

SPINDLETOP CENTER
ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED AUGUST 31, 2022

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

**SPINDLETOP CENTER
ANNUAL FINANCIAL AND COMPLIANCE REPORT
FOR THE YEAR ENDED AUGUST 31, 2022**

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December 19, 2022

Board of Trustees
Spindletop Center
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The Annual Financial and Compliance Report of Spindletop Center for the year ended August 31, 2022 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, 2022. The independent auditor's report is located at the front of the financial section of this report.

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

Profile of Spindletop Center

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

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

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

Equal Employment Opportunity
Affirmative Action Employer

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

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

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

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

Economic Outlook

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

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

Spindletop Center receives general revenue funding from the state of Texas through the Health and Human Services Commission (HHSC). In 2021, the 87th legislature funded the Center with General Revenue funds of \$17,001,755 for FY 2022.

Additional revenues come from various grants and funding sources. Most notably are the revenues received from 1115 Waiver programs. The Delivery System Reform Incentive Payment (DSRIP) ended in December 2021. The Directed Payment Program for Behavioral Health Services is one of four directed payment programs (DPPs) HHSC submitted to the Centers for Medicare and Medicaid Services (CMS) for approval as part of the Delivery System Reform Incentive Payment Transition Plan. CMS approved DPP BHS for state fiscal year (SFY) 2022 (Y1) on November 15, 2021. CMS approved DPP BHS for SFY 2023 (Y2) on August 1, 2022.

MAJOR INITIATIVES

DSRIP and DPP

The 1115 waiver funding for DSRIP was a major initiative for the Center. The Center received a total of \$58,159,711 net of intergovernmental transfer (IGT) funds from the inception of the Waiver through August 31, 2022. The Center received \$5,452,298 net of IGT of these funds in FY 2022.

The DPP-BHS monthly payments began January 2022 and included all months beginning September 2021. Similar to DSRIP, the Center is required to track, measure, and reported on wellness improvement measures. These measures are preventive care & screening-unhealthy alcohol use-screening & brief counseling, child and adolescent major depressive disorder (MDD)- suicide risk assessment, adult major depressive disorder (MDD)-suicide risk assessment, follow-up after hospitalization for mental illness 7-day and 30-Day for discharges from state hospitals, and preventive care and screening; body mass index (BMI) screening and follow-up. In addition to these key measures, the Center must be a Certified Community Behavioral Health Clinic (CCBHC), provide patients with services by using remote technologies, provide integrated physical and behavioral health care services to children and adults with serious mental illness, and participate in electronic exchange of clinical data with other healthcare providers/entities. This program is currently a pay-for-reporting program, but is expected to transition to a pay-for-performance model similar to DSRIP. The Center received \$3,221,371 net of IGT of these funds in FY 2022.

Spindletop Center had 100% achievement of all requirements for both programs and received the full amount of funds allowable.

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 reassess risk areas, re-prioritize compliance projects that are most critical to the mission of the center, and report compliance developments and compliance audit findings to the Chief Executive Officer and the full Board of Trustees as appropriate. Security management is overseen by the security officer to provide a safe and secure environment addressing both physical and technological security. Authorization levels and monthly reporting to the Board of Trustees help strengthen administrative controls. Because the cost of control should not exceed the benefit to be derived, the objective is to

provide reasonable, rather than absolute assurance, that the financial statements are free of any material misstatements.

Cash Management

The Center's cash at August 31, 2022 was insured by FDIC at First Financial Bank or by securities pledged to Spindletop Center for amounts over the standard FDIC limit. As of August 31, 2022, 89.95% of the Center's funds are held by First Financial Bank, earning 0.25% APY. The remainder of funds are invested in various certificates of deposit and mutual funds.

Investment Policy

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

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

Investment Strategy

In FY 2022, the Center continued to invest in a diverse group of money market accounts and certificates of deposit. As market conditions improve, funds will be reinvested into instruments preserving the safety of principal, liquidity, and maximization of yield.

Budgeting Process

Under the Center's budgeting procedures, the Chief Financial Officer presents a proposed budget for the fiscal year compiled from input submitted by various departmental managers, directors, and the Executive Management Team. Once the proposed budget has been reviewed and approved by the Executive Management Team, the proposed budget is submitted by the Chief Financial Officer to the Board of Trustees for approval. The board approval is obtained and the budget is incorporated into all required contract and budget formats. Any changes to the original budget are submitted to the Board of Trustees for their review and approval, including a mid-year review and possible adjusted budget, if applicable. Operating budget variances are reviewed monthly as part of the board approval of the financial statements. No formal overspend variance amount requiring board approval has been determined by the governing body as of August 31, 2022. The board approves capital project on an individual project basis outside of the operating budget approval.

Appropriations

Spindletop Center receives General Revenue from the State of Texas. This funding is appropriated biennially when the legislature is in session. The funding for FY 2022-2023 was approved when the 87th legislature met in the spring of 2021.

Financial Management

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

Debt Service

Spindletop Center had long-term debt in the form of leases that required principal and interest payments in the current fiscal year.

Long Term Financial Planning

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

Risk Management

Spindletop Center is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, doctors' malpractice; and natural disasters. During FY 2022, 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 6 - 12 of this report to find management's discussion and analysis for the fiscal year ended August 31, 2022.

Awards

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Spindletop Center for its annual comprehensive financial report for the fiscal year ended August 31, 2021. This was the third consecutive year that the government has achieved this prestigious award. The Center was also awarded the Certificate of Achievement for Excellence in Financial Reporting for its annual comprehensive financial report for the fiscal year ended August 31, 2020. The award notification was received after the FY21 report was completed and was not included in final annual comprehensive financial report. The fiscal year FY20 certificate is included in this fiscal year's report.

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

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

Acknowledgement

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

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

A handwritten signature in black ink that reads "Denise LeBlanc". The signature is written in a cursive, flowing style.

