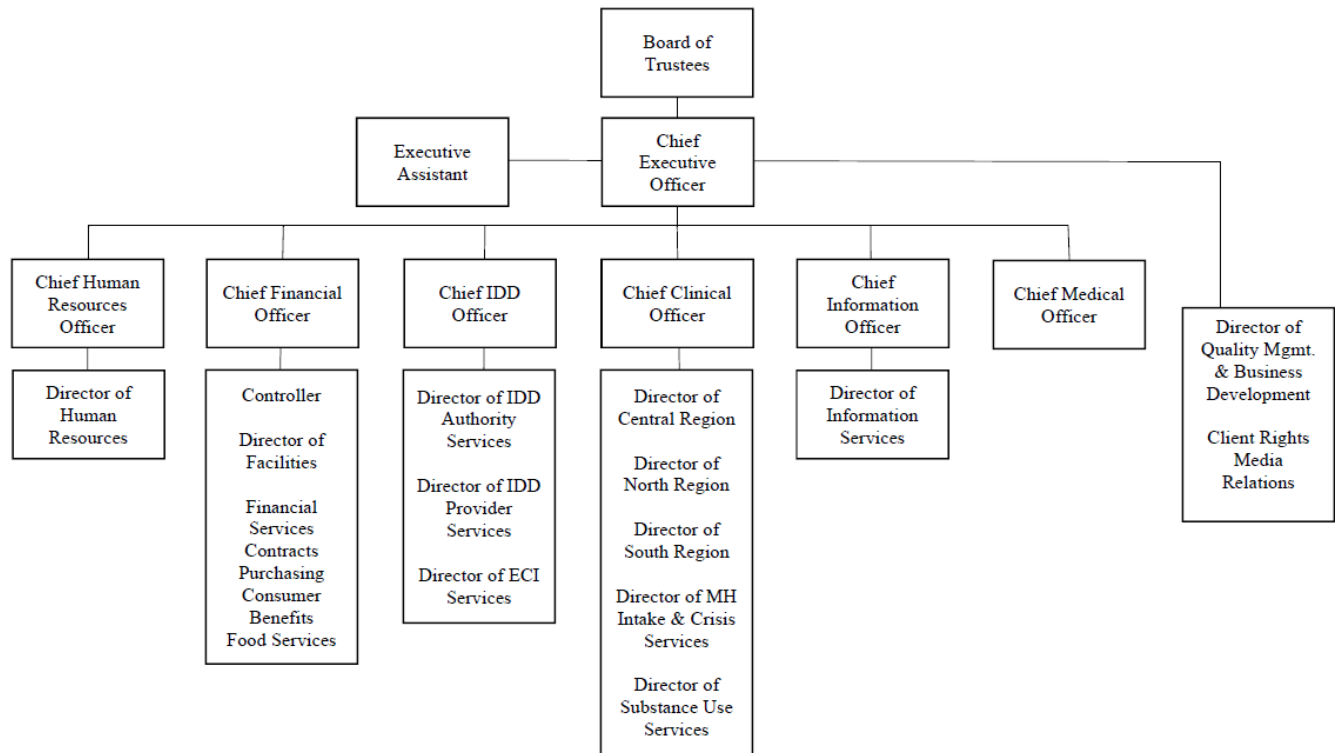
For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

August 31, 2019

*Christopher P. Morill*

Executive Director/CEO

# SPINDLETOP CENTER ORGANIZATIONAL CHART AS OF AUGUST 31, 2020



**CERTIFICATE OF BOARD  
ACCEPTANCE OF AUDIT REPORT**

**Spindletop Center**

I, Frank Coffin, Vice Chair of the Board of Trustees of Spindletop Center, do hereby certify that this accompanying audit report for FY 2020 from Eide Bailly, LLP was reviewed and accepted at a meeting of the Board of Trustees held on the 25th day of January 2021.

  
\_\_\_\_\_  
Vice Chair, Board of Trustees

**SPINDLETOP CENTER**  
**LIST OF PRINCIPAL OFFICIALS**  
**AS OF AUGUST 31, 2020**

**BOARD OF TRUSTEES**

Gladdie Fowler	Board Chair
Frank Coffin	Board Vice-Chair
Gaye Lokey	Board Secretary
Gus Harris	Member
Rebecca Ford	Member
Dolores Sennette	Member
Brian Hawthorne	Member
Mike Marion	Member
Shirley Adams	Member

**EXECUTIVE STAFF**

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

## **FINANCIAL SECTION**





## Independent Auditor's Report

To the Board of Directors  
Spindletop Center  
Beaumont, Texas

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, the major fund, and the aggregate remaining fund information of Spindletop Center ("the Center") as of and for the year ended August 31, 2020, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, the major fund, and the aggregate remaining fund information of the Center as of August 31, 2020, 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.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5 through 11 and 44 and 45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued a report dated January 21, 2021 on our consideration of Spindletop Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Center's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.

Handwritten signature of Eric Sully in cursive script.

Abilene, Texas  
January 21, 2021

**REQUIRED SUPPLEMENTARY INFORMATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

## Management's Discussion and Analysis

As management of Spindletop Center (the Center), we present the financial statements for the year ended August 31, 2020 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 2020 by \$39,857,935 (*net position*). Of this amount, \$20,903,001 (*unrestricted net position*) may be used to meet the Center's ongoing obligations.
- The Center's total net position (government-wide) increased by \$9,391,551.
- As of the close of the current fiscal year, the Center's governmental fund balance reported an ending balance of \$26,623,306, which is an increase of \$12,804,985 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$9,829,714 or 20.80% 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 and bonded indebtedness).

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, Other Program services, and Administration.
- The Center does not maintain any *business-type activities*.

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

## **FUND FINANCIAL STATEMENTS**

A *fund* is a group of related accounts used to maintain control over resources which have been segregated for specific activities or objectives. The Center, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Center can be divided into two categories: governmental funds and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, focus is on how cash resources flow into and out of those funds and the balances remaining at year-end that are available for spending. These funds are reported using a method called *modified accrual accounting* that requires the recognition of revenue when earned, only so long as the funds are collected within the period or soon enough afterwards to be used to pay liabilities of the current period.

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

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

The Center adopts an annual budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget.

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

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the Center. These funds are used to account for trust funds held on behalf of Center consumers and for retirement trust funds held for the benefit of employees. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Center's programs. The basic fiduciary fund financial statements can be found on pages 19 and 20 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21-42 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 44 and 45 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 \$30,466,384 at the close of the most recent fiscal year.

A large portion of the Center's net position (47.56%) reflects its investment in capital assets (e.g., land, buildings, vehicles, furniture and equipment); less any related debt used to acquire those assets that is still outstanding. As of August 31, 2020, the Center had no outstanding debt related to capital assets. The Center uses these assets to provide services to the individuals we serve; consequently, these assets are not available for future spending. Additionally, a portion of the Center's net position (52.44%) represents unrestricted financial resources available for future operations.

### **Statement of Net Position**

	<b><u>Governmental Activities</u></b>	
	<b><u>2019</u></b>	<b><u>2020</u></b>
Current and other assets	\$ 20,001,665	\$ 32,837,263
Capital assets	17,717,260	18,954,934
<b>Total assets</b>	<b><u>37,718,925</u></b>	<b><u>51,792,197</u></b>
Current liabilities	6,044,584	5,942,491
Long-term liabilities	1,207,957	5,991,771
<b>Total liabilities</b>	<b><u>7,252,541</u></b>	<b><u>11,934,262</u></b>
Net assets:		
Invested in capital assets	17,717,260	18,954,934
Unrestricted	12,749,124	20,903,001
<b>Total net position</b>	<b><u>\$ 30,466,384</u></b>	<b><u>\$ 39,857,935</u></b>

## **GOVERNMENTAL ACTIVITIES**

Governmental activities increased the Center's net position by \$9,391,551, accounting for the entire increase in the net position of the Center. Key elements of this increase are as follows:

	<b>Governmental Activities</b>	
	<b>2019</b>	<b>2020</b>
<b>REVENUES</b>		
Program revenues:		
Charges for services:	\$ 21,525,876	\$ 30,951,862
Operating grants and contributions	20,259,861	21,061,989
General revenues:		
Local income	1,494,855	3,564,444
Unrestricted investment earnings	148,058	112,755
Total revenues	<u>43,428,650</u>	<u>55,691,050</u>
<b>EXPENSES</b>		
Mental Health Adult	13,958,844	15,216,608
Mental Health Children	4,948,524	4,839,478
Intellectual and Developmental Disabilities	15,685,082	14,975,612
Other programs	9,803,667	11,267,801
Total expenses	<u>44,396,117</u>	<u>46,299,499</u>
<b>CHANGE IN NET POSITION</b>	<u>\$ (967,467)</u>	<u>\$ 9,391,551</u>

- Revenues from 1115 Healthcare Transformation Waiver Delivery System Reform Incentive Payment (DSRIP) increased \$9,744,853 due in part to reporting achievement from the previous reporting period. Center chose to delay reporting to allow for approval of baseline numbers for several measures. The delayed reporting was done in October 2019 and payment was received in FY 2020.
- DSRIP funds are now recognized in charges for services rather than a separate line item as in previous fiscal year reports.
- Contributions from local governments of \$527,045 are unrestricted funds given annually to the Center by the counties in which we serve to help meet local match requirements.
- Insurance claims received from Imelda flood damages of \$2,445,088. The majority was capitalized into fixed assets.

## **FINANCIAL ANALYSIS OF THE CENTER'S FUNDS**

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

**Governmental funds.** The focus of the Center's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Center's financing requirements.

**General funds.** The general fund is the chief operating fund of the Center. At the end of the current fiscal year, the general fund reported a fund balance of \$26,623,306. A portion of this, 36.92%, 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 \$9,829,714 represents 20.80% 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, 2020, the Center's Days Cash on Hand was 201 days.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

- The Center chose not to make any mid-year budget adjustments during the fiscal year.
- \$4,355,668 favorable variance in the local revenues category is comprised mostly by \$9,480,558 in 1115 Waiver funds that were received but not budgeted. Unfavorable variances of \$101,039 in Patient fees and insurance, \$3,339,968 in Medicaid services, \$297,069 in Home and Community-based services, and \$386,698 in Texas Home Living Waiver services all were budgeted but not generated. The lower than budgeted actual amounts are contributed mainly to the disruption of service delivery experienced as a result of the COVID 19 pandemic. Unfavorable variable of \$898,314 in Other Local Income is the result of services that were budgeted but not generated and a decrease in interest rate and therefore interest income.
- \$62,511 unfavorable variance in the state program revenues due mainly to a drop in Texas Department of Criminal Justice services because of a disruption of face-to-face programs due to the COVID 19 pandemic.
- \$1,922,582 favorable variance in the federal program revenues were due to \$941,335 of Medicaid Administrative Claiming revenues generated over the budgeted amount. Also, Disaster grants of \$107,081 SAMSHA Emergency Response – Hurricane Harvey, \$158,223 FEMA Hurricane Imelda Crisis Counseling, and \$86,720 FEMA COVID 19 Crisis Counseling programs were generated by not budgeted. Further, \$835,715 in CARES Provider Relief Funds were generated by not budgeted.
- Current Expenditures before Capital Outlays has a favorable variance of \$2,052,104.
- Favorable variance of \$520,145 in Personnel was due to vacant positions and unfavorable variance of \$735,136 in Employee benefits was due to a budgeting error.
- Favorable variances of \$1,748,062 in Contracted Services, \$249,253 in Travel, \$173,458 in Consumable supplies, and \$102,445 in Training are due to the disruption of COVID 19, the impact of employees working remotely, and a travel ban during the pandemic.
- \$147,693 unfavorable variance in Other costs due to expenses incurred to repair Hurricane Imelda flood damage at The Cottages apartments on behalf of Spindletop Housing Corporation. The SHC did not have flood insurance on the property and was unable to fund the repairs from operating revenue. Work was completed and Spindletop Housing Corporation entered into a promissory note agreement in December 2020 to repay Spindletop Center for the repairs. This note agreement will be reflected on subsequent fiscal year reports.



- The Center does not budget for most of its capital outlay; instead, it assigns part of its prior year excess revenues for capital improvement and other special projects to be spent in the current year. Actual expenses for these projects were \$2,674,456. Some of the expenses were for upgrades to buildings that were being repairs due to Hurricane Imelda flood damage.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets.** The Center’s investment in capital assets for its governmental activities as of August 31, 2020 amounts to \$18,954,934 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, equipment, and vehicles. Following is a summary of changes in capital assets during the fiscal year:

### **SPINDLETOP CENTER CAPITAL ASSETS (Net of Depreciation)**

	<b>2019</b>	<b>2020</b>	<b>Change</b>
Land (non-depreciable)	\$ 2,658,685	\$ 2,658,685	\$ -
Buildings and improvements	26,892,161	28,582,736	1,690,575
Furniture and equipment	1,953,314	1,422,930	(530,384)
Vehicles	2,532,564	2,741,624	209,060
Construction in progress	-	108,120	108,120
Less accumulated depreciation	(16,319,464)	(16,559,161)	(239,697)
	<u>\$ 17,717,260</u>	<u>\$ 18,954,934</u>	<u>\$ 1,237,674</u>

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

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

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

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

- The Center’s FY21 budget was developed with emphasis on the economic uncertainty brought about by the COVID 19 pandemic. A balanced budget was approved by the Board of Trustees for FY21.

- The Center's FY21 Revenue budget is projected to be \$45,620,874. General operating revenues are budgeted at \$43,095,711 and the amount of DSRIP revenue funds to be utilized for operating purposes is budgeted at \$2,525,163. This is a decrease of \$1,341,011 (2.86%).
- The total amount of DSRIP revenue funds expected to be received in FY21 is \$6,157,515 net of IGT. However, these funds are not fully budgeted nor recognized until reporting is approved and funds are received.
- The Center's FY21 Expense budget is projected to \$45,620,874. This is a decrease of \$1,341,011 (2.86%). The decrease is mainly in Client Services and Operating Expenses due to a decrease in face-to-face services during the pandemic.