Denise LeBlanc
Chief Financial Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Spindletop Center
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

August 31, 2021

Christopher P. Morill

Executive Director/CEO



Government Finance Officers Association

Certificate of
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for Excellence
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Presented to

**Spindletop Center
Texas**

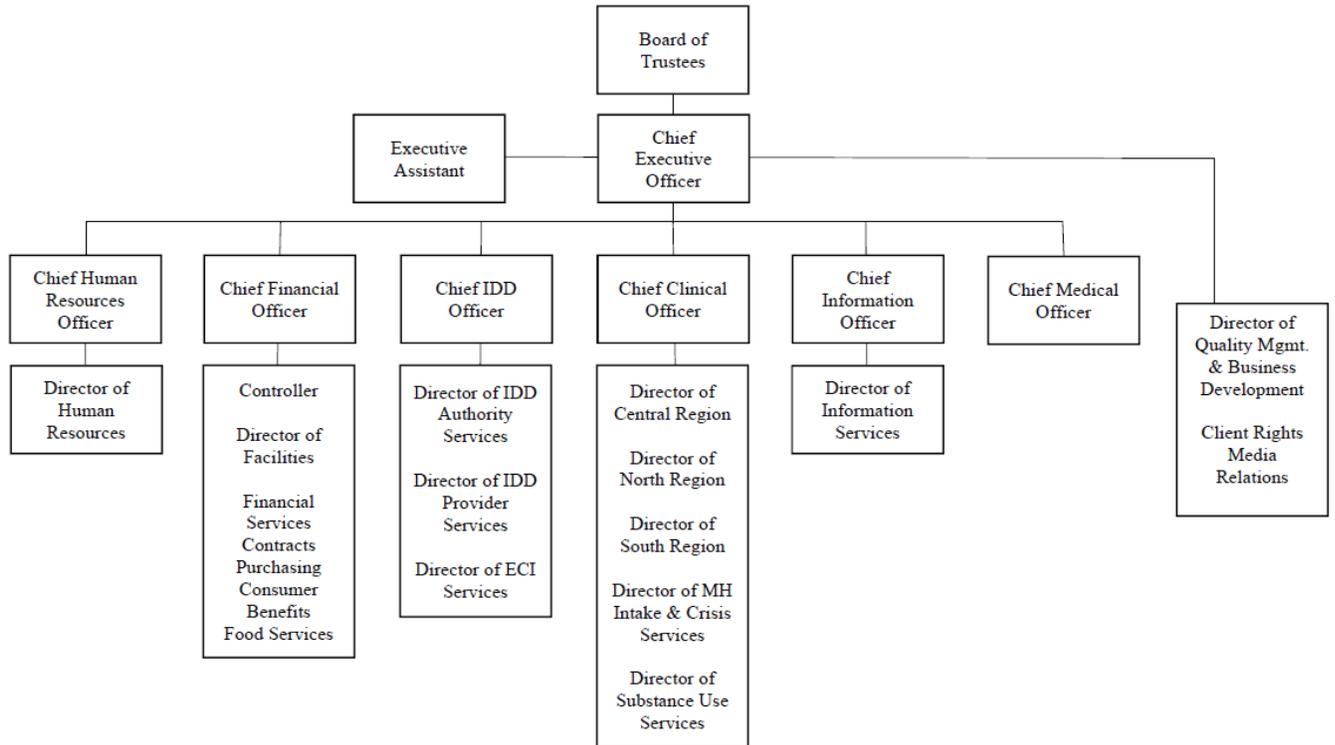
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

August 31, 2020

Christopher P. Morill

Executive Director/CEO

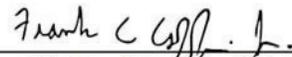
**SPINDLETOP CENTER
ORGANIZATIONAL CHART
AS OF AUGUST 31, 2022**



**CERTIFICATE OF BOARD
ACCEPTANCE OF AUDIT REPORT**

Spindletop Center

I, Frank Coffin, Chair of the Board of Trustees of Spindletop Center, do hereby certify that this accompanying audit report for FY 2022 from Eide Bailly, LLP was reviewed and accepted at a meeting of the Board of Trustees held on the 19th day of December 2022.



Chair of Board of Trustees

SPINDLETOP CENTER

**LIST OF PRINCIPAL OFFICIALS
AS OF AUGUST 31, 2022**

BOARD OF TRUSTEES

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

EXECUTIVE STAFF

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

FINANCIAL SECTION



CPAs & BUSINESS ADVISORS

Independent Auditor's Report

To the Board of Directors
Spindletop Center
Beaumont, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Spindletop Center, as of and for the year ended August 31, 2022, and the related notes to the financial statements, which collectively comprise Spindletop Center's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Spindletop Center, as of August 31, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Adoption of New Accounting Standard

As discussed in Note 1 to the financial statements, Spindletop Center has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ended August 31, 2022. Accordingly, a restatement has been made to the Governmental Activities net position as of September 1, 2021, to restate beginning net position. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *Guidelines for Annual Financial and Compliance Audits of Community Mental Health and Mental Retardation Centers*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis and budgetary comparison information on pages 6-12 and 47-48 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Center’s basic financial statements. The accompanying schedule of expenditures of state and federal 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 also not a required part of the financial statements. The schedule of expenditures of state and federal 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the schedule of expenditures of state and federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2022 on our consideration of Spindletop Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Spindletop Center's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Spindletop Center's internal control over financial reporting and compliance.

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

Abilene, Texas
December 16, 2022

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, 2022 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 2022 by \$41,882,093 (*net position*). Of this amount, \$19,486,277 (*unrestricted net position*) may be used to meet the Center's ongoing obligations.
- The Center's total net position (government-wide) decreased by (\$1,405,628).
- As of the close of the current fiscal year, the Center's governmental fund balance reported an ending balance of \$20,657,125, which is a decrease of (\$3,233,454) in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$18,671,163 or 34.92% of total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Center's basic financial statements. The Center's financial statements are composed of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

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

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

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

The *government-wide financial statements* can be found on pages 14 and 15 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 flows into and out of those funds and the balances remaining at year-end that are available for spending. These funds are reported using a method called *modified accrual accounting* that requires the recognition of revenue when earned, only so long as the funds are collected within the period or soon enough afterwards to be used to pay liabilities of the current period.

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

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

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

The basic governmental fund financial statements are found on pages 16 and 18 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the Center. These custodial funds are used to account for trust funds held on behalf of Center consumers. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Center’s programs. The basic fiduciary fund financial statements can be found on pages 20 and 21 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 22-45 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 47 and 48 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the Center, assets exceeded its liabilities by \$41,882,093 at the close of the most recent fiscal year.

A large portion of the Center’s net position, 53.47% reflects investment in capital assets (e.g., land, buildings, vehicles, furniture and equipment); less any related debt used to acquire those assets that is still outstanding. The Center uses these assets to provide services to the individuals we serve; consequently, these assets are not available for future spending. Additionally, a portion of the Center’s net position, 46.53% represents unrestricted financial resources available for future operations.

Statement of Net Position

	<u>Governmental Activities</u>	
	2021 <i>restated</i>	2022
Current and other assets	\$ 28,610,539	\$ 26,048,449
Capital assets	20,780,863	22,552,081
Total assets	49,391,402	48,600,530
Current liabilities	4,448,948	5,073,545
Long-term liabilities	1,654,733	1,644,892
Total liabilities	6,103,681	6,718,437
Net assets:		
Net investment in capital assets	20,599,787	22,395,816
Unrestricted	22,687,934	19,486,277
Total net position	\$ 43,287,721	\$ 41,882,093

GOVERNMENTAL ACTIVITIES

Governmental activities decreased the Center’s net position by (\$1,405,628), accounting for the entire decrease in the net position of the Center. Key elements of this decrease are as follows:

	Governmental Activities	
	2021	2022
REVENUES		
Program revenues:		
Charges for services:	\$ 22,252,700	\$ 22,504,979
Operating grants and contributions:	21,327,927	20,566,918
General revenues:		
Local income	2,159,939	7,337,927
PPP Loan Forgiveness	4,443,478	
Unrestricted investment earnings	59,950	57,844
Total revenues	<u>50,243,994</u>	<u>50,467,668</u>
EXPENSES		
Mental Health Adult	17,198,261	15,699,039
Mental Health Children	6,012,881	6,632,466
Intellectual and Developmental Disabilities	15,433,279	15,551,164
Other programs	8,169,787	13,990,627
Total expenses	<u>46,814,208</u>	<u>51,873,296</u>
Change in net position	<u>3,429,786</u>	<u>(1,405,628)</u>
Net Position - beginning	39,857,935	43,287,721
Net Position - ending	<u>\$ 43,287,721</u>	<u>\$ 41,882,093</u>

- Employee salaries and benefits increased due to a 5% cost of living wage increase for FY22, for targeted market-leveling increases for some positions, and extremely high self-insurance expenses.
- Contributions from local governments of \$497,518 are unrestricted funds given annually to the Center by the counties in which we serve to help meet local match requirements.

FINANCIAL ANALYSIS OF THE CENTER’S FUNDS

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

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

General funds. The general fund is the chief operating fund of the Center. At the end of the current fiscal year, the general fund reported a fund balance of \$20,657,125. A portion of this, 90.39% 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 \$18,671,163 represents 34.92% 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, 2022, the Center’s Days Cash on Hand was 115 days.

GENERAL FUND BUDGETARY HIGHLIGHTS

- The Center chose not to make any mid-year budget adjustments during the fiscal year.
- \$1,852,742 favorable variance in the local revenues category is comprised mainly by \$6,659,284 in 1115 Waiver funds for DSRIP and DPP that were received but not budgeted. Unfavorable variances of (\$12,788) in County government funds are due to not receiving the amount requested from the County. Lower service volume due to vacancies and residual COVID service interruption led to unfavorable variances of (\$211,153) in Patient fees and insurance, (\$3,167,661) in Medicaid services, (\$1,046,560) in Home and Community-based services, and (\$205,371) in Texas Home Living Waiver services. Unfavorable variable of (\$209,601) in Other Local Income is the result of services that were budgeted but not generated.
- (\$872,539) unfavorable variance in the state program revenues is due to the Center not fully spending Community Based Crisis Services funds because of low hospital censuses resulting in an unfavorable variance of (\$780,439) in General Revenue – mental health services. Also, the unfavorable variance of (\$117,877) in Substance abuse contracts is due to low consumer demand for some of the programs.
- \$633,081 favorable variance in the federal program revenues were due mainly to \$576,782 of Medicaid Administrative Claiming revenues generated over the budgeted amount. Further, \$392,197 in CARES Provider Relief Funds and \$248,506 in TANF PEAFF funds were generated but not budgeted. The SAMHSA CCBHC Expansion grant had an unfavorable variance of (\$801,673) due to a difficulty with staffing required positions. The unfavorable variance of (\$231,219) from the FEMA COVID 19 – Disaster Counseling grant was due to low consumer demand for the program.
- Current Expenditures before Capital Outlays has an unfavorable variance of (\$2,113,052).
- Favorable variance of \$1,186,478 in Personnel was due to vacant positions and unfavorable variance of (\$2,051,286) in Employee benefits was due to higher than expected health benefit expenses.
- Favorable variance of \$326,151 in Contracted Services is due to hiring of provider staff rather than utilizing contractors. Favorable variances of \$102,570 in Travel and \$93,510 in Training are due to hold on travel during the end of the pandemic. The favorable variances of \$4,132 in Equipment repair and \$32,297 in Office Supplies are due to need being less than budgeted.
- Unfavorable variances of (\$10,311) in Medications, (\$498,788) in Consumable supplies, (\$373,751) in Client costs, and (\$598,406) in Other costs are due to additional expenses incurred to continue services. (\$150,844) in Building repairs and (\$69,897) in Vehicle operations are due to necessary repairs to maintain assets. (\$58,644) in Telephone and

utilities, (\$69,897) in Vehicle operations, (\$45,440) in Insurance, (\$823) in Marketing are due to need being higher than budgeted.