### **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 8<sup>th</sup> Street, Beaumont, Texas 77701.

**BASIC**  
**FINANCIAL STATEMENTS**

**SPINDLETOP CENTER**  
**STATEMENT OF NET POSITION**  
**AUGUST 31, 2020**

	<b>Primary Government</b>		<b>Component Unit</b>
	<b>Governmental Activities</b>	<b>Total</b>	<b>Spindletop Housing Corporation</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,342,004	\$ 2,342,004	\$ 753
Restricted deposits			42,338
Investments	24,048,475	24,048,475	
Accounts receivable (net)	6,097,928	6,097,928	
Prepaid items	348,856	348,856	4,385
Capital assets:			
Land	2,658,685	2,658,685	150,000
Non-depreciable construction in progress	108,120	108,120	
Depreciable capital assets, net	16,188,129	16,188,129	2,084,039
<b>Total Assets</b>	<b>51,792,197</b>	<b>51,792,197</b>	<b>2,281,515</b>
<b>LIABILITIES</b>			
Accounts payable	424,393	424,393	400,603
Accrued salaries & benefits	645,002	645,002	
Accrued liabilities	1,473,205	1,473,205	
Due to other governments	2,534,785	2,534,785	
Health claims payable	300,000	300,000	
Unearned revenue	565,106	565,106	
Long-term liabilities:			
Due within one year	3,750,254	3,750,254	
Due in more than one year	2,241,517	2,241,517	
<b>Total Liabilities</b>	<b>11,934,262</b>	<b>11,934,262</b>	<b>400,603</b>
<b>NET POSITION</b>			
Invested in capital assets	18,954,934	18,954,934	2,234,039
Unrestricted	20,903,001	20,903,001	(353,127)
<b>Total Net Position</b>	<b>\$ 39,857,935</b>	<b>\$ 39,857,935</b>	<b>\$ 1,880,912</b>

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

**SPINDLETOP CENTER  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDING AUGUST 31, 2020**

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
<b>Governmental activities:</b>									
Mental Health - Adult	\$ 13,447,829	\$ 1,768,779	\$ 15,216,608	\$ 2,373,071	\$ 11,663,526	\$	\$ (1,180,011)	\$ (1,180,011)	
Mental Health - Children	4,159,263	680,215	4,839,478	2,472,606	2,035,929		(330,943)	(330,943)	
Intellectual & Developmental Disabilities	12,802,184	2,173,428	14,975,612	9,879,268	3,697,668		(1,398,676)	(1,398,676)	
Early Childhood Intervention	3,746,289	706,534	4,452,823	1,645,719	2,685,885		(121,219)	(121,219)	
Substance Abuse programs	1,492,818	257,878	1,750,696	222,253	897,457		(630,986)	(630,986)	
Other programs	4,210,031	854,251	5,064,282	14,358,945	81,524		9,376,187	9,376,187	
Administration	6,441,085	(6,441,085)							
<b>Total governmental activities</b>	<b>\$ 46,299,499</b>	<b>\$</b>	<b>\$ 46,299,499</b>	<b>\$ 33,396,950</b>	<b>\$ 21,061,989</b>	<b>\$</b>	<b>\$ 5,714,352</b>	<b>\$ 5,714,352</b>	
<b>Component unit:</b>									
Spindletop Housing Corp.	\$ 189,875		\$ 189,875	\$ 49,374	\$	\$			\$ (140,501)
<b>Total component unit</b>	<b>\$ 189,875</b>	<b>\$</b>	<b>\$ 189,875</b>	<b>\$ 49,374</b>	<b>\$</b>	<b>\$</b>			<b>\$ (140,501)</b>
<b>General Revenues:</b>									
Investment income							\$ 112,755	\$ 112,755	
Contributions from local governments							527,045	527,045	
Other local revenues							3,037,399	3,037,399	
<b>Total general revenues</b>							<b>3,677,199</b>	<b>3,677,199</b>	
<b>Change in net position</b>							<b>9,391,551</b>	<b>9,391,551</b>	<b>(140,501)</b>
<b>Net position-beginning</b>							<b>30,466,384</b>	<b>30,466,384</b>	<b>2,021,413</b>
<b>Net position-ending</b>							<b>\$ 39,857,935</b>	<b>\$ 39,857,935</b>	<b>\$ 1,880,912</b>

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

**SPINDLETOP CENTER  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
AUGUST 31, 2020**

	<b>General Fund</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 2,342,004	\$ 2,342,004
Investments	24,048,475	24,048,475
Accounts receivable, (net of allowance for uncollectibles)	6,097,928	6,097,928
Prepaid items	348,856	348,856
<b>Total Assets</b>	<b>32,837,263</b>	<b>32,837,263</b>
<b>LIABILITIES</b>		
Accounts payable	424,393	424,393
Accrued liabilities	1,473,205	1,473,205
Due to other governments	2,534,785	2,534,785
Accrued salaries and benefits	645,002	645,002
Health claims payable	300,000	300,000
Unearned revenue	565,106	565,106
<b>Total Liabilities</b>	<b>5,942,491</b>	<b>5,942,491</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Medicaid administrative claiming revenues	271,466	271,466
<b>Total Deferred Inflows of Resources</b>	<b>271,466</b>	<b>271,466</b>
<b>FUND BALANCES</b>		
Non-spendable: Prepaid items	348,856	348,856
Committed for Special Projects	16,444,736	16,444,736
Unassigned	9,829,714	9,829,714
<b>Total Fund Balance</b>	<b>26,623,306</b>	<b>26,623,306</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balance</b>	<b>\$ 32,837,263</b>	<b>\$ 32,837,263</b>

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, 2020**

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

Total fund balance - governmental funds	\$ 26,623,306
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	18,954,934
Long-term liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds. As a result, compensated absences and PPP loan proceeds decrease net position.	(5,991,771)
In the fund statements, revenue that exceeds a reasonable collectability period is not recorded within revenue. In the statement of net position, assured receipt of revenue is reported as revenue. This is the amount of deferred inflows of resources at year end.	<u>271,467</u>
<b>Net Position of Governmental Activities</b>	<b><u>\$ 39,857,935</u></b>

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, 2020**

	<b>General Fund</b>	<b>Total Governmental Funds</b>
<b>Revenues:</b>		
Local and earned revenues	\$ 28,589,954	\$ 28,589,954
State programs	17,758,721	17,751,721
Federal programs	6,828,948	6,828,948
<b>Total revenues</b>	<b>53,177,624</b>	<b>53,177,624</b>
<b>Expenditures:</b>		
Mental health adult	12,926,425	12,926,425
Mental health children	4,043,358	4,043,358
Intellectual and developmental disabilities	12,470,260	12,470,260
Early childhood intervention	3,669,671	3,669,671
Substance abuse programs	1,378,157	1,378,157
Other programs	3,992,945	3,992,945
Administration	6,106,032	6,106,032
Capital outlay	2,674,456	2,674,456
<b>Total expenditures</b>	<b>47,261,204</b>	<b>47,261,204</b>
<b>Excess of revenues over expenditures</b>	<b>5,916,419</b>	<b>5,916,419</b>
<b>Other Financing Sources:</b>		
Proceeds from Insurance Claims	2,445,088	2,445,088
Proceeds from SBA PPP Loan	4,443,478	4,443,478
<b>Total other financing sources</b>	<b>6,888,566</b>	<b>6,888,566</b>
<b>Net change in fund balance</b>	<b>12,804,985</b>	<b>12,804,985</b>
<b>Fund balance at beginning of year</b>	<b>13,818,320</b>	<b>13,818,320</b>
<b>Fund balance at end of year</b>	<b>\$ 26,623,306</b>	<b>\$ 26,623,306</b>

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, 2020**

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

Net Change in Fund Balance-Total Governmental Funds	\$ 12,804,985
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Governmental funds report capital outlay as expenditures; however, in the statement of activities the cost of capital assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay (\$2,674,456) was exceeded by depreciation expense (\$1,372,412) for the year.	1,302,043
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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.	132,705
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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 (\$340,337) and PPP loan (\$4,443,478).	(4,783,815)
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Loss on disposition of assets are reported on the statement of activities but not in the fund statements.	<div style="border-top: 1px solid black; display: inline-block;">(64,367)</div>
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<b>Change in Net Position-Governmental Activities</b>	<div style="border-top: 1px solid black; border-bottom: 3px double black; display: inline-block;"><b>\$ 9,391,551</b></div>
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The accompanying notes are an integral part of these financial statements.

**SPINDLETOP CENTER**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**AUGUST 31, 2020**

	Pension Trust Fund	Agency Funds
<b>ASSETS</b>		
Cash and cash equivalents	\$ -	\$ 228,486
Investments	12,328,367	-
<b>Total Assets</b>	<b>12,328,367</b>	<b>228,486</b>
<b>LIABILITIES</b>		
Due to clients		228,486
<b>Total Liabilities</b>		<b>\$ 228,486</b>
<b>NET POSITION</b>		
Held in trust for pension benefits	12,328,367	
<b>Total Net Position</b>	<b>\$ 12,328,367</b>	

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, 2020**

	Pension Trust Fund
<b>ADDITIONS</b>	
Contributions:	
Employer contributions	\$ 1,319,321
Employee retirement rollover/transfers	128,065
Loan Repayment	62,427
Net increase in the fair value of investments	772,149
<b>Total Additions</b>	<b>2,281,962</b>
<b>DEDUCTIONS</b>	
Benefits and other withdrawals	1,076,343
Forfeitures	9,567
Loans	132,122
Fees	81,312
<b>Total Deductions</b>	<b>1,299,344</b>
<b>CHANGE IN NET POSITION</b>	<b>982,618</b>
<b>NET POSITION, BEGINNING</b>	<b>11,345,749</b>
<b>NET POSITION, ENDING</b>	<b>\$ 12,328,367</b>

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

**SPINDLETOP CENTER**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**AUGUST 31, 2020**

**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, 2020.

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

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

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

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

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

*Reporting Entity, Omnibus, an Amendment of GASB Statements 14 and 34.*” These statements define the reporting entity as the primary government and those component units for which the primary government is financially accountable. In addition, component units may be included in the reporting entity based on the nature and significance of the relationship with the primary government, or based on being closely related or financially integrated with the primary government. Based on these criteria, the Center has the following component unit at August 31, 2020.

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 8<sup>th</sup> Street, Beaumont, Texas 77701.

**(c) Government-wide Financial Statements**

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

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of

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

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

### **Fund Financial Statements**

Fund financial statements are provided for governmental and fiduciary funds. The major individual governmental fund (General Fund) is reported in a separate column.

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

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

The government-wide and fiduciary fund financial statements are prepared using the *economic resources measurement focus* and the *accrual basis of accounting* generally including the reclassification or elimination of internal activity (between or within funds). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Charges for services are recognized in the year for which they are provided while grants are recognized when grantor eligibility requirements are met. The fiduciary agency fund is custodial in nature only and has no measurement focus.

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

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

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

### **Allocation of Indirect Expenses**

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

### **(e) Fund Types and Major Funds**

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

The Center reports the following major governmental fund:

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

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

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

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

The Center reports the following fiduciary funds:

***Pension Trust Fund*** - This fund accounts for the employer matching contributions for employee salary deferrals and for distributions of plan assets to employees.

***Agency Funds*** - This fund is used to account for the personal funds held by the Center in an agent capacity for its clients and also accounts for funds held on behalf of the Mental Health and Intellectual and Developmental Disability Planning Advisory Committees and the Employee Health and Wellness Committee. This fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations.

### (f) **Budget and Budgetary Accounting**

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

The budget for the General Fund is prepared using the current financial resources measurement focus and the modified accrual basis of accounting consistent with generally accepted accounting principles for a governmental fund. Actual expenditures exceeded budgeted expenditures by \$308,351 in the current year and will be fully funded from reserves.



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

**(g) Cash and Cash Equivalents**

For financial reporting purposes, the Center considers all demand deposit accounts and time deposits with an initial maturity of three months or less to be cash and cash equivalents. Outstanding cash and cash equivalents at August 31, 2020 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, including assets held in the pension trust fund, 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) Capital Assets, Depreciation, and Amortization**

**Primary Government:**

Capital assets, including property, equipment, and vehicles with costs greater than \$5,000 and useful lives of more than one year are stated at historical cost and reported in the government-wide financial statements. Donated assets are stated at acquisition value on the date donated. Costs of normal maintenance and repairs that do not add to asset values or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follows:

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

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

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

**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.

(j) **Long-Term Liabilities**

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

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

(k) **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.

(l) **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:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued:

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

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

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

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

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

	General Fund	Total Governmental Fund
<b>Fund Balances</b>		
<i>Non-spendable</i>		
Prepaid Items	\$ 348,856	\$ 348,856
<i>Committed</i>		
Special Projects	16,444,736	16,444,736
<i>Unassigned</i>	9,829,714	9,829,714
	<b>\$ 26,623,306</b>	<b>\$ 26,623,306</b>

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.

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

**(m) Compensated Absences**

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

**(n) 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 2020, 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 2020, the Center purchased insurance from Arthur J. Gallagher Risk Management Services to provide additional coverage for named windstorms such as hurricanes.

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.

**(o) 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.

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

**(p) Fair Value**

The Center categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Center's investments are measured at amortized costs for the public funds investment pools and at amortized cost for the certificates of deposits.

Investments in the Center's retirement plan trust are recorded at fair value and consist of stocks, mutual fund investments and bonds with no stated maturity that are sold on a national securities exchange and are therefore categorized as Level 1 investments.

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

**(a) Deposits**

**Primary Government:**

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

**Housing Corporation Component Unit:**

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

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

At August 31, 2020, the Center's investments, excluding the retirement plan trust, are as follows:

<b>Investment Type</b>	<b>Fair Value</b>	<b>Credit Rating</b>	<b>Average Days to Maturity</b>
Certificate of Deposit-Bank of America	\$ 245,000	Not required	4 days
Certificate of Deposit-BMO Harris Bank	245,000	Not required	30 days
Certificate of Deposit-Ally Bank	245,000	Not required	85 days
TexPool Money Market Fund	4,893	AAAm	42 days
Federal US Treasury Cash Res Inst.	768,737	AAAm	43days
Federal Hermes Inst Prim Oblg Fd	250,592	AAAm	48 days
Franklin US Gvmt Sec Fund	6,631	AAA	14.63 years
First Financial Bank – High-Yield Savings	22,282,622	Not required	N/A
	<b>\$ 24,048,475</b>		

During the year ending August 31, 2020 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.

Investments in the Center's retirement plan trust are recorded at fair value and consist of various mutual fund investments with no stated maturity.

### (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

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

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, 2019, 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:

Description	Fair Value	Percent of Portfolio
First Financial Bank – High-Yield Savings	\$ 22,282,622	92.66%

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.