- The Center does not budget for most of its capital outlay; instead, it assigns part of its prior year excess revenues for capital improvement and other special projects to be spent in the current year. Actual expenditures for these projects were \$3,498,419. A building was purchased in Silsbee, Texas and renovations begun for a new, much larger location in which to serve the citizens of Hardin County. The previous building is not adequate to house the amount of services required and has been a rental for the length of time it has been occupied. Completion and occupation of the new building is expected to be March 2023. The building will house mental health services for both adults and youth, IDD day habilitation services, early childhood development services, and substance use disorder services. The Smith building that houses IDD services is currently receiving a complete remodel, the first in 50 years. This project should be completed by mid-2023.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The Center’s investment in capital assets for its governmental activities as of August 31, 2022 amounts to \$22,552,081 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, equipment, and vehicles. The following is a summary of changes in capital assets during the fiscal year:

SPINDLETOP CENTER CAPITAL ASSETS (Net of Depreciation)

	2021 <i>restated</i>	2022	Change
Land (non-depreciable)	\$ 2,931,222	\$ 2,974,689	\$ 43,467
Buildings and improvements	31,836,202	33,108,255	1,272,053
Furniture and equipment	912,984	1,054,993	142,009
Vehicles	2,718,370	2,798,856	80,486
Right to use leased assets	181,074	198,807	17,733
Construction in progress	128,034	1,833,367	1,705,333
Less accumulated depreciation/amortization	<u>(17,927,023)</u>	<u>(19,416,886)</u>	<u>(1,489,863)</u>
	<u>\$ 20,780,863</u>	<u>\$ 22,552,081</u>	<u>\$ 1,771,218</u>

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

Long-term Liabilities – The Center has long-term lease liability debt of \$156,265 at the end of the year. Compensated absences are considered due within one year because there are no parameters on when an employee may use the funded hours and they are all due upon request. Additional information on the Center’s long-term obligations can be found in Note 6 to the financial statements in this report.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

- The Center’s FY23 budget was developed with a more conservative outlook than the FY22 budget. Vacancies have proven to impede previously budgeted revenues and so these vacancies and efforts to increase staffing have been included. A balanced budget was approved by the Board of Trustees for FY23.
- The Center’s FY23 Revenue budget is \$49,013,815. General operating revenues are budgeted at \$43,513,152. The amount of DPP revenue funds to be utilized for operating purposes is budgeted at \$5,200,000 and CCP revenue funds are budgeted at \$300,663. This is a 2% decrease of (\$949,689) from FY22 . The decrease is in response to the actual revenue level from FY22.
- The amount of DPP and CCP funds expected to be received are not fully budgeted nor recognized until reporting is approved and funds are received. The amounts expected are \$6,500,000 and \$4,000,000, respectively.
- The Center’s FY23 Expense budget is \$49,013,815. This is a 2% decrease of (\$949,689) from FY22. The decrease is mainly in Fringe due to a move to a different health insurance provider.

REQUESTS FOR INFORMATION

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

**BASIC
FINANCIAL STATEMENTS**

SPINDLETOP CENTER
STATEMENT OF NET POSITION
AUGUST 31, 2022

	Primary Government		Component Unit
	Governmental Activities	Total	Spindletop Housing Corporation
ASSETS			
Cash and cash equivalents	\$ 2,287,338	\$ 2,287,338	\$ 5,459
Restricted deposits			95,784
Investments	14,883,877	14,883,877	
Accounts Receivable (net)	5,029,208	5,029,208	
DPP IGT Deposit	3,086,785	3,086,785	
Prepaid items	358,461	358,461	21,757
Note Receivable - Spindletop Housing	402,780	402,780	
Capital assets:			
Land	2,974,689	2,974,689	159,931
Non-depreciable construction in progress	1,833,367	1,833,367	
Depreciable capital assets, net	17,590,593	17,590,593	1,956,769
Right to use leased assets, net	153,432	153,432	
Total Assets	48,600,530	48,600,530	2,239,700
LIABILITIES			
Accounts payable	743,748	743,748	33,495
Accrued salaries and benefits	956,334	956,334	
Accrued liabilities	1,552,256	1,552,256	
Due to other governments	933,773	933,773	
Health claims payable	525,000	525,000	
Unearned revenue	362,434	362,434	2,963
Long-term liabilities:			
Lease Liability due within one year	50,905	50,905	
Lease Liability due in more than one year	105,360	105,360	
Due within one year	1,488,627	1,488,627	12,353
Due in more than one year			390,427
Total Liabilities	6,718,437	6,718,437	439,238
NET POSITION			
Net investment in capital assets	22,395,816	22,395,816	1,713,920
Unrestricted	19,486,277	19,486,277	86,542
Total Net Position	\$ 41,882,093	\$ 41,882,093	\$ 1,800,462

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

SPINDLETOP CENTER
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDING AUGUST 31, 2022

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 Spindletop Housing Corporation
							Governmental Activities	Total	
Governmental activities:									
Mental Health - Adult	\$ 13,624,158	\$ 2,074,881	\$ 15,699,039	\$ 3,256,213	\$ 11,960,996	\$ -	\$ (481,830)	\$ (481,830)	
Mental Health - Youth	5,772,968	859,498	6,632,466	3,280,245	2,102,268	-	(1,249,953)	(1,249,953)	
Intellectual & Developmental Disabilities	13,333,766	2,217,398	15,551,164	9,154,091	3,621,545	-	(2,775,528)	(2,775,528)	
Early Childhood Intervention	3,544,458	863,048	4,407,506	1,597,113	2,146,545	-	(663,848)	(663,848)	
Substance Use programs	1,282,022	210,140	1,492,162	305,722	530,291	-	(656,149)	(656,149)	
Housing program	556,052	35,898	591,950	292,549	-	-	(299,401)	(299,401)	
Other programs	6,969,329	529,680	7,499,009	4,619,046	205,273	-	(2,674,690)	(2,674,690)	
Administration	6,790,544	(6,790,544)	-	-	-	-	-	-	
Total governmental activities	\$ 51,873,296	\$ -	\$ 51,873,296	\$ 22,504,979	\$ 20,566,918	\$ -	\$ (8,801,399)	\$ (8,801,399)	
Component unit:									
Spindletop Housing Corporation	\$ 194,975		\$ 194,975	\$ 106,200	\$ -	\$ -			\$ (88,775)
Total component unit	\$ 194,975	\$ -	\$ 194,975	\$ 106,200	\$ -	\$ -			\$ (88,775)
General revenues:									
							\$ 57,844	\$ 57,844	
							497,519	497,519	
							6,840,408	6,840,408	
							7,395,771	7,395,771	-
							(1,405,628)	(1,405,628)	(88,775)
							43,287,721	43,287,721	1,889,237
							\$ 41,882,093	\$ 41,882,093	\$ 1,800,462