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

**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, 2020 is \$57,934.

**Grant Receivables**

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

**Accounts Receivable**

Accounts receivable are for reimbursement of expenditures and fees for services provided under various programs and grants. All amounts are expected to be collected within the next year. A summary of receivables as of year-end, including the applicable allowances for uncollectible accounts are as follows:

Medicaid	\$	425,947
Due from other governments		678,664
Due from Spindletop Housing Corporation		387,621
Other receivables		<u>4,663,631</u>
Gross receivables		6,155,862
Less: Allowance for uncollectible accounts		<u>(57,934)</u>
Accounts receivable, net	\$	<u><u>6,097,928</u></u>



#### 4. CAPITAL ASSETS:

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

<b>Governmental Activities</b>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Non-Depreciable Capital Assets				
Land	\$ 2,658,685	\$	\$	\$ 2,658,685
Construction in progress		108,120		108,120
	<u>2,658,685</u>	<u>108,120</u>		<u>2,766,805</u>
Depreciable Capital Assets:				
Buildings & improvements	26,892,161	1,695,017	4,442	28,582,736
Furniture and fixtures	1,953,314	9,566	539,950	1,422,930
Vehicles	<u>2,532,564</u>	<u>861,753</u>	<u>652,694</u>	<u>2,741,624</u>
Total capital assets	<u>31,378,039</u>	<u>2,566,336</u>	<u>1,197,087</u>	<u>32,747,290</u>
Less Accumulated Depreciation				
Buildings & improvements	12,913,022	961,728	4,442	13,870,307
Furniture and fixtures	1,679,248	71,290	493,270	1,257,268
Vehicles	<u>1,727,194</u>	<u>339,395</u>	<u>635,002</u>	<u>1,431,586</u>
	<u>16,319,464</u>	<u>1,372,412</u>	<u>1,132,715</u>	<u>16,559,161</u>
Net Depreciable Assets	<u>15,058,574</u>	<u>1,193,924</u>	<u>64,372</u>	<u>16,188,129</u>
Total Capital Assets, (Net)	<u>\$ 17,717,260</u>	<u>\$ 1,302,043</u>	<u>\$ 64,372</u>	<u>\$ 18,954,934</u>

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

Governmental activities:	
Mental Health Adult	\$ 432,331
Mental Health Children	80,217
Intellectual and Developmental Disabilities	251,420
Early Childhood Intervention	33,326
Substance Abuse	101,480
Administration	<u>473,638</u>
Total	<u>\$ 1,372,412</u>

#### 4. CAPITAL ASSETS - continued:

<b>Spindletop Housing Component Unit</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Retirements</b>	<b>Ending Balance</b>
Capital Assets:				
Land	\$ 150,000	\$ -	\$ -	\$ 150,000
Depreciable Capital Assets:				
Buildings and improvements	2,039,443	350,512	-	2,389,955
Total capital assets	2,189,443	350,512	-	2,389,955
Less Accumulated Depreciation	254,930	50,986	-	305,916
Total Capital Assets, (Net)	\$ 1,934,513	\$ 299,526	\$ -	\$ 2,234,039

#### 5. LONG-TERM LIABILITIES:

The following is a summary of changes in long-term liabilities of the Center for the year ended August 31, 2020:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Retirements</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
<b>Governmental Activities:</b>					
Compensated absences	\$ 1,207,957	\$ 680,673	\$ 340,337	\$ 1,548,293	\$ 1,548,293
PPP loan	-	4,443,478	-	4,443,478	2,201,961
	<u>\$ 1,207,957</u>	<u>\$ 5,124,151</u>	<u>\$ 340,337</u>	<u>\$ 5,991,771</u>	<u>\$ 3,750,254</u>

The following is a summary of debt service requirements (including PPP loan) to maturity as of August 31, 2020:

<b>Year Ending August 31,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Requirements</b>
2021	\$ 2,201,961	\$ 49,052	\$ 2,251,013
2022	2,241,517	9,496	2,251,013
	<u>\$ 4,443,478</u>	<u>\$ 58,548</u>	<u>\$ 4,502,026</u>

Spindletop Center obtained a forgivable paycheck protection program (PPP) loan on May 13, 2020. The amount received was \$4,443,478, with a 24 month term at an annual interest rate of 1.00% based on a 360-day year. Forgiveness was applied for on December 31, 2020.

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

Spindletop Housing Corporation has constructed apartments for low-income individuals. The construction was funded through a United States Department of Housing and Urban Development (HUD) Section 811 capital advance agreement along with a HUD HOME grant passed through the City of Beaumont. The maximum amount of the HUD capital advance available is \$1,521,200. The capital advance will bear no interest and is not required to be repaid so long as the housing remains available to eligible low-income households for a period of forty years. The capital advance is secured by a deed of trust on the property. The housing units opened in the spring of 2015.

**7. DEFINED CONTRIBUTION PLAN:**

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

The plan is administered by ISC Group Inc. Eligible employees are full-time employees of the Center. Employer contributions for the year were \$1,319,321. These amounts are included in employee benefit expenditures. At year-end, 474 employees were participating in the plan. The Plan does not issue separate audited GAAP basis post-employment benefit plan financial statements.

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

Vesting Schedule

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

## 8. DEFINED COMPENSATION PLAN:

The Center sponsors a deferred Compensation Plan (the "Plan") created in accordance with Internal Revenue Code Sections 457 and 403(b). Employees are required to participate in the Plan after completing an eligibility period. Vesting in the Plan is immediate with plan assets held in trust until the employee terminates employment, retires, or experiences an unforeseeable emergency. Employees may make additional voluntary contributions to the Plan in amounts not to exceed limits established by the Internal Revenue Service. The Center matches up to a maximum of 8% of each employee's elective deferrals. The Plan is administered by ISC Group, Inc. Employee elective deferrals were \$1,347,012 for the year.

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

## 9. COMMITMENTS AND CONTINGENCIES:

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

The Center has entered into an agreement with Texas Council Risk Management Fund (TCRMF) to pay workers' compensation contributions relative to its own loss experience based on a six-year look back period. The Center was not required to pay any additional assessments for prior years during the year ended August 31, 2020. Since the estimated future claims liability as provided by the Texas Council Risk Management Fund is less than premiums paid, the Center has recorded no liability in the government wide statement of net position at year end.

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

	<u>Beginning Liability</u>	<u>Changes in Estimates</u>	<u>Payments</u>	<u>Ending Liability</u>
2018- Workers compensation	\$ -	\$ 164,043	\$ 164,043	\$ -
2019 – Workers compensation	\$ -	\$ 19,231	\$ 19,231	\$ -
2020 – Workers compensation	\$ -	\$ 2,401	\$ 2,401	\$ -

**9. COMMITMENTS AND CONTINGENCIES - continued:**

The Center is covered under a self-funded insurance pool managed by the Texas Council Risk Management Fund. The pool was formed for the purpose of providing property, casualty, and liability coverage, to provide claims administration and develop a comprehensive loss control program. Premiums are adjusted annually. The maximum amounts eligible to be paid by the pool are as follows: general and vehicle liability - \$1,000,000; professional liability and error and omissions - \$1,000,000; sexual misconduct endorsement - \$100,000; expanded employment practices endorsement - \$50,000; property coverage - \$36,102,504; automobile physical damage - actual cash value. The Center is responsible for all claims exceeding the maximum amounts to be paid by the pool. There were no significant reductions in coverage in the past fiscal year, and no claims exceeded the maximum paid by the fund for the last three years. In 2020, the Center obtained additional windstorm protection from Gallagher Risk Management Services to offset any losses incurred during named windstorms. Maximum coverage under this policy is \$30,334,569, with a \$25,000 total deductible per occurrence.

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

**Commitment of General Fund Equity**

\$16,444,736 of the fund balance in the General fund has been committed for special projects. This amount is not legally restricted.

**10. ECONOMIC DEPENDENCE:**

The Center receives a substantial portion of its revenues in the form of annual performance contracts with the Texas Health and Human Services Commission (HHSC) for services relating to mental health and intellectual and developmental disabilities, to provide these services in its service area. The Center is economically dependent on the continuation of these contracts. At August 31, 2020, these contracts have been continued through August 31, 2021.

**10. ECONOMIC DEPENDENCE - continued:**

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

Medicaid	\$ 5,633,662	10.59%
Home and Community-Based Services	\$ 6,781,221	12.75%
General Revenue – MH Services	\$ 11,644,997	21.90%
1115 Waiver	\$ 12,438,975	23.39%

**11. PATIENT ASSISTANCE PROGRAM:**

Consumers periodically receive prescription medications through a program known as the Patient Assistance Program (PAP). These prescriptions are provided at no cost to the consumer. These items do not meet the criteria for recognition on the Center's financial statements; however, they do provide significant assistance to the consumers the Center serves. Management estimates that consumers received prescription medications through this program valued at \$6,353,777 during the year ending August 31, 2020.

**12. SELF-FUNDED HEALTH BENEFIT PLAN:**

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

Total premiums, claims and administrative fees paid for the program for the year ended August 31, 2020, were \$3,102,805. For the same period, management recorded a \$300,000 liability for claims incurred but not reported and/or approved as of that date. The Center does not discount these claims liabilities. Terms of coverage and contribution costs are included in contractual provisions.

**12. SELF-FUNDED HEALTH BENEFIT PLAN - continued:**

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

	<u>Beginning Liability</u>	<u>Claims Incurred</u>	<u>Claim Payments</u>	<u>Ending Liability</u>
2016 Medical and dental	\$ 315,000	\$ 2,573,270	\$ 2,573,270	\$ 315,000
2017 Medical and dental	\$ 315,000	\$ 3,482,929	\$ 3,482,929	\$ 315,000
2018 Medical and dental	\$ 315,000	\$ 2,534,676	\$ 2,534,676	\$ 315,000
2019 Medical and dental	\$ 315,000	\$ 2,915,066	\$ 2,930,066	\$ 300,000
2020 Medical and dental	\$ 300,000	\$ 3,102,805	\$ 3,102,805	\$ 300,000

**13. OPERATING LEASES:**

The Center is obligated under operating leases for building and office space and equipment. For the year ended August 31, 2020, lease expenditures of \$187,885 were made from the General Fund. Payments required by operating leases in subsequent years are not material to the Center's financial statements.

**14. MEDICAID 1115 WAIVER:**

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

The Center reports twice a year on milestone and outcome achievement in order to earn DSRIP funds. The revenue is recognized as the milestones are achieved and after review and approval by CMS. As a result, and since the DSRIP funds are not expenditure-reimbursement type funds, at times the Center's cumulative expenditures related to DSRIP projects may exceed the revenues recognized to date.

**14. MEDICAID 1115 WAIVER - continued:**

The Center did not report in April 2019 to allow for the approval of several measure baselines and clarification on several measures from HHSC. Carry-forward reporting from April 2019 and scheduled reporting for October 2019 was done in October 2019. All measures were met 100% and full funding is expected, with the exception of one measure. Achievement for that measure and all other eligible measure were reported during the April 2020 reporting and payment was received in July 2020.

**15. REVENUE:**

**(a) Net Patient and Client Service Revenue**

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

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

**(b) Grants**

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

**(c) Other Revenues**

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



## **16. RESTRICTIONS ON CAPITAL ASSETS**

### **Primary Government:**

The Texas Health and Human Services Commission (“HHSC”), as successors in interest to the Texas Department of Mental Health and Mental Retardation, have conveyed real estate to the Center. The property was transferred without consideration paid by the Center, but the deed contains a permanent restriction stating that the property must be used to promote the public purpose by providing community-based mental health or mental retardation services. If the Center should cease to use the property for this purpose for a period of more than 180 continuous days, ownership of the property would revert to HHSC. The property was recorded on the financial statements at the estimated value of \$12,735,000 based on a current appraisal prepared by a qualified real estate appraiser. The net book value of these assets after depreciation is \$10,081,053 as of August 31, 2020.

## **17. CORONAVIRUS PANDEMIC**

During the year ended August 31, 2020, the Center has been impacted by the effects of the worldwide coronavirus pandemic. The Center continues to closely monitor its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the date of issuance of these financial statements, the full impact to the Center’s financial position is not known.

## **18. RELATED PARTY**

Spindletop Housing Corporation owns The Cottages Apartments, a HUD 811 property. The property was heavily damaged by floodwaters during Hurricane Imelda. This property was not covered by flood insurance and is insured as a separate entity from Spindletop Center. This property had fourteen residents at the time of the flood.

Spindletop Center, as the responsible entity designated within the HUD 811 documentation, paid for all repairs out of reserves. The repairs were completed prior to August 31, 2020 and residents were allowed to return to their homes. Subsequent to August 31, 2020, 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 includes \$387,621 to repay Spindletop Center for expenses related to the flood repairs. The additional \$35,676 is for working capital invested by the Center in December 2020. At August 31, 2020, Spindletop Center has \$387,621 in accounts receivable and the component unit, Spindletop Housing Corporation has \$387,621 in accounts payable due to Spindletop Center.

**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, 2020**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>Local Revenues:</b>				
County government	\$ 514,608	\$ 514,608	\$ 527,045	\$ 12,437
Patient fees and insurance	701,439	701,439	600,400	(101,039)
Contracts	160,701	160,701	80,536	(80,165)
Medicare	78,840	78,840	67,012	(11,828)
Medicaid	8,973,630	8,973,630	5,633,662	(3,339,968)
Home and community-based services	7,078,290	7,078,290	6,781,221	(297,069)
Texas Home Living Waiver	1,362,561	1,362,561	975,863	(386,698)
1115 Medicaid Waiver	2,958,417	2,958,417	12,438,975	9,480,558
Investment income	135,000	135,000	112,755	(22,245)
Other local income	2,270,800	2,270,800	1,372,486	(898,314)
<b>Total local revenues</b>	<b>24,234,286</b>	<b>24,234,286</b>	<b>28,589,954</b>	<b>4,355,668</b>
<b>State Program Revenues:</b>				
General revenue - mental health services	11,490,814	11,490,814	11,441,261	(49,553)
General revenue - IDD services	3,368,400	3,368,400	3,508,096	139,696
PASSR (OBRA)	18,000	18,000	12,212	(5,788)
TCOOMMI	644,055	644,055	588,029	(56,026)
Texas Department of Criminal Justice	465,436	465,436	259,755	(205,681)
Mental Health First Aid – Training	11,000	11,000	11,000	-
Foster Care System Grant	-	-	52,018	52,018
Early Childhood Intervention	1,274,441	1,274,441	1,274,442	1
Substance abuse contracts - state portion	85,511	85,511	85,511	-
Supporting housing – state portion	199,850	199,850	199,850	-
Workquest	16,307	16,307	13,897	(2,410)
PATH	6,028	6,028	6,028	-
Mental Health Grant Program for Justice-Involved Individuals – Rural	98,923	98,923	125,367	26,444
Mental Health Grant Program for Justice-Involved Individuals – Urban	142,467	142,467	149,861	7,394
Texas Rehabilitation Commission	-	-	31,393	31,393
<b>Total state program revenues</b>	<b>17,821,232</b>	<b>17,821,232</b>	<b>17,758,721</b>	<b>(62,511)</b>
<b>Federal Program Revenues:</b>				
Mental Health Block Grant	782,121	782,121	902,743	120,622
Recovery Support Services	473,831	473,831	397,555	(76,276)
Block Grants for the Treatment and Prevention of Substance Abuse	241,819	241,819	154,885	(86,934)
Block Grant for Supportive Housing	3,886	3,886	3,886	-
Mental Health First Aid – Outreach	100,050	100,050	70,524	(29,526)
Early Childhood Intervention	1,237,863	1,237,863	1,411,443	173,580
TANF (MH only)	423,345	423,345	257,834	(165,510)
Social Services Block Grant	110,263	110,263	110,263	-
Medicaid Administrative Claiming	670,897	670,897	1,612,232	941,335
Title XVIII - Money Follows the Person	189,569	189,569	189,569	-
Coordinated Specialty Care (CSC)	347,000	347,000	270,000	(77,000)
PATH	260,366	260,366	194,919	(65,447)
Emergency Response Grant – H. Harvey	-	-	172,437	107,081
FEMA H. Imelda Disaster Counseling	-	-	158,223	158,223
FEMA COVID 19 Disaster Counseling	-	-	86,720	86,720
CARES Provider Relief Funds	-	-	835,715	835,715
<b>Total federal program revenues</b>	<b>4,906,366</b>	<b>4,906,366</b>	<b>6,828,948</b>	<b>1,922,582</b>
<b>TOTAL REVENUES</b>	<b>\$ 46,961,884</b>	<b>\$ 46,961,884</b>	<b>\$ 53,177,624</b>	<b>\$ 6,215,740</b>

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

**SPINDLETOP CENTER**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDING AUGUST 31, 2020**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>Expenditures:</b>				
Personnel	\$ 22,201,614	\$ 22,201,614	\$ 21,681,469	\$ 520,145
Employee benefits	5,503,905	5,503,905	6,239,031	(735,126)
Contracted services	13,730,268	13,730,268	11,982,206	1,748,062
Travel - board and staff	423,457	423,457	174,204	249,253
Medications	136,329	136,329	136,779	(450)
Consumable supplies	824,500	824,500	651,042	173,458
Building repairs and rent	587,110	587,110	527,066	60,044
Equipment repair and maintenance	38,570	38,570	33,479	5,091
Telephone and utilities	962,089	962,089	963,185	(1,096)
Vehicle operations	255,058	255,058	253,326	1,732
Insurance	424,581	424,581	469,152	(44,571)
Training and development	378,468	378,468	276,023	102,445
Office supplies	303,792	303,792	250,558	53,234
Advertising	32,500	32,500	17,826	14,674
Client costs	497,686	497,686	444,784	52,902
Other costs	338,926	338,926	486,618	(147,692)
<b>Total current</b>	<b>46,638,853</b>	<b>46,638,853</b>	<b>44,586,748</b>	<b>2,052,105</b>
Capital outlay	314,000	314,000	2,674,456	(2,360,456)
<b>TOTAL EXPENDITURES</b>	<b>46,952,853</b>	<b>46,952,853</b>	<b>47,261,204</b>	<b>(308,351)</b>
<b>Excess of revenues over expenditures</b>	<b>9,031</b>	<b>9,031</b>	<b>5,916,418</b>	<b>5,907,388</b>
<b>Other Financing Sources:</b>				
Proceeds from Insurance Claims	-	-	2,445,088	2,445,088
Proceeds from SBA PPP Loan	-	-	4,443,478	4,443,478
<b>Total other financing sources</b>	<b>-</b>	<b>-</b>	<b>6,888,566</b>	<b>6,888,566</b>
<b>Net change in fund balance</b>	<b>9,031</b>	<b>9,031</b>	<b>12,804,895</b>	<b>12,795,954</b>
<b>Fund balance-Beginning of year</b>	<b>13,818,320</b>	<b>13,818,320</b>	<b>13,818,320</b>	<b>-</b>
<b>Fund balance-End of Year</b>	<b>\$ 13,827,351</b>	<b>\$ 13,827,351</b>	<b>\$ 26,623,306</b>	<b>\$ 12,795,954</b>

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

**STATISTICAL SECTION**

**(UNAUDITED)**

## STATISTICAL SECTION

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

<b>Contents</b>	<b><u>Page</u></b>
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.	47-52
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.	53-54
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.	55-57
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.	58-63
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.	64-74

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

<b>Fiscal Year</b>	<b>Mental Health Adult</b>	<b>Mental Health Child and Adolescent</b>	<b>Intellectual &amp; Developmental Disability</b>	<b>Early Childhood Intervention</b>	<b>Substance Use Disorder</b>	<b>(b) Housing</b>	<b>(c) 1115 Waiver Program</b>	<b>Other</b>	<b>Admin</b>	<b>(a) Principal</b>	<b>(a) Interest</b>	<b>Capital Outlay</b>	<b>Grand Total</b>
2011	9,705,610	1,576,353	11,854,283	1,906,213	1,413,388	85,625			3,795,165	--	--	708,608	31,045,245
2012	8,501,225	1,464,021	11,396,520	2,138,971	881,883	409,569			4,120,275	--	--	1,240,859	30,153,323
2013	7,362,488	1,748,691	11,526,965	1,915,959	927,160	236,834	776,531	77,905	4,244,030	--	--	534,065	29,350,628
2014	8,484,077	1,867,285	12,138,746	1,937,578	791,277	271,337	3,059,934	895,321	4,430,502	--	--	2,784,770	36,660,827
2015	8,816,242	2,050,736	13,078,236	2,080,564	989,612	212,575	3,796,242	1,034,891	4,522,146	--	--	766,126	37,347,370
2016	11,226,171	2,816,944	13,169,175	2,136,083	954,945	218,210	3,813,218	967,325	4,973,996	--	--	644,395	40,920,462
2017	13,488,296	4,055,939	13,849,148	2,333,534	1,021,917	226,349	4,711,500	114,028	4,982,269	--	--	481,161	45,264,141
2018	12,400,383	4,108,084	13,597,587	3,761,799	1,106,949	240,428	3,289,231	595,637	4,507,685	--	--	1,220,460	44,828,243
2019	11,925,901	4,255,108	13,497,276	4,096,167	1,463,268	345,977	52,330	2,437,601	4,823,608	--	--	1,163,028	44,060,264
2020	12,926,325	4,043,358	12,470,260	3,669,671	1,378,157			3,992,945	6,106,032	--	--	2,674,456	47,261,204

Notes:

(a) Spindletop Center had no outstanding long-term debt requiring principal and interest payment in FY 2020.

(b) Beginning in FY20, Housing is now included in Other.

(c) 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)**

<b><u>Fiscal Year</u></b>	<b><u>Local (a)</u></b>	<b><u>State</u></b>	<b><u>Federal</u></b>	<b><u>Total</u></b>
2011	13,607,026	14,039,132	3,130,146	30,776,304
2012	14,266,063	12,207,428	3,268,341	29,741,832
2013	15,628,719	12,063,229	2,942,660	30,634,608
2014	18,505,360	13,284,063	3,241,963	35,031,386
2015	22,488,387	12,887,672	3,730,504	39,106,563
2016	23,554,762	15,260,138	3,517,671	42,332,571
2017	26,871,747	16,835,715	3,823,049	47,530,511
2018	24,428,973	17,267,019	4,933,502	46,629,494
2019	21,314,039	16,704,617	4,993,556	43,012,212
2020	28,589,954	17,758,721	6,828,948	53,177,624

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



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

**Revenues by Activity**

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

<b><u>Fiscal Year</u></b>	<b><u>Charges for Services</u></b>	<b><u>Operating Grants and Contributions</u></b>	<b><u>Governmental Activities</u></b>	<b><u>General Revenue</u></b>	<b><u>Change In Net Position</u></b>
2011	13,375,984	16,630,930	(1,038,707)	769,340	(269,367)
2012	13,888,998	14,827,104	(923,341)	977,386	54,045
2013	14,865,029	14,801,149	(157,483)	929,311	198,754
2014	18,385,120	15,561,369	(1,073,077)	1,081,720	8,643
2015	22,327,358	15,647,761	231,709	1,287,327	1,519,036
2016	22,535,206	18,623,726	(404,894)	1,156,468	751,574
2017	26,557,452	20,061,941	675,400	902,118	1,577,518
2018	24,321,076	21,282,108	910,372	925,400	1,835,772
2019	21,525,876	20,259,861	(2,610,380)	1,642,913	(967,467)
2020	30,951,862	21,061,989	5,714,352	3,677,198	9,391,551

**Revenues by Activity and Program**

	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
<b><u>Mental Health - Adult</u></b>										
Charges for Services	2,373,071	2,105,029	1,950,171	2,027,243	1,655,435	1,534,080	1,493,594	1,467,797	1,670,518	2,446,956
Operating Grants/Contributions	11,663,526	10,897,815	12,039,038	11,770,830	11,535,061	8,198,617	8,799,369	7,995,200	7,790,918	7,591,585
<b><u>Mental Health – Child</u></b>										
Charges for Services	2,472,606	3,265,801	3,998,165	4,015,880	2,916,086	2,358,882	1,465,729	1,683,664	1,390,826	1,318,329
Operating Grants/Contributions	2,035,929	1,671,783	1,803,026	2,056,029	1,599,480	1,519,058	1,827,876	1,566,356	1,746,756	1,795,716
<b><u>Intellectual and Development Disability</u></b>										
Charges for Services	9,879,268	9,851,402	9,999,604	10,997,172	10,642,805	10,436,394	9,711,817	9,640,837	9,594,533	8,814,187
Operating Grants/Contributions	3,697,668	3,700,547	3,918,027	3,959,728	3,448,972	3,500,703	3,256,677	3,260,860	3,262,019	4,567,988
<b><u>Early Childhood Intervention</u></b>										
Charges for Services	1,645,719	2,313,914	1,757,390	1,412,057	1,375,258	1,104,615	997,543	1,062,197	1,083,171	695,186
Operating Grants/Contributions	2,685,885	2,359,571	2,460,087	1,091,930	973,586	1,132,454	864,178	873,558	1,210,595	1,405,645
<b><u>Substance Abuse Programs</u></b>										
Charges for Services	222,253	313,660	108,618	88,116	110,187	116,488	110,672	124,371	93,845	62,211
Operating Grants/Contributions	897,457	1,035,234	1,061,930	1,001,835	875,415	818,541	686,501	821,492	816,816	1,115,130
<b><u>Housing Program</u></b>										
Charges for Services	-	197,650	126,685	133,238	172,485	140,637	139,133	117,749	56,105	39,115
Operating Grants/Contributions	-	-	-	-	-	-	-	-	-	154,866
<b><u>1115 Waiver Program</u></b>										
Charges for Services	-	2,694,122	6,249,711	7,883,746	5,662,950	6,621,902	4,453,116	768,414	-	-
Operating Grants/Contributions	-	-	-	-	-	-	-	250,000	-	-
<b><u>Other Programs</u></b>										
** includes 1115 Waiver- Charges for Services	14,358,945	784,298	130,732	-	-	14,360	13,516	-	-	-
Operating Grants/Contributions	81,524	594,911	-	181,590	191,212	478,388	126,768	33,683	-	-
<b>Total Revenues By Programs</b>	<b>52,013,851</b>	<b>41,785,737</b>	<b>45,603,184</b>	<b>46,619,393</b>	<b>41,158,932</b>	<b>37,975,119</b>	<b>33,946,489</b>	<b>29,666,178</b>	<b>28,716,102</b>	<b>30,006,914</b>

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

<b>Fiscal Year</b>	<b>Budgeted for Revenue</b>	<b>Actual Revenue</b>	<b>Revenue (Under) Over Budget</b>	<b>Budgeted for Expense</b>	<b>Actual Expenses</b>	<b>Expense Under (Over) Budget</b>	<b>Other Financing Sources</b>	<b>Net Change in Fund Balance</b>
2011	30,393,433	30,776,304	382,871	30,393,433	31,045,245	(651,812)	-	(267,991)
2012	30,074,106	29,741,832	(332,274)	30,074,106	30,153,323	(79,217)	950	(411,491)
2013	30,489,584	30,634,608	145,024	30,489,584	29,350,628	1,138,956	(423,074)	860,906
2014	36,568,726	35,031,386	(1,537,340)	35,690,940	36,660,827	(969,887)	-	(1,629,441)
2015	37,684,779	39,106,563	1,421,784	36,752,192	37,347,370	(595,178)	-	2,002,007
2016	43,624,645	42,332,571	(1,292,074)	41,439,093	40,920,462	518,631	-	1,412,109
2017	46,279,022	47,530,511	1,251,489	43,171,074	45,264,140	(2,093,066)	-	2,266,371
2018	50,274,811	46,629,494	(3,645,317)	47,121,676	44,828,423	2,293,253	-	1,801,071
2019	43,957,396	43,012,213	(945,183)	43,957,395	44,060,264	(102,869)	-	(1,048,051)
2020	46,961,884	53,177,624	6,215,740	46,952,853	47,261,205	(308,352)	6,888,566	12,804,985

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b><u>General Fund</u></b>										
Non-spendable	348,856	501,422	660,478	765,139	830,734	344,115	373,285	325,236	374,827	385,506
Committed	16,444,736	3,539,079	1,308,590	930,927	653,583	413,687	656,171	184,390	128,656	287,005
Unassigned	9,829,714	9,777,819	12,897,303	11,369,234	9,314,612	8,629,018	6,355,357	8,504,628	7,649,865	7,892,328
Total	26,623,306	13,818,320	14,866,371	13,065,300	10,798,929	9,386,820	7,384,813	9,014,254	8,153,348	8,564,839
<b><u>Trust &amp; Agency Fund</u></b>										
Net Position held in trust for Pension Benefits	12,328,367	11,345,749	11,178,757	10,863,753	10,123,403	9,438,900	9,529,373	8,309,526	7,354,790	6,848,526
Total	12,328,367	11,345,749	11,178,757	10,863,753	10,123,403	9,438,900	9,529,373	8,309,526	7,354,790	6,848,526