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

**SPINDLETOP CENTER
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2022**

	General Fund	Total Governmental Funds
ASSETS		
Cash and cash equivalents	\$ 2,287,338	\$ 2,287,338
Investments	14,883,877	14,883,877
Accounts receivable, (net of allowance for uncollectibles)	5,029,208	5,029,208
DPP IGT deposit	3,086,785	3,086,785
Prepaid Items	358,461	358,461
Note receivable - Spindletop Housing	402,780	402,780
Total Assets	\$ 26,048,449	\$ 26,048,449
LIABILITIES		
Accounts payable	\$ 743,748	\$ 743,748
Accrued liabilities	1,552,256	1,552,256
Due to other governments	933,773	933,773
Accrued salaries and benefits	956,334	956,334
Health claims payable	525,000	525,000
Unearned revenue	362,434	362,434
Total Liabilities	5,073,545	5,073,545
DEFERRED INFLOWS OF RESOURCES		
Medicaid administrative claiming revenues	317,779	317,779
Total Deferred Inflows of Resources	317,779	317,779
FUND BALANCES		
Non-spendable: Prepaid items	358,461	358,461
Non-spendable: Note receivable	402,780	402,780
Committed for Special Projects	1,224,721	1,224,721
Unassigned	18,671,163	18,671,163
Total Fund Balance	20,657,125	20,657,125
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 26,048,449	\$ 26,048,449

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, 2022**

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

Total fund balance - governmental funds	\$ 20,657,125
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	22,552,081
Long-term liabilities, including leases and compensated absences are not due and payable in the current period and therefore, are not reported in the governmental funds. As a result, leases and compensated absences decrease net position.	(1,644,892)
In the funds statements, revenue that exceeds a reasonable collectibility period is not recorded within revenue. In the statement of net position, assured receipt of revenue is reported as revenue. This is the amount of deferred inflows of resources at year end.	<u>317,779</u>
Net Position of Governmental Activities	<u><u>\$ 41,882,093</u></u>

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

SPINDLETOP CENTER
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
FOR THE YEAR ENDING AUGUST 31, 2022

	General Fund	Total Governmental Funds
Revenues:		
Local and earned revenues	\$ 24,291,616	\$ 24,291,616
State programs	18,142,065	18,142,065
Federal programs	7,789,511	7,789,511
Total revenues	50,223,192	50,223,192
Expenditures:		
Current:		
Mental health adult	13,102,674	13,102,674
Mental health children	5,674,072	5,674,072
Intellectual and developmental disabilities	12,897,465	12,897,465
Early childhood intervention	3,494,058	3,494,058
Substance abuse programs	1,212,438	1,212,438
Housing program	391,996	391,996
Other programs	6,688,632	6,688,632
Administration	6,466,648	6,466,648
Debt Service:		
Principal	42,544	42,544
Interest	5,433	5,433
Capital outlay	3,498,419	3,498,419
Total expenditures	53,474,379	53,474,379
Deficiency of revenues over expenditures	(3,251,187)	(3,251,187)
Other Financing Sources:		
Leases (leasee)	17,733	17,733
Total other financing sources	17,733	17,733
Net change in fund balance	(3,233,454)	(3,233,454)
Fund balance at beginning of year	23,890,579	23,890,579
Fund balance at end of year	\$ 20,657,125	\$ 20,657,125

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, 2022**

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

Net Change in Fund Balance-Total Governmental Funds	\$ (3,233,454)
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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 and amortization expense. This is the amount by which capital outlay (\$3,498,419) exceeded depreciation and amortization expense (\$1,628,680) for the year less net disposals for the year (\$98,519).	1,771,218
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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 MAC revenue (\$46,767).	46,767
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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.	(14,970)
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Debt service payments for principal payments are reported as expenditures in the governmental funds, but are not reported as expenses in the statement of activities.	42,544
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Long-term liabilities, including leases, are not due and payable in the current period and, therefore, are not reported in the funds.	(17,733)
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Change in Net Position-Governmental Activities	<u>\$ (1,405,628)</u>
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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, 2022**

	Custodial Fund
ASSETS	
Cash and cash equivalents	\$ 139,125
Total Assets	139,125
 LIABILITIES	
Accounts payable	-
Total Liabilities	-
 NET POSITION	
Restricted for IDD PAC	25,172
Restricted for MH PAC	1,399
Restricted for Trust Fund Clients	112,554
Total Net Position	\$ 139,125

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, 2022

	Custodial Fund
ADDITIONS	
IDD PAC Fundraising	\$ 11,172
MH PAC Fundraising	-
Trust Fund Deposits	1,101,856
Total Additions	1,113,028
DEDUCTIONS	
IDD PAC Expenses	20,229
MH PAC Expenses	1,000
Trust Fund Distributions	1,158,722
Total Deductions	1,179,951
CHANGE IN NET POSITION	(66,923)
NET POSITION, BEGINNING	206,048
NET POSITION, ENDING	\$ 139,125

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

SPINDLETOP CENTER
NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

(a) Introduction

The accounting and reporting framework and the more significant accounting principles and practices of 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, 2022.

(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, 2022.

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

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

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

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

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

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

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

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

Fund Financial Statements

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued:

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

Allocation of Indirect Expenses

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

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

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

The Center reports the following major governmental fund:

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

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

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

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

Custodial Fund – The custodial fund is a fiduciary fund type used to account for assets held for consumers of the Center.

(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 \$4,864,471 in the current year and will be fully funded from reserves.

(g) **Cash and Cash Equivalents**

For financial reporting purposes, the Center considers all demand deposit accounts and time deposits with an initial maturity of three months or less to be cash and cash equivalents. Outstanding cash and cash equivalents at August 31, 2022 consist principally of interest bearing bank accounts. Unrestricted and restricted cash and investments purchased by the Center within three months of maturity are considered to be cash equivalents. Investments in money market mutual funds are recorded at cost. All other investments are reported at fair value.

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

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

(h) **Prepaid Items**

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

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

The Center enrolled in the Directed Payment Program for Behavioral Health Services (DPP) and, as of August 31, 2022, has sent HHSC three intergovernmental transfers (IGT) totally \$4,667,468, in order to leverage federal funding. These payments are recorded as DPP IGT Deposit. As DPP payments are received, the applicable amount of IGT prepaid amount is recognized as an expense. As of August 31, 2022, the outstanding prepaid IGT balance is \$3,086,785. This amount can be found on the Statement of Net Position and the General Fund Balance Sheet.