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Mental Health - Adult</b>										
Total Revenue by Activity	14,036,597	13,002,844	13,989,209	13,798,073	13,190,496	9,732,697	10,292,963	9,462,997	9,485,405	10,038,541
Total Expense by Activity	15,216,608	13,958,844	14,127,696	15,434,087	13,357,384	10,493,248	10,249,548	9,119,839	10,342,507	11,508,383
Change in N.P. by Activity	(1,180,011)	(956,000)	(138,487)	(1,636,014)	(166,888)	(760,551)	43,415	343,158	(857,102)	(1,469,842)
<b>Mental Health - Child</b>										
Total Revenue by Activity	4,508,535	4,937,584	5,801,191	6,071,909	4,515,566	3,877,940	3,293,605	3,250,020	3,137,582	3,114,045
Total Expense by Activity	4,839,478	4,948,524	4,684,538	4,667,311	3,292,342	2,403,695	2,187,634	2,094,455	1,729,762	1,833,323
Change in N.P. by Activity	(330,943)	(10,940)	1,116,653	1,404,597	1,223,224	1,474,245	1,105,970	1,155,565	1,407,820	1,280,722
<b>Intellectual &amp; Developmental Disability</b>										
Total Revenue by Activity	13,576,936	13,551,949	13,917,631	14,956,900	14,091,777	13,937,097	12,968,494	12,901,697	12,856,552	13,559,735
Total Expense by Activity	14,975,612	15,685,084	15,415,054	15,901,070	15,363,195	15,267,701	14,289,609	13,853,658	13,527,838	13,821,728
Change in N.P. by Activity	(1,398,676)	(2,133,134)	(1,497,423)	(944,171)	(1,271,418)	(1,330,604)	(1,321,115)	(951,961)	(671,286)	(261,993)
<b>Early Childhood Intervention</b>										
Total Revenue by Activity	4,331,604	4,673,485	4,217,477	2,503,987	2,348,844	2,237,069	1,861,721	1,935,755	2,293,766	2,100,831
Total Expense by Activity	4,452,823	4,620,711	4,191,463	2,636,703	2,419,404	2,339,282	2,196,460	2,213,415	2,505,145	2,189,045
Change in N.P. by Activity	(121,219)	52,774	26,014	(132,716)	(70,560)	(102,214)	(334,739)	(277,660)	(211,379)	(88,214)
<b>Substance Abuse Programs</b>										
Total Revenue by Activity	1,119,710	1,348,894	1,170,548	1,089,951	985,602	935,029	797,173	945,863	917,197	1,177,341
Total Expense by Activity	1,750,696	1,752,560	1,331,904	1,248,685	1,163,899	1,158,083	964,782	1,128,601	1,139,410	1,728,645
Change in N.P. by Activity	(630,986)	(403,666)	(161,356)	(158,733)	(178,297)	(223,054)	(167,609)	(182,738)	(222,213)	(551,304)
<b>Housing Program</b>										
Total Revenue by Activity	-	383,734	126,685	133,238	172,485	140,637	139,133	117,749	156,105	193,981
Total Expense by Activity	-	543,502	377,661	354,367	346,021	329,393	497,304	394,997	525,286	142,057
Change in N.P. by Activity	-	(159,768)	(250,976)	(221,129)	(173,536)	(188,756)	(358,171)	(277,248)	(369,181)	51,924
<b>1115 Waiver Program</b>										
Total Revenue by Activity	-	2,694,122	6,249,711	7,883,746	5,662,950	6,621,902	4,453,116	1,018,414	-	-
Total Expense by Activity	-	149,253	3,898,739	5,550,213	4,531,020	4,591,142	3,624,732	929,167	-	-
Change in N.P. by Activity	-	2,544,869	2,350,972	2,333,533	1,131,930	2,030,760	828,384	89,247	-	-
<b>Other Programs</b>										
Total Revenue by Activity	14,440,469	1,379,209	130,732	181,590	191,212	492,748	140,284	33,683	-	-
Total Expense by Activity	5,064,283	2,737,640	665,758	151,559	1,090,561	1,160,865	1,009,496	89,528	-	-
Change in N.P. by Activity	9,376,186	(1,358,431)	(535,026)	30,032	(899,349)	(668,117)	(869,213)	(55,845)	-	-
<b>General Revenues</b>	3,677,198	1,642,913	925,400	902,118	1,156,468	1,287,327	1,081,720	929,311	977,386	769,340
<b>Transfer - Spindletop Housing Corp.</b>	-	-	-	-	-	-	-	(573,074)	-	-
<b>Net Revenue/Expense &amp; Change in Net Position</b>	<b>9,391,551</b>	<b>(967,467)</b>	<b>1,835,771</b>	<b>1,577,517</b>	<b>751,574</b>	<b>1,519,036</b>	<b>8,642</b>	<b>198,755</b>	<b>54,045</b>	<b>(269,367)</b>

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

<b>Fiscal Year</b>	<b>Mental Health Adult</b>	<b>Mental Health Child</b>	<b>Intellectual &amp; Development Disability</b>	<b>Early Childhood Intervention</b>	<b>Substance Abuse Programs</b>	<b>(b) Housing Program</b>	<b>(c) 1115 Waiver Program</b>	<b>Other Programs</b>	<b>(a) Interest on Long Term Debt</b>	<b>Total After Allocation of Admin</b>	<b>Admin Allocated to Programs</b>
2011	11,508,383	1,833,323	13,821,728	2,189,045	1,728,645	142,057			-	31,223,181	3,929,388
2012	10,342,507	1,729,762	13,527,838	2,505,145	1,139,410	525,286			-	29,769,948	4,232,795
2013	9,119,839	2,094,455	13,853,658	2,213,415	1,128,601	394,997	929,167	89,528	-	29,823,661	4,439,443
2014	10,249,548	2,187,634	14,289,609	2,196,460	964,782	497,304	3,624,732	1,009,496	-	35,019,566	4,625,442
2015	10,493,248	2,403,695	15,267,701	2,339,283	1,158,083	329,393	4,591,142	1,160,865	-	37,743,410	4,712,955
2016	13,357,384	3,292,342	15,363,195	2,419,404	1,163,899	346,021	4,531,020	1,090,561	-	41,563,826	5,184,283
2017	15,434,087	4,667,311	15,901,070	2,636,703	1,248,685	354,367	5,550,213	151,559	-	45,943,993	5,209,052
2018	14,127,696	4,684,538	15,415,054	4,191,463	1,331,904	377,661	3,898,739	665,758	-	44,692,813	4,646,187
2019	12,268,793	4,324,231	13,689,808	4,098,514	1,559,746	486,633	142,628	2,426,951	-	44,036,564	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

Notes:

(a) Spindletop Center had no outstanding long-term debt requiring principal and interest payment in FY 2020.

(b) Beginning in FY20, Housing is now included in Other.

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

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

Spindletop Center has had no debt prior to FY 2020.

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.

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

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

	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
<b>Net Investment in Capital Assets</b>	18,954,934	17,717,260	17,757,053	17,742,982	18,456,636	19,018,409	19,513,398	17,814,099	18,390,499	18,086,323
<b>Restricted</b>	-	-	-	-	-	-	-	-	-	-
<b>Unrestricted</b>	20,903,001	12,749,124	13,676,798	11,855,097	9,563,925	8,250,578	6,236,553	7,927,209	7,152,055	7,402,186
<b>Total Net Position</b>	<b>39,857,935</b>	<b>30,466,384</b>	<b>31,433,851</b>	<b>29,598,079</b>	<b>28,020,561</b>	<b>27,268,987</b>	<b>25,749,951</b>	<b>25,741,308</b>	<b>25,542,554</b>	<b>25,488,509</b>

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

Spindletop Center has had no debt prior to FY 2020.

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.

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



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

**Jefferson County**

\*\* Most current information available

<u>Employer</u>	<u>FY 2019</u>		<u>FY 2010</u>	
	<u>Employees</u>	<u>Percentage of Top Employment</u>	<u>Employees</u>	<u>Percentage of Top Employment</u>
State of Texas	4,392	4.28%	2,641	2.63%
Beaumont ISD	2,668	2.60%	2,960	2.95%
ExxonMobil Oil Corporation	2,434	2.37%	2,000	1.99%
Christus Health Southeast Texas	1,620	1.58%	2,211	2.20%
Motiva Enterprises	1,540	1.50%	1,056	1.05%
Memorial Hermann Baptist Hospital	1,501	1.46%	1,665	1.66%
City of Beaumont	1,246	1.21%	1,284	1.28%
Port Arthur ISD	1,409	1.347%	1,380	1.375
Jefferson County	1,166	1.14%	1,204	1.20%
Valero	800	78.00%	0	0.00%
Conex	0	0	1,051	1.05%
<b>Total</b>	<b>18,776</b>	<b>95.51%</b>	<b>18,349</b>	<b>17.38%</b>

**Chambers County**

\*\* Most current information available

<u>Employer</u>	<u>FY 2019</u>		<u>FY 2010</u>	
	<u>Employees</u>	<u>Percentage of Top Employment</u>	<u>Employees</u>	<u>Percentage of Top Employment</u>
ExxonMobil Oil Corporation	3,800	20.19%	3,785	7.05%
Goose Creek CISD	3,015	16.02%	2,910	5.42%
Houston Methodist San Jacinto Hospital	1,630	8.66%	1,350	2.51%
Bayer Material Science-Coverstro	1,000	5.31%	1,100	6.79%
Chevron-Phillips	970	5.15%	600	1.12%
Targa	950	5.05%		
City of Baytown	800	4.25%		
Lee College	750	3.99%		
Barber's Hill ISD	685	3.64%		
Wal-Mart Associates	600	3.19%	600	3.70%
Jindal Steel Works	0	0	780	4.81%
<b>Total</b>	<b>14,200</b>	<b>77.28%</b>	<b>3,651</b>	<b>22.53%</b>

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

**Orange County**

\*\* Most current information available

	<b>FY 2019</b>		<b>FY 2010</b>	
		<b><u>Percentage of Top</u></b>		<b><u>Percentage of Top</u></b>
<b><u>Employer</u></b>	<b><u>Employees</u></b>	<b><u>Employment</u></b>	<b><u>Employees</u></b>	<b><u>Employment</u></b>
EI Dupont de Nemours & Co	920	2.42%	866	2.23%
Invista	732	1.93%	600	1.55%
Little Cypress-Mauriceville ISD	584	1.54%	565	1.46%
Orange County	500	1.32%	430	1.11%
West Orange Cove Consolidated ISD	450	1.18%	405	1.04%
International Paper	412	1.08%	0	0.00%
Kellog - Brown & Root	420	1.11%	0	0.00%
Lanxess, Inc.	390	1.03%	348	0.90%
Lamar State College - Orange	274	0.72%	250	0.64%
Cloeren Company, Inc.	250	0.66%	300	0.77%
Orangefield ISD	249	0.66%	249	0.64%
Firestone Polymers	200	0.53%	300	0.77%
<b>Total</b>	<b>5,381</b>	<b>14.03%</b>	<b>4,297</b>	<b>11.07%</b>

**Hardin County**

\*\* Most current information available

	<b>FY 2019</b>		<b>FY 2010</b>	
		<b><u>Percentage of Top</u></b>		<b><u>Percentage of Top</u></b>
<b><u>Employer</u></b>	<b><u>Employees</u></b>	<b><u>Employment</u></b>	<b><u>Employees</u></b>	<b><u>Employment</u></b>
Walmart Supercenter	500 - 1000	n/a	n/a	n/a
BNSF	100 - 499	n/a	n/a	n/a
Brookshire Brothers	100 - 499	n/a	n/a	n/a
Dragon Products	100 - 499	n/a	n/a	n/a
Paschal Welding	100 - 499	n/a	n/a	n/a
Pineywoods Sanitation	100 - 499	n/a	n/a	n/a
South Hampton Resources, Inc.	100 - 499	n/a	n/a	n/a
Streamline Production Systems	100 - 499	n/a	n/a	n/a
Triple S	100 - 499	n/a	n/a	n/a
Wooden Pallets	100 - 499	n/a	n/a	n/a
<b>Total</b>	<b>0</b>	<b>0.00%</b>	<b>0</b>	<b>0.00%</b>

Sources -

- Economic Development Councils
- Area Chambers of Commerce

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

**Jefferson County**

<b><u>Year</u></b>	<b><u>Population (a)</u></b>	<b><u>Total Personal Income (a)</u></b>	<b><u>Per Capita Personal Income (a)</u></b>	<b><u>Unemployment Rate (b)</u></b>
2011	253,456	\$ 9,192,522	\$ 36,269	11.70%
2012	251,604	\$ 9,638,977	\$ 38,310	11.70%
2013	253,111	\$ 9,384,310	\$ 37,076	11.20%
2014	252,915	\$ 10,257,069	\$ 40,555	8.80%
2015	255,232	\$ 10,680,846	\$ 41,848	7.20%
2016	256,311	\$ 10,534,980	\$ 41,102	7.60%
2017	256,591	\$ 10,833,993	\$ 42,223	7.30%
2018	255,001	\$ 11,236,716	\$ 44,065	6.50%
2019	251,565	\$ 11,223,148	\$ 44,613	6.20%
2020	*	*	*	*

**Chambers County**

<b><u>Year</u></b>	<b><u>Population (a)</u></b>	<b><u>Total Personal Income (a)</u></b>	<b><u>Per Capita Personal Income (a)</u></b>	<b><u>Unemployment Rate (b)</u></b>
2011	35,687	\$ 1,518,565	\$ 42,552	9.60%
2012	36,498	\$ 1,628,097	\$ 44,608	8.50%
2013	37,362	\$ 1,735,705	\$ 46,456	7.50%
2014	38,290	\$ 1,873,088	\$ 48,918	6.20%
2015	39,068	\$ 1,994,606	\$ 51,055	5.70%
2016	40,247	\$ 2,064,852	\$ 51,304	6.70%
2017	41,399	\$ 2,155,859	\$ 52,075	6.80%
2018	42,454	\$ 2,278,642	\$ 53,673	5.50%
2019	43,837	\$ 2,481,633	\$ 53,673	4.80%
2020	*	*	*	9.10%

**Orange County**

<b><u>Year</u></b>	<b><u>Population (a)</u></b>	<b><u>Total Personal Income (a)</u></b>	<b><u>Per Capita Personal Income (a)</u></b>	<b><u>Unemployment Rate (b)</u></b>
2011	82,331	\$ 3,035,566	\$ 36,870	12.10%
2012	82,881	\$ 3,186,958	\$ 38,452	11.00%
2013	82,811	\$ 3,132,230	\$ 37,824	10.80%
2014	83,249	\$ 3,363,436	\$ 40,402	8.50%
2015	83,946	\$ 3,507,046	\$ 41,777	6.70%
2016	84,533	\$ 3,576,049	\$ 42,304	7.40%
2017	84,936	\$ 3,670,645	\$ 43,217	6.70%
2018	83,572	\$ 3,755,583	\$ 44,938	5.80%
2019	83,396	\$ 3,808,098	\$ 45,663	5.40%
2020	*	*	*	9.60%