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

Primary Government:

Capital assets, including property, equipment, and vehicles with costs greater than \$5,000 and useful lives of more than one year are stated at historical cost and reported in the government-wide financial statements. Donated assets are stated at acquisition value on the date donated. Costs of normal maintenance and repairs that do not add to asset values or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. Land is not depreciated. No interest has been capitalized in the cost of capital assets. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follows:

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

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

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

Implementation of GASB Statement No. 87, Leases:

As of September 1, 2021, the Center adopted GASB Statement No. 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The standard requires recognition of certain right to use leased assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. As a result of implementing this standard, the Center recognized a right of use equipment asset and lease liability of \$181,074 and \$181,074 as of September 1, 2021, respectively. As a result of these adjustments there was no effect on beginning net position. The additional disclosures required by this standard included in Notes 4, 5 & 6.

Housing Corporation Component Unit:

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

Buildings and improvements	10-40
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No interest has been capitalized in the cost of capital assets.

(k) Long-Term Liabilities

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

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

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

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

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

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

(m) **Fund Equity**

The Center has implemented a fund balance policy to comply with GASB Statement 54 - "*Fund Balance Reporting and Governmental Fund Type Definitions*" standards for the classification of fund balances in governmental funds. The fund balances of governmental funds are defined as follows:

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

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

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

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

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

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

	General Fund	Total Governmental Fund
Fund Balances		
<i>Non-spendable</i>		
Prepaid Items	\$ 358,461	\$ 358,461
Note Receivable	402,780	402,780
<i>Committed</i>		
Special Projects	1,224,721	1,224,721
<i>Unassigned</i>	18,671,163	18,671,163
	<u>\$ 20,657,125</u>	<u>\$ 20,657,125</u>

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

(n) **Compensated Absences**

As fringe benefits for its employees, the Center allows hours earned for personal leave to be accumulated and carried forward to future periods up to a maximum of 480 hours. Employees terminating from service are paid up to a maximum of 480 accumulated hours. The resulting cash value of the benefits, based on the maximum 480 hours, is recorded as a liability in the Statement of Net Position. Government funds report only matured compensated absences payable to currently terminating employees and these are included in accrued salaries and benefits. All compensated absences are considered payable within one year due to no restrictions to the contrary. Payment and use of compensated absences is due upon demand.

(o) **Risk Management**

The Center is exposed to various risks of loss related to general liability; torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; physician's malpractice; and natural disasters. During fiscal year 2022, the Center was

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued:

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 2022, the Center purchased insurance from Arthur J. Gallagher Risk Management Services to provide additional coverage for named windstorms such as hurricanes and wind-driven rain coverage.

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

(p) Estimates

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

(q) Fair Value

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

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS:

(a) Deposits

Primary Government:

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

Housing Corporation Component Unit:

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

At August 31, 2022, the Center's investments are as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Average Days to Maturity</u>
TexPool Money Market Fund	\$ 4,922	AAAm	12 Days
Certificate of Deposit - Barclays Bank	245,000	Not required	470 days
Certificate of Deposit - JP Morgan Chase	245,000	Not required	470 days
Certificate of Deposit - Goldman Sachs Bk USA	245,000	Not required	470 days
Certificate of Deposit - Morgan Stanley	245,000	Not required	301 days
Federated Hermes Inst Prime Obligation Fund (POIXX)	751,724	AAAm	N/A
Government National Mtg Assn Pool	3,137	AAA	11.63 years
Beaumont Community Credit Union - Savings	56	Not required	N/A
First Financial Bank - High-Yield Savings	13,144,038	Not required	N/A
	<u>\$ 14,883,877</u>		

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

During the year ending August 31, 2022 the Center invested in Texas Local Government Investment Pool (“TexPool”). TexPool, a public funds investment pool created by the Treasurer of the State of Texas acting by and through the Texas Treasury Safekeeping Trust Company, is empowered to invest funds and act as custodian of investments purchased with local investment funds. Authorized investments of TexPool include obligations of the United States of America or its agencies, direct obligations of the State of Texas or its agencies, certificates of deposit, repurchase agreements and other eligible investments specified in the Public Funds Investment Act. Audited financial statements of the Pool are available at First Public, 12008 Research Blvd., Austin, Texas 78759.

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

(b) Investment Policies

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Generally, the Center’s investing activities are managed under the custody of the Chief Financial Officer. Investing is performed in accordance with investment policies adopted by the Board of Trustees. The Center’s investment policy and types of investments are governed by the Public Funds Investment Act (PFIA). This policy authorizes the Center to invest in 1) obligations of the U.S. or its agencies and instrumentalities; 2) secured certificates of deposit issued by state or national banks with a branch in Texas, savings banks with a branch in Texas, or state or federal credit unions with a branch in Texas; 3) fully collateralized repurchase agreements; 4) no-load money market mutual funds registered with and regulated by the Securities and Exchange Commission; 5) local government investment pools, which are rated no lower than AAA or an equivalent rating by at least one nationally recognized rating service; and 6) commercial paper. During the year ended August 31, 2022, 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.

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

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

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

<u>Description</u>	<u>Fair Value</u>	<u>Percent of Portfolio</u>
First Financial Bank - High Yield Savings	\$ 13,144,038	88.31%

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

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

Client Receivables

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

Patient Receivables

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

The carrying amount of patient and client receivables is reduced by a valuation allowance that reflects management’s estimate of amounts that will not be collected from patients and third-party payors. Management reviews patient and client receivables by payor class and applies percentages to determine estimated amounts that will not be collected from third parties under contractual agreements and amounts that will not be collected from patients due to bad debts. Management considers historical cash collections, write off and recovery information in determining the estimated bad debt provision. The allowance for uncollectible accounts in the General Fund as of August 31, 2022 is \$94,922.