**Hardin County**

<b><u>Year</u></b>	<b><u>Population (a)</u></b>	<b><u>Total Personal Income (a)</u></b>	<b><u>Per Capita Personal Income (a)</u></b>	<b><u>Unemployment Rate (b)</u></b>
2011	55,061	\$ 2,038,988	\$ 37,031	9.90%
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	4.80%
2020	*	*	*	8.20%

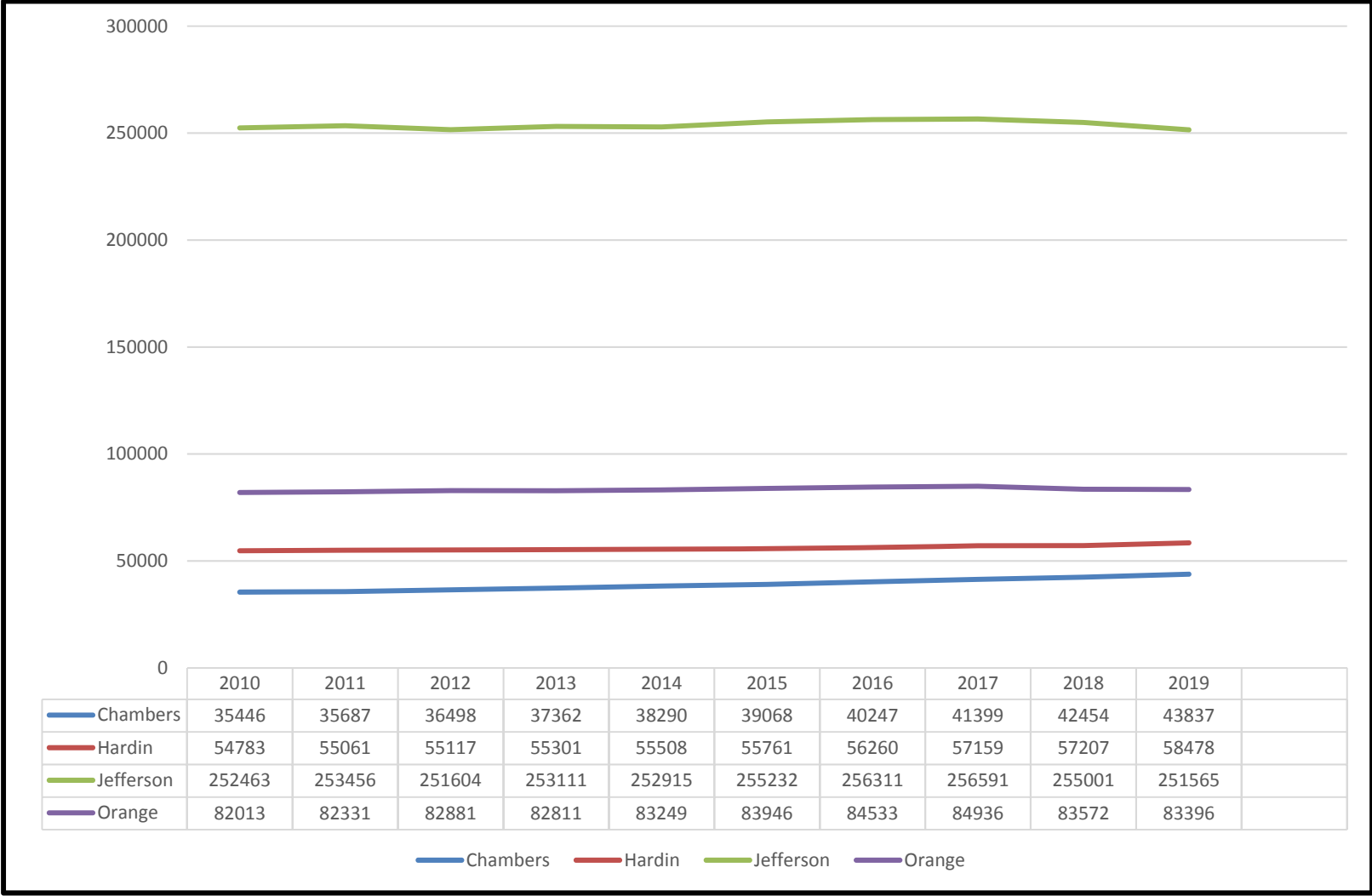
Sources:

(a) Bureau of Economic Analysis

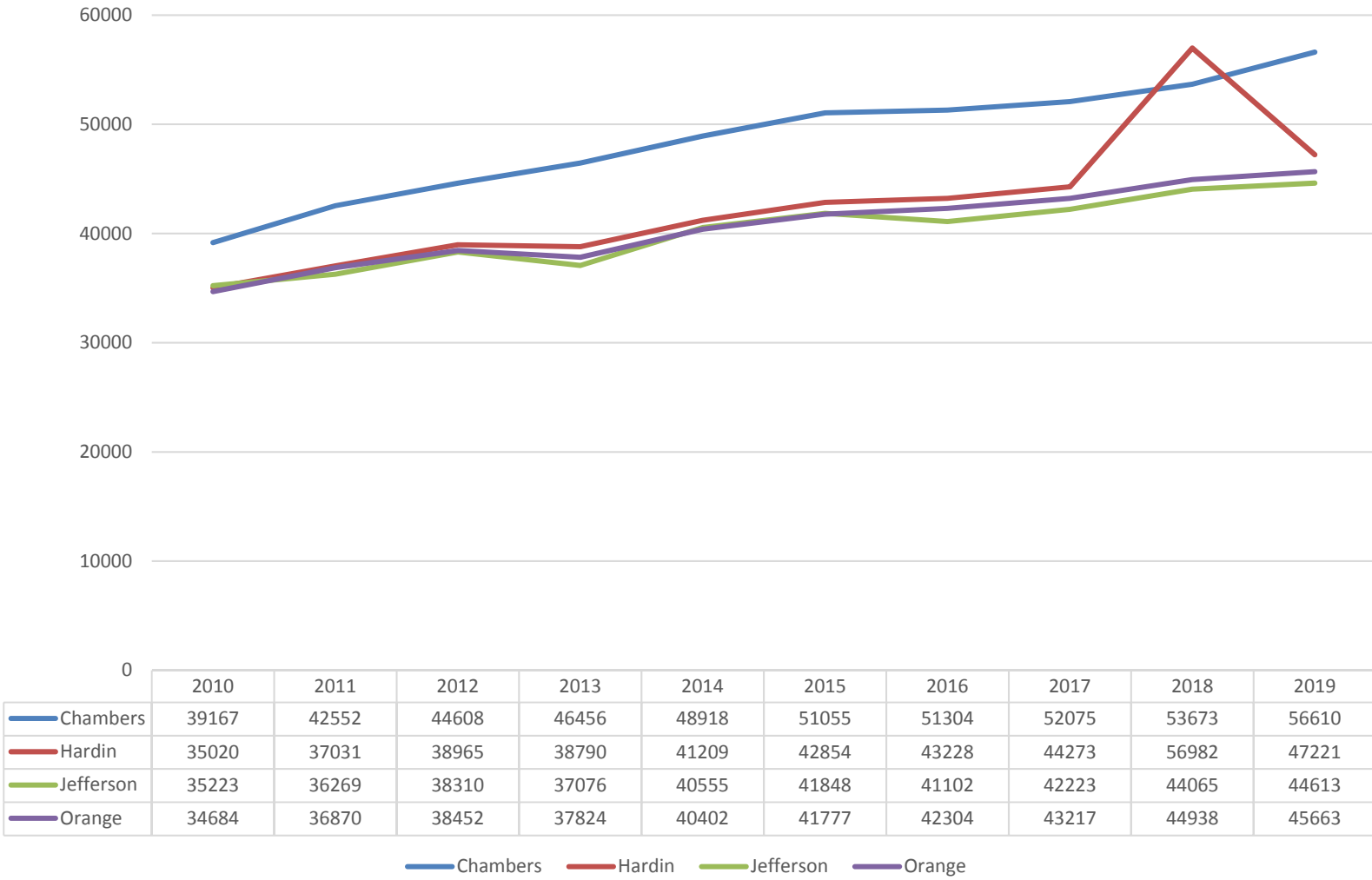
(b) Bureau of Labor Statistics

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

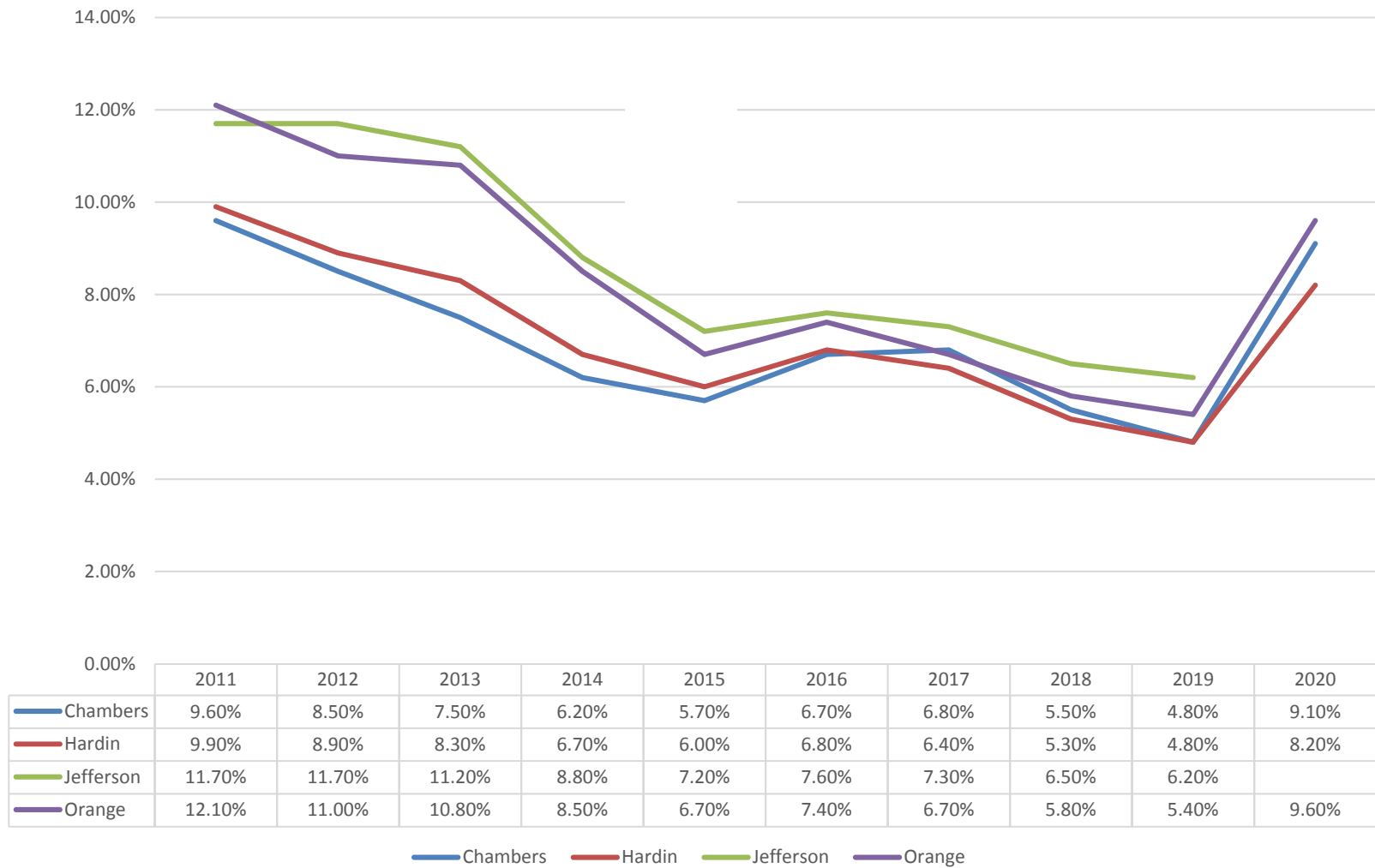
**Spindletop Center**  
**Service Area Demographic Statistics**  
**Population**  
**(Unaudited)**



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



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



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

<b><u>Fiscal Year</u></b>	<b><u>Mental Health Adult</u></b>	<b><u>Mental Health Child</u></b>	<b><u>Intellectual &amp; Developmental Disability</u></b>	<b><u>Early Childhood Intervention</u></b>	<b><u>Substance Use Disorder</u></b>	<b><u>Housing Program</u></b>	<b><u>Admin</u></b>	<b><u>Other Programs</u></b>	<b><u>Total</u></b>
2011	Information unavailable								
2012	Information unavailable								
2013	Information unavailable								
2014	Information unavailable								
2015	Information unavailable								
2016	Information unavailable								
2017	Information unavailable								
2018	Information unavailable								
2019	85.0	50.0	125.0	51.0	15.0	2.0	50.0	81.0	459.0
2020	110.8	60.0	128.3	44.5	12.0	2.0	49.0	49.5	456.0

**SPINDLETOP CENTER**  
**SCHEDULE OF REVENUES AND EXPENDITURES BY SOURCE OF FUNDS**  
**GENERAL FUND (Unaudited)**  
**For the Year Ended August 31, 2020**

<b>Fund Source</b>	<b>Total Mental Health Adult &amp; Crisis</b>	<b>Total Mental Health Children</b>	<b>Total Intellectual &amp; Developmental Disabilities</b>	<b>Total Other</b>	<b>Total Center</b>
<b>Objects of Expense</b>					
Salaries	\$ 4,491,584	\$ 2,296,400	\$ 5,190,652	\$ 6,108,658	\$ 18,087,294
Employee Benefits	1,263,382	671,892	1,725,383	1,576,521	5,237,178
Professional and Consultant Services	4,751,556	1,044,423	4,457,885	912,706	11,166,570
Training and Travel	28,832	30,960	59,643	207,047	326,482
Capital Outlay	1,269	41	164,121	2,509,025	2,674,456
Non-Capitalized Equipment	92,905	33,335	122,675	512,820	761,735
Pharmaceutical Expense	93,592				93,592
Pharmaceutical Expense (PAP only)	6,353,777				6,353,777
Other Operating Expenses	608,789	244,849	1,356,360		2,210,000
Allocation of General Administration to Strategies	1,728,125	664,581	2,010,816	1,88,613	6,222,135
Allocation of Authority Administration to Strategies	189,059	72,706	219,987	10	481,762
<b>Total Expenditures</b>	<b>\$ 19,602,872</b>	<b>\$ 5,059,187</b>	<b>\$ 15,307,522</b>	<b>\$ 13,645,400</b>	<b>\$ 53,614,981</b>
<b>Method of Finance</b>					
General Revenue Allocated from DSHS	\$ 9,898,049	\$ 1,491,804	\$	\$ 336,669	\$ 11,726,522
General Revenue Allocated from DADS			3,519,643		3,519,643
Title XX Social Services Block Grant, CFDA #93.667	12,9,612				129,612
Mental Health Block Grant, CFDA #93.958	597,103	305,640			902,743
TANF, CFDA #93.558.667		238,485			238,485
Medicaid Waiver			7,757,084		7,757,084
PATH, CFDA #93.150	200,948				200,948
Medical Assistance Program, CFDA #93.778	547,783	1,033,024	1,739,838	1,361,275	4,681,920
Other Federal				163,773	163,773
Medicaid 1115 Transformation Waiver				8,166,356	8,166,356
Other State Agencies	582,669		11,305	3,617,327	4,211,301
Required Local Match	473,873	183,234	291,467		948,574
Additional Local Funds	7,172,835	1,807,000	1,988,185		10,968,020
<b>Total Method of Finance</b>	<b>\$ 19,602,872</b>	<b>\$ 5,059,187</b>	<b>\$ 15,307,522</b>	<b>\$ 13,645,400</b>	<b>\$ 53,614,981</b>
<b>Reconciliation of Final Report III to Audit:</b>					
Expenditures per audit report					\$ 47,261,204
Pharmaceutical Expense (PAP only)					6,353,777
<b>Expenditures per final Report III</b>					<b>\$ 53,614,981</b>
Revenue per audit report					\$ 53,177,624
Revenue from other funding sources					6,888,566
Excess revenues not reported on Report III					(12,804,985)
Pharmaceutical Expense (PAP only)					6,353,777
<b>Revenue per final Report III</b>					<b>\$ 53,614,981</b>



**SPINDLETOP CENTER**  
**RECONCILIATION OF TOTAL EXPENDITURES**  
**TO FOURTH QUARTER FINANCIAL REPORT**  
**FOR THE YEAR ENDED AUGUST 31, 2020**  
**(UNAUDITED)**

Object of Expenditure	CARE Report III	Additions	Deletions	Audit Financial Statements
Personnel	\$ 21,681,469			\$ 21,681,469
Employee Benefits	6,239,035			6,239,035
Professional and Consulting Services	11,982,206			11,982,206
Training and Travel	450,227			450,227
Capital Outlay	2,674,456			2,674,456
Non-capitalized Equipment	33,479			33,479
Pharmaceutical Expense	136,779			136,779
Pharmaceutical Expenses (PAP) only	6,353,777		6,353,777 (a)	
Other Operating Expenses	4,063,558			4,063,558
Total Expenditures	<u>\$ 53,614,981</u>	<u>\$</u>	<u>\$ 6,353,777</u>	<u>\$ 47,261,204</u>

(a) PAP not included in financial statements

**SPINDLETOP CENTER  
RECONCILIATION OF TOTAL REVENUES  
FOR THE YEAR ENDING AUGUST 31, 2020  
(UNAUDITED)**

<b>Fund Source</b>	<b>Total Revenue</b>	<b>Expended Revenue</b>	<b>Excess Revenue</b>
General Revenue Allocated from DSHS	\$ 11,726,522	\$ 11,726,522	\$
General Revenue Allocated from DADS	3,519,643	3,519,643	
Title XX Social Services Block Grant, CFDA # 93.667	129,612	129,612	
Mental Health Block Grant, CFDA # 93.958	902,743	902,743	
TANF, CFDA #93.558.667	238,485	238,485	
Medicaid Waiver	7,757,084	7,757,084	
PATH, CFDA #93.150	200,948	200,948	
Medical Assistance Program, CFDA # 93.778:	4,681,920	4,681,920	
Medicaid 1115 Transformation Waiver	12,438,975	8,166,356	4,272,619
Other State Agencies	4,211,301	4,211,301	
Required Local Match (See Below)	948,573	948,573	
Additional Local Funds	19,500,390	10,968,020	8,532,370
<b>Total Expended Sources</b>	<b>\$ 66,256,197</b>	<b>\$ 53,451,208</b>	<b>\$ 12,804,989</b>
<b>Required Local Match &amp; Additional Local Funds</b>			
County Government Tax Funds	\$ 594,425	\$ 594,425	\$
Patient Fees (Insurance and Reimbursements)	3,178,261	3,178,261	
Miscellaneous Income & Contributions	10,322,500	3,871,288	6,451,212
Transfers In			
PAP Contributions	6,353,777		6,353,777
	<b>\$ 20,448,963</b>	<b>\$ 7,643,974</b>	<b>\$ 12,804,989</b>

**SPINDLETOP CENTER  
SCHEDULE OF INDIRECT COST (UNAUDITED)  
YEAR ENDED AUGUST 31, 2020**

	<u>Per CARE Report III</u>	<u>Reclassifications</u>	<u>Reclassified Cost</u>	<u>Nonallowable Cost</u>	<u>Depreciation</u>	<u>Total Adjusted Cost</u>	<u>Direct Cost</u>	<u>Indirect Cost</u>
Salaries	\$ 18,087,294	\$	\$ 18,087,294	\$	\$	\$ 18,087,294	\$ 14,493,119	\$ 3,594,175
Employee Benefits	5,237,178		5,237,178			5,237,178	4,235,321	1,001,857
Other Expenditures	21,262,276		21,262,276	(175,050)		21,087,226	20,210,384	876,842
Capital Outlay	2,674,456		2,674,456	(2,674,456)				
Depreciation					1,372,412	1,372,412	1,105,491	266,922
PAP	<u>6,353,777</u>		<u>6,353,777</u>	<u>(6,353,777)</u>				
Total	<u>\$ 53,614,981</u>	<u>\$ -</u>	<u>\$ 53,614,981</u>	<u>\$ (9,203,283)</u>	<u>\$ 1,372,412</u>	<u>\$ 45,784,111</u>	<u>\$ 40,044,315</u>	<u>\$ 5,739,796</u>
Less PAP			<u>(6,353,777)</u>					
Expenditures per audit			<u>\$ 47,261,204</u>					

**Rate Computation**

Indirect Cost	\$ 5,739,796
Direct Cost	\$ 40,044,315
Indirect Cost Rate	14.33%

**SPINDLETOP CENTER**  
**SCHEDULE OF LEASES (UNAUDITED)**  
**YEAR ENDED AUGUST 31, 2020**

		Annual Amt
Lessor:	Silsbee Community Center	
Terms:	\$1,000 per Month for Office Space	\$ 18,000
Period:	September 1, 2019 through August 31, 2020	
Terms:	\$500 per Month for Office Space	
Period:	September 1, 2019 through August 31, 2020	
Location:	Silsbee, Texas	
Lessor:	Office Depot	
Terms:	\$35 per Unit per Month	8,820
Period:	February 14, 2019 through February 13, 2020	
Terms:	\$35 per Unit per Month	
Period:	February 14, 2020 through February 13, 2021	
Location:	Chicago, Illinois	
Lessor:	Southeast Texas Optometric	
Terms:	\$2,000 per month prorated amount for Rental Space	20,000
Period:	November 1, 2019 through August 31, 2020	
Location:	Beaumont, Texas	
Lessor:	Baptist Hospital of S.E. Texas	
Terms:	\$11,000 per month prorated amount for Rental Space	99,000
Period:	December 1, 2019 through October 30, 2020	
Location:	Beaumont, Texas	
Lessor:	Galveston Bay Properties	
Terms:	\$1,675 per Month prorated amount for Rental Space	20,350
Period:	October 1, 2018 through October 31, 2019	
Terms:	\$1,700 per Month for Rental Space	
Period:	November 1, 2019 through August 31, 2020	
Location:	Galveston, Texas	
Lessor:	Double H Property Mgmt. LLC	
Terms:	\$1,400 per Month for Residential Services	16,800
Period:	November 1, 2018 through October 30, 2019	
Terms:	\$1,400 per Month for Residential Services	
Period:	November 1, 2019 through October 30, 2020	
Location:	Lumberton, Texas	
Lessor:	XEROX	4,915
Terms:	Various, Depending on Usage	
Period:	September 1, 2019 through August 31, 2020	
Location:	Dallas, Texas	

**SPINDLETOP CENTER**  
**SCHEDULE OF INSURANCE IN FORCE (UNAUDITED)**  
**YEAR ENDED AUGUST 31, 2020**

<b>Insurer</b>	<b>Policy Period</b>	<b>Coverage</b>	<b>Limits of Coverage</b>
Texas Council Risk Management Fund	09/01/19 – 08/31/20	Worker's Compensation	Statutory
Texas Council Risk Management Fund	09/01/19 – 08/31/20	General Liability	\$ 1,000,000
Texas Council Risk Management Fund	09/01/19 – 08/31/20	Automobile Liability	\$1,000,000
Texas Council Risk Management Fund	09/01/19 – 08/31/20	Errors and Omissions	\$1,000,000
Texas Council Risk Management Fund	09/01/19 – 08/31/20	Property	All Risk/Replacement Costs
Texas Council Risk Management Fund	09/01/19 – 08/31/20	Automobile Physical Damage	Actual Cash Value
Arthur J. Gallagher Risk Management	07/01/19 – 06/30/20	Windstorm/Hail	\$29,942,651
Arthur J. Gallagher Risk Management	07/01/20 – 06/30/21	Windstorm/Hail	\$30,334,569
American Bankers Insurance Company	09/28/18 – 09/27/19	Flood Coverage	\$500,000 building \$403,000 contents
American Bankers Insurance Company	09/28/19 – 09/27/20	Flood Coverage	\$500,000 building \$423,000 contents
American Bankers Insurance Company	11/18/18 – 11/17/19	Flood Coverage	\$500,000 building \$150,000 contents
American Bankers Insurance Company	11/18/19 – 11/17/20	Flood Coverage	\$500,000 building \$150,000 contents
JI Special Risk Insurance Agency	11/15/18 – 11/15/19	Professional Liability	\$1,000,000 per claim \$3,000,000 annual aggregate
JI Special Risk Insurance Agency	11/15/19 – 11/15/20	Professional Liability	\$1,000,000 per claim \$3,000,000 annual aggregate
JI Special Risk Insurance Agency	09/01/19 – 8/31/20	Cyber Coverage	\$3,000,000

**SPINDLETOP CENTER**  
**SCHEDULE OF BOND COVERAGE (UNAUDITED)**  
**YEAR ENDED AUGUST 31, 2020**

<b>Insurer</b>	<b>Policy Period</b>	<b>Coverage</b>	<b>Limits of Coverage</b>
Braud, Vaughn & Williamson Insurance	12/29/18 – 12/29/19	Commercial Crime Employee Dishonesty	\$ 5,000
Braud, Vaughn & Williamson Insurance	12/29/18 – 12/29/19	Commercial Crime Computer Fraud	\$ 5,000
Braud, Vaughn & Williamson Insurance	12/29/19 – 12/29/20	Commercial Crime Employee Dishonesty	\$ 5,000
Braud, Vaughn & Williamson Insurance	12/29/19 – 12/29/20	Commercial Crime Computer Fraud	\$ 5,000

**SPINDLETOP CENTER**  
**SCHEDULE OF SPACE OCCUPIED IN A STATE OWNED FACILITY (UNAUDITED)**  
**YEAR ENDED AUGUST 31, 2020**

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

**SPINDLETOP CENTER**  
**SCHEDULE OF PROFESSIONAL AND CONSULTING FEES**  
**(UNAUDITED)**  
**YEAR ENDED AUGUST 31, 2020**

<b>Name</b>	<b>City</b>	<b>Type of Service</b>	<b>Amount</b>
A. W. Wehner, III, DDS	Nederland, Texas	Dental Services	\$ 116
Amanda Adams	Silsbee, Texas	Occupational Services	\$ 200
Andy B. Duke DDS	Beaumont, Texas	Dental Services	\$ 2,860
Baptist Hospital of S.E. Texas	Beaumont, Texas	Medical Services	\$ 2,127,364
Barton & Associates, Inc.	Peabody, Massachusetts	Medical Services	\$ 147,945
Beaumont Smile Center	Beaumont, Texas	Dental Services	\$ 2,430
Bess & Shaw Partership	Beaumont, Texas	Dental Services	\$ 544
Burke Center for East Texas Behavioral Network	Lufkin, Texas	Psychiatrist Services	\$ 551,570
Christopher Riedel, DDS, PA	Orange, Texas	Dental Services	\$ 149
CornerStone Dental	Beaumont, Texas	Dental Services	\$ 3,476
Daron, P Etie, DDS	Beaumont, Texas	Dental Services	\$ 140
David Caldwell, DDS	Beaumont, Texas	Dental Services	\$ 203
David Nelams, DDS	Lumberton, Texas	Dental Services	\$ 563
David Sonnier, DDS	Nederland, Texas	Dental Services	\$ 167
Dr. Joe Keneson, DDS	Silsbee, Texas	Dental Services	\$ 1,502
Dr. Keith Kyle, DDS	Orange, Texas	Dental Services	\$ 598
Dr. Michael Fahey, DDS	Winnie, Texas	Dental Services	\$ 260
Educare Community Living Corp	Beaumont, Texas	Day Hab Services	\$ 512
Faspsych, LLC	Scottsdale, Arizona	Medical Services	\$ 508,413
Garrett Dental Clinic	Groves, Texas	Dental Services	\$ 1,090
Greater Beaumont Oral & Maxillofacial	Beaumont, Texas	Dental Services	\$ 990
Higginbotham Insurance Agency, Inc	Fort Worth, Texas	Consulting Services	\$ 4,948
Houston Children's Dental Center LLC	Houston, Texas	Dental Services	\$ 2,000
Initiative Care Group HCS	Beaumont, Texas	Day Hab Services	\$ 528
Jackson & Coker Locum Tenens	Atlanta, GA	Medical Services	\$ 271,704
Jackson Physician Search, LLC	Atlanta, GA	Consulting Services	\$ 21,600
James A. Arisco, DDS	Port Neches, Texas	Dental Services	\$ 61
Jerry L. Burd, DDS	Beaumont, Texas	Dental Services	\$ 580
Keith W Kyle, DDS	Orange, Texas	Dental Services	\$ 936
Kevin M Correia	Beaumont, Texas	Physician	\$ 6,100
Kountze Dental Center	Kountze, Texas	Dental Services	\$ 1,183
Kyle M Walker, DDS	Orange, Texas	Dental Services	\$ 835
Language Line Services	Monterrey, CA	Interpreting	\$ 442
Locumtenens.com LLC	Atlanta, GA	Medical Services	\$ 78,670
Mark W. Stephenson, DDS	Conroe, Texas	Dental Services	\$ 4,000
MGS Comminity Living Skills	Houston, Texas	Day Hab Services	\$ 341
Michael Bartlett, DDS	Port Arthur, Texas	Dental Services	\$ 220
Michael E. Cessac, DDS	Nederland, Texas	Dental Services	\$ 301
Nederland Family Dental	Nederland, Texas	Dental Services	\$ 2,020
Nora Mosely, DDS	Beaumont, Texas	Dental Services	\$ 525
OCARC	Orange, Texas	Consumer Training	\$ 4,825
Premier Dental Care	Port Arthur, Texas	Dental Services	\$ 450
Recreation Education Complex	Beaumont, Texas	Day Hab Services	\$ 14,526
Robert L. Smith, DDS	Beaumont, Texas	Dental Services	\$ 7,236
Ronda G. Green, DDS	Baytown, Texas	Dental Services	\$ 498
Silsbee Family Dentistry	Silsbee, Texas	Dental Services	\$ 656
Tara Reed	Beaumont, Texas	Diatrician	\$ 5,832
The Dental Dock	Port Arthur, Texas	Dental Services	\$ 149
The Medical Center of Southeast Texas, LP	Port Arthur, Texas	Medical Services	\$ 1,077,068
Twin City Dental	Port Arthur, Texas	Dental Services	\$ 695
UTMB	Houston, Texas	Medical Services	\$ 31,600
Vina Lu, D.M.D., P.C.	Port Arthur, Texas	Dental Services	\$ 1,350
Walter E. Landisch, DDS	Orange, Texas	Dental Services	\$ 116
Weaver and Jaynes Dentistry, PLLC	Beaumont, Texas	Dental Services	\$ 31,653
West End Dental Group, PLLC	Nederland, Texas	Dental Services	\$ 184