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

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	\$	782,040
Due from Medicaid Administrative Claiming		794,448
Other receivables		3,547,642
Gross receivables		<u>5,124,130</u>
Less: Allowance for uncollectible accounts		<u>(94,922)</u>
Accounts receivable, net	\$	<u><u>5,029,208</u></u>

4. CAPITAL ASSETS:

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

Governmental Activities	Beginning Balance <i>Restated</i>	Additions	Retirements	Ending Balance
Non-Depreciable Capital Assets				
Land	\$ 2,931,222	\$ 66,467	\$ 23,000	\$ 2,974,689
Construction in progress	128,034	1,833,367	128,034	1,833,367
Total Non-Depreciable Capital Assets	3,059,256	1,899,834	151,034	4,808,056
Depreciable Capital Assets:				
Buildings & improvements	31,836,202	1,469,182	197,129	33,108,255
Furniture and fixtures	912,984	159,218	17,209	1,054,993
Vehicles	2,718,370	80,486	-	2,798,856
Total capital assets	35,467,556	1,708,886	214,338	36,962,104
Less: Accumulated Depreciation				
Buildings & improvements	15,101,531	1,262,791	121,608	16,242,714
Furniture and fixtures	759,185	28,988	17,209	770,964
Vehicles	2,066,307	291,526	-	2,357,833
Total Accumulated Depreciation	17,927,023	1,583,305	138,817	19,371,511
Net Capital Assets	20,599,789	2,025,415	226,555	22,398,649
Amortized Right To Use Leased Assets				
Right to use leased building	-	17,733	-	17,733
Right to use leased equipment	181,074	-	-	181,074
Total Amortized Right to use leased assets	181,074	17,733	-	198,807
Less: Accumulated Amortization				
Right to use leased building	-	5,320	-	5,320
Right to use leased equipment	-	40,055	-	40,055
Total Accumulated Amortization	-	45,375	-	45,375
Net Right to use leased assets	181,074	(27,642)	-	153,432
Total Net Capital Assets	\$ 20,780,863	\$ 1,997,773	\$ 226,555	\$ 22,552,081

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

Governmental activities:	
Mental Health Adult	\$ 525,492
Mental Health Children	100,955
Intellectual and Developmental Disabilities	434,667
Early Childhood Intervention	51,890
Substance Abuse	69,947
Housing	164,118
Administration	281,611
Total depreciation/amortization expense	<u>\$ 1,628,680</u>

4. CAPITAL ASSETS - continued:

Spindletop Housing Component Unit	Beginning Balance	Additions	Retirements	Ending Balance
Non-Depreciable Capital Assets:				
Land	\$ 159,931	\$ -	\$ -	\$ 159,931
Depreciable Capital Assets:				
Buildings & improvements	2,401,699	-	-	2,401,699
Total capital assets	2,561,630	-	-	2,561,630
Less: Accumulated Depreciation	375,169	69,761	-	444,930
Total Net Capital Assets	<u>\$ 2,186,461</u>	<u>\$ (69,761)</u>	<u>\$ -</u>	<u>\$ 2,116,700</u>

5. LEASES:

On April 26, 2021, the Center entered into a lease agreement as a lessee for the use of maintenance and janitorial uniforms. As of August 31, 2022, the value of the lease liability was \$143,832. The Center is required to make monthly payments of \$3,548 through April 25, 2026. The lease liability was valued using a discount rate of 3.25% based on the Wall Street Journal prime rate as of the date of the lease agreement.

During the current year, the Center entered into a lease agreement as a lessee for the use of a building for storage space. As of August 31, 2022, the value of the lease liability was \$12,434. The Center is required to make monthly payments of \$1,800 through March 31, 2023. The lease liability was valued using a discount rate of 4.00% based on the Wall Street Journal prime rate as of the date of the lease agreement.

The Center has other leases for buildings and equipment that did not meet the definition of a lease under GASB 87. At August 31, 2022, lease expenditures for these leases was \$117,246. Payments required in subsequent years are not material to the Center's financial statements.

6. LONG-TERM LIABILITIES:

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

	Balance restated	Additions	Retirements	Balance	One Year
Governmental Activities:					
Leases	\$ 181,074	\$ 17,733	\$ 42,542	\$ 156,265	\$ 50,905
Compensated absences	<u>\$ 1,473,657</u>	<u>\$ 2,140,444</u>	<u>\$ 2,125,474</u>	<u>\$ 1,488,627</u>	<u>\$ 1,488,627</u>
Total long-term liabilities	<u>\$ 1,654,731</u>	<u>\$ 2,158,177</u>	<u>\$ 2,168,016</u>	<u>\$ 1,644,892</u>	<u>\$ 1,539,532</u>

6. LONG-TERM LIABILITIES - continued:

Remaining principal and interest on leases are as follows:

<u>Years Ending August 31,</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 50,905	\$ 4,271
2024	39,740	2,836
2025	41,051	1,525
2026	24,569	267
	<u>\$ 156,265</u>	<u>\$ 8,899</u>

7. SPINDLETOP HOUSING CORPORATION COMPONENT UNIT CAPITAL ADVANCE:

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

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

8. 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 \$1,402,119. These amounts are included in employee benefit expenditures. At year-end, 425 employees were participating in the plan. The Plan does not issue separate audited GAAP basis post-employment benefit plan financial statements.

8. DEFINED CONTRIBUTION PLAN – continued:

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

Vesting Schedule

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

9. DEFERRED COMPENSATION PLAN:

The Center sponsors a deferred Compensation Plan (the "Plan") created in accordance with Internal Revenue Code Sections 457 and 403(b). Employees are required to participate in the Plan after completing an eligibility period. Vesting in the Plan is immediate with plan assets held in trust until the employee terminates employment, retires, or experiences an unforeseeable emergency. Employees may make additional voluntary contributions to the Plan in amounts not to exceed limits established by the Internal Revenue Service. The Center matches up to a maximum of 8% of each employee's elective deferrals. The Plan is administered by ISC Group, Inc. Employee elective deferrals were \$1,436,326 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.

10. 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.

10. COMMITMENTS AND CONTINGENCIES - continued:

The Center has entered into an agreement with Texas Council Risk Management Fund (TCRMF) to pay workers' compensation contributions relative to its own loss experience based on a six-year look back period. The Center was not required to pay any additional assessments for prior years during the year ended August 31, 2022. Since the estimated future claims liability as provided by the Texas Council Risk Management Fund is less than premiums paid, the Center has recorded no liability in the government wide statement of net position at year end.