**SPINDLETOP CENTER**  
**SCHEDULE OF LEGAL SERVICES (UNAUDITED)**  
**YEAR ENDED AUGUST 31, 2020**

<u>Name</u>	<u>City</u>	<u>Type of Service</u>	<u>Amount</u>
Baker, Donelson, Bearman, Caldwell & Berkowitz, PC	Houston, Texas	Legal Services	\$ 6,670
Calvert Eaves Clarke & Stelly, L.L.P.	Beaumont, Texas	Legal Services	\$ 5,457
Lewis, Brisbols, Bisgaard & Smith L.L.P.	Los Angeles, California	Legal Services	\$ 1,950

## **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, the financial statements of the governmental activities, the discretely presented component unit, the major fund, and the aggregate remaining fund information of Spindletop Center (the Center), as of and for the year ended August 31, 2020, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements and have issued our report thereon dated January 21, 2021.

**Internal Control over Financial Reporting**

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

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

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

**Compliance and Other Matters**

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

**Purpose of this Report**

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

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Abilene, Texas  
January 21, 2021



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

To the Board of Directors  
Spindletop Center  
Beaumont, Texas

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

We have audited Spindletop Center's (the Center) compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, *State of Texas Single Audit Circular* (TSAC) and *Guidelines for Annual Financial and Compliance Audits of Community Mental Health and Mental Retardation Centers* that could have a direct and material effect on each of the Center's major federal and state programs for the year ended August 31, 2020. The Center's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

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

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

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

In our opinion, the Center complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended August 31, 2020.

### **Report on Internal Control over Compliance**

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

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

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

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



Abilene, Texas  
January 21, 2021

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

**SPINDLETOP CENTER**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**FOR THE YEAR ENDING AUGUST 31, 2020**

<b>Grant/Contract</b>	<b>Federal CFDA</b>	<b>Pass- Through Grantor's</b>	<b>Expenditures</b>
<b>Federal Awards</b>			
<b><u>U.S. Department of Education</u></b>			
Passed through the Texas Health and Human Services Commission			
Special Education - Grants to State – Special Education Cluster	84.027	HHS000191200024	\$ 122,760
Special Education - Grants for Infants and Families with Disabilities	84.181	HHS000191200024	1,073,397
<b>Total U. S. Department of Education</b>			<b>1,196,157</b>
<b><u>U.S. Department of Homeland Security</u></b>			
Passed through the Texas Health and Human Services Commission			
FEMA Hurricane Imelda – Disaster Crisis Counseling Program	(e) 97.032	HHS000434500007	158,223
FEMA COVID 19 – Disaster Crisis Counseling Program	(e) 97.032	HHS000434500007	86,720
<b>Total U. S. Department of Homeland Security</b>			<b>244,943</b>
<b><u>U. S. Department of Health and Human Services</u></b>			
Passed through Texas Health and Human Services Commission			
<b>Local Mental Health Authority &amp; Local Intellectual &amp; Developmental Disabilities Authority</b>			
Medicaid Administrative Claiming (Medicaid Title XIX) – Medicaid Cluster	(b) 93.778	529-09-0032-00059	1,447,595
<b>Total LMHA &amp; LIDDA</b>			<b>1,447,595</b>
<b>Local Mental Health Authority</b>			
Temporary Assistance for Needy Families (TANF) – TANF Cluster	(a) 93.558	HHS000537200008-A01	257,834
Title XX - Social Services Block Grant	93.667	HHS000537200008-A01	110,263
Mental Health Block Grant	(c) 93.958	HHS000537200008-A01	902,743
Mental Health First Aid – Outreach	(c) 93.958	HHS000182900001	70,524
Mental Health Block Grant – Substance Abuse	(c) 93.958	2016-048311-003-(SA/TCO)	16,353
Mental Health Block Grant – Supportive Housing	(c) 93.958	HHS000537200008-A10	3,886
Block Grants for Prevention and Treatment of Substance Abuse	(d) 93.959	2016-048311-003-(SA/TCO)	56,397
Block Grants for Prevention and Treatment of Substance Abuse	(d) 93.959	2016-048393-003 (SA/TRA)	82,135
Recovery Support Services - SAPT	(d) 93.959	2016-048395-003 (SA/RSS)	195,000
Recovery Support Services - TTOR	93.788	2016-048395-003 (SA/RSS)	20,486
Youth Recovery Community Services	(d) 93.959	2016-048485-003 (YRC)	182,069
SAMSHA Emergency Response – Hurricane Harvey	93.982	HHS00044990001	172,437
Coordinated Specialty Care	(c) 93.958	HHS00335800001	270,000
Projects for Assistance in Transition from Homelessness (PATH)	93.150	HHS00023150008	194,919
<b>Total Local Mental Health Authority</b>			<b>2,535,046</b>
<b>Local Intellectual &amp; Developmental Disabilities Authority</b>			
Money Follows the Person (Medicare Title XVIII)	93.791	HHS00058760001	189,569
<b>Total Local Intellectual &amp; Developmental Disabilities Authority</b>			<b>189,569</b>
<b>Early Childhood Intervention</b>			
Temporary Assistance for Needy Families – TANF Cluster	(a) 93.558	HHS000537200008	165,511
Preschool Development Grant Birth – 5 (PDG B-5)	93.434	HHS000191200024	25,554
Supplement Nutrition Assistance Program – Education – SNAP Cluster	10.561	HHS000640200027	24,222
Medicaid Administrative Claiming (Medicaid Title XIX) – Medicaid Cluster	(b) 93.778	529-11-0040-00001	164,637
<b>Total Early Childhood Intervention</b>			<b>379,924</b>
<b>Total U.S. Department of Health and Human Services</b>			<b>4,548,247</b>
<b>Total Expenditures of Federal Awards</b>			<b>\$ 5,993,233</b>
TANF Cluster – (a) Total expenditures for CFDA 93.558 is	\$ 423,345		
Medicaid Cluster – (b) Total expenditures for CFDA 93.778 is	\$ 1,612,232		
(c) Total expenditures for CFDA 93.958 is	\$ 1,263,505		
(d) Total expenditures for CFDA 93.959 is	\$ 515,601		
(e) Total expenditures for CFDA 97.032 is	\$ 244,943		



**SPINDLETOP CENTER**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**FOR THE YEAR ENDING AUGUST 31, 2020**  
**(Continued)**

Grant/Contract	Grantor's Number	Expenditures
<b>State Awards</b>		
<b><u>Texas Health and Human Services Commission</u></b>		
<b>Local Mental Health Authority</b>		
General Revenue - Mental Health Adult	HHS000537200008-A01	4,324,458
General Revenue - Mental Health Children	HHS000537200008-A01	1,230,585
General Revenue - Crisis	HHS000537200008-A01	520,762
Mental Health First Aid - Training	HHS000182900001	11,000
Psychiatric Emergency Service Centers	HHS000537200008-A06	3,145,947
Private Psychiatric Beds	HHS000537200008-A07	2,168,100
Supportive Housing Project	HHS000537200008-A10	199,850
Veteran Support Services	HHS000537200008-A11	51,409
High-Needs Children in the Foster Care System Grant	HHS000051500002	52,018
Treatment Co-occurring Psychiatric & Substance Use Disorders	2016-048311-003 (SA/TCO)	25,666
Adult Residential and Outpatient Services	2016-048393-003 (SA/TRA)	59,845
Projects for Assistance in Transition from Homelessness (PATH)	HHS000231500008	6,028
Mental Health Grant Program for Justice-Involved Individuals – Rural	HHS000134400020 (MH/SB292)	125,367
Mental Health Grant Program for Justice-Involved Individuals – Urban	HHS000135400001 (MH/SB292)	149,861
Total Local Mental Health Authority		<b><u>12,070,897</u></b>
<b>Local Intellectual and Developmental Disabilities Authority</b>		
General Revenue - IDD	HHS000587600001	3,238,518
Permanency Planning	HHS000587600001	18,135
IDD Crisis Intervention Specialist & Crisis Respite	HHS000587600001	251,443
OBRA (PASRR)	HHS000587600001	12,212
Total Local Intellectual and Developmental Disabilities Authority		<b><u>3,520,308</u></b>
<b>Early Childhood Intervention</b>		
Early Childhood Intervention	HHS000191200024	1,268,402
Respite	HHS000191200024	6,040
Total Local Intellectual and Developmental Disabilities Authority		<b><u>1,274,442</u></b>
<b>Total Expenditures of State Awards</b>		<b><u>\$ 16,865,647</u></b>
		<b><u>\$ 22,858,880</u></b>
<b>Total Expenditures of Federal and State Awards</b>		

**SPINDLETOP CENTER**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**AUGUST 31, 2020**

**1. GENERAL**

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

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

**2. BASIS OF ACCOUNTING**

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

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

**3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

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

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

Texas Correctional Office on Offenders with Medical or Mental Impairments (TCOOMMI) has been excluded from the Schedule of Federal and State Awards, as has the Texas Department of Criminal Justice program, the Workquest program, and the Texas Rehabilitation Commission

program because these programs are considered contract revenue and not federal or state awards. Provider Relief Funds have been excluded from the Schedule of Expenditures of Federal and State Awards in accordance with the OMB 2020 Compliance Supplement Addendum. Provider Relief Funds expended in FY20 are to be reported on the Schedule of Expenditures of Federal and State Awards in FY21.

Federal awards per Schedule of Expenditures of Federal and State Awards	\$ 5,993,233
+ CARES Provider Funds	835,715
Total federal revenues on statement of revenues, expenditures, and changes in fund balance – governmental funds	<u>\$ 6,828,948</u>
State awards per Schedule of Expenditures of Federal and State Awards	\$ 16,865,647
+ TCOOMMI – contract, not considered a grant	588,029
+ Texas Dept. of Criminal Justice – contract, not considered a grant	259,755
+ Workquest – contract, not considered a grant	13,897
+ Texas Rehabilitation Commission – contract, not considered a grant	31,393
Total state revenues on statement of revenues, expenditures, and changes in fund balance – governmental funds	<u>\$ 17,758,721</u>

**4. PROGRAM OR AWARD AMOUNTS**

Amounts include contract/award amounts plus any additional reimbursement monies received in fiscal year 2020.

**5. STATE FINANCIAL ASSISTANCE GUIDELINES**

State financial assistance is subject to *Guidelines for Annual Financial and Compliance Audits of Community MHMR Centers*. Such guidelines are consistent with those required under the Single Audit Act of 1996, Uniform Guidance, the *State of Texas Single Audit Circular*, and *Government Auditing Standards*, issued by the Comptroller General of the United States.

**6. INDIRECT COSTS**

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

**7. SUB-RECIPIENTS**

The Center had no sub-recipients for the year ended August 31, 2020.

**SPINDLETOP CENTER**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED AUGUST 31, 2020**

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**Section I – Summary of Auditor’s Results**

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**FINANCIAL STATEMENTS**

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

**FEDERAL AND STATE AWARDS**

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

**Identification of major programs:**

Name of Federal Program	CFDA Number
Medicaid Administrative Claiming (Medicaid Cluster)	93.778
Mental Health Block Grant	93.958
Dollar threshold used to distinguish between type A And type B programs for federal awards:	\$750,000
Name of State Programs	
General Revenue Mental Health (Adult ,Children, Crisis, PESC, PPB)	N/A
General Revenue Intellectual and Developmental Disabilities	N/A
Dollar threshold used to distinguish between type A and type B programs for state awards:	\$505,969
Auditee qualified as a low-risk auditee?	Yes

**SPINDLETOP CENTER**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**  
**YEAR ENDED AUGUST 31, 2020**

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**Section II – Financial Statement Findings**

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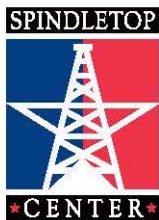
The audit disclosed no findings required to be reported.

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

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



**SPINDLETOP CENTER**  
**SCHEDULE OF PRIOR AUDIT FINDINGS**  
**YEAR ENDED AUGUST 31, 2020**

**None**

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Holly Borel

*Chief Executive Officer*

*Jefferson County Board Members*

Gladdie Fowler

Dolores Sennette

Shirley Adams

Frank Coffin, Jr.

Rebecca Ford

*Orange County Board Members*

Gus Harris

Mike Marion

*Hardin County Board Member*

Gaye Lokey

*Chambers County Board Member*

Brian C. Hawthorne

*Hearing impaired, call*

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