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

	<u>Beginning Liability</u>	<u>Claims Incurred</u>	<u>Payments</u>	<u>Ending Liability</u>
2020 - Workers compensation	\$ -	\$ 2,401	\$ 2,401	\$ -
2021 - Workers compensation	\$ -	\$ 892	\$ 892	\$ -
2022 - Workers compensation	\$ -	\$ 55,097	\$ 55,097	\$ -

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 - \$40,519,680; automobile physical damage - actual cash value.

The Center is responsible for all claims exceeding the maximum amounts to be paid by the pool. There were no significant reductions in coverage in the past fiscal year, and no claims exceeded the maximum paid by the fund for the last three years. The Center purchases additional windstorm protection from Gallagher Risk Management Services to offset any losses incurred during named windstorms and to offset any losses incurred due to wind-driven rain. Maximum coverage under this policy is \$32,198,535, with a \$25,000 total deductible per occurrence.

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

10. COMMITMENTS AND CONTINGENCIES: - continued

Commitment of General Fund Equity

\$1,224,721 of the fund balance in the General fund has been committed for special projects. This amount is not legally restricted.

11. 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, 2022, these contracts have been continued through August 31, 2023.

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

Medicaid	\$ 5,911,453	11.77%
Home and Community-Based Services	\$ 6,421,369	12.79%
1115 Medicaid Waiver - DSRIP	\$ 5,452,298	10.86%
General Revenue – MH Services (state)	\$ 11,699,655	23.30%

12. 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 \$7,106,634 during the year ending August 31, 2022.

13. SELF-FUNDED HEALTH BENEFIT PLAN:

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

Total premiums, claims and administrative fees incurred for the program for the year ended August 31, 2022, were \$6,214,537. For the same period, management recorded a \$525,000 liability for claims incurred but not reported and/or approved as of that date. The Center does not discount these claims liabilities. Terms of coverage and contribution costs are included in contractual provisions.

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

	<u>Beginning Liability</u>	<u>Claims Incurred</u>	<u>Claim Payments</u>	<u>Ending Liability</u>
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
2021 Medical and dental	\$ 300,000	\$ 5,541,785	\$ 5,411,785	\$ 430,000
2022 Medical and dental	\$ 430,000	\$ 6,084,537	\$ 5,989,537	\$ 525,000

14. MEDICAID 1115 WAIVER:

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

14. MEDICAID 1115 WAIVER - continued:

a lack of an agreement between CMS and HHSC for an alternative, sustainable funding sources, DSRIP funding for this period will remain the same as the previous period of October 1, 2020 through September 30, 2021. This funding was approved by CMS and ended as expected on September 30, 2021.

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

A total of DSRIP funds, net of IGT, of \$58,159,711 was received over the life of the demonstration project.

CMS approved the Directed Payment Program – Behavioral Health on November 15, 2021 for the period of September 1, 2021 through August 31, 2022. Payments for this initiative began in January of 2022 and were paid in arrears for the periods back to September 2021 through January 2022. Payments were then received monthly going forward. Reporting for DPP is twice a year. The DPP funds are not expenditure-reimbursement type funds. As of August 31, 2022, the Center has sent HHSC three intergovernmental transfers (IGT) in the amount of \$4,667,468 , in order to leverage federal funding. These payments are recorded as DPP IGT deposit. As DPP payments are received, the applicable amount of IGT prepaid amount is recognized as an expense. As of August 31, 2022, the outstanding prepaid IGT balance is \$3,086,785. This amount can be found on the Statement of Net Position and the General Fund Balance Sheet.

The Center recorded revenue of \$3,221,371 in the year ended August 31, 2022.

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

15. REVENUE - continued:

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 \$8,983,526 as of August 31, 2022.

17. RELATED PARTY

Spindletop Housing Corporation owns The Cottages Apartments, a HUD 811 property. The property was heavily damaged by floodwaters during Hurricane Imelda. This property was not covered by flood insurance and is insured as a separate entity from Spindletop Center. This property had fourteen residents at the time of the flood. Spindletop Center, as the responsible entity designated within the HUD 811 documentation, paid for all repairs out of reserves. Spindletop Housing Corporation signed a promissory note on December 1, 2020 in the amount of \$422,937 payable to Spindletop Center with an interest rate of 1.00% a year for a thirty-year term. This loan amount is to repay Spindletop Center for expenses related to the flood repairs and for working capital invested by the Center. At August 31, 2022, Spindletop Center has \$402,780 in notes receivable and the component unit, Spindletop Housing Corporation has \$402,780 in notes payable due to Spindletop Center.

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

Year Ended August 31	Principal	Interest	Total
2023	\$ 12,349	\$ 3,971	\$ 16,320
2024	12,462	3,858	16,320
2025	12,598	3,722	16,320
2026	12,724	3,596	16,320
2027	12,852	3,468	16,320
2028 – 2032	66,207	15,393	81,600
2033 – 2037	69,611	11,989	81,600
2038 – 2042	73,180	8,420	81,600
2043 – 2047	76,932	4,668	81,600
2048 - 2051	53,864	933	54,798
Totals	\$ 402,780	\$ 60,018	\$ 462,798

**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, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Local Revenues:				
County government	\$ 510,307	\$ 510,307	\$ 497,519	\$ (12,788)
Patient fees and insurance	794,838	794,838	583,685	(211,153)
Contracts	43,721	43,721	59,227	15,506
Medicare	68,328	68,328	86,570	18,242
Medicaid	9,079,114	9,079,114	5,911,453	(3,167,661)
Home and community-based services	7,467,929	7,467,929	6,421,369	(1,046,560)
Texas Home Living Waiver	946,202	946,202	740,831	(205,371)
1115 Medicaid Waiver - DSRIP	2,000,000	2,000,000	5,452,298	3,452,298
Directed Payment Program (DPP)	14,385	14,385	3,221,371	3,206,986
Investment income	45,000	45,000	57,844	12,844
Other local income	1,469,050	1,469,050	1,259,449	(209,601)
Total local revenues	22,438,874	22,438,874	24,291,616	1,852,742
State Program Revenues:				
General revenue - mental health services	12,480,094	12,480,094	11,699,655	(780,439)
General revenue - IDD services	3,516,722	3,516,722	3,524,991	8,269
PASRR	24,543	24,543	15,269	(9,274)
TCOOMMI	684,396	684,396	764,251	79,855
Texas Department of Criminal Justice	260,000	260,000	204,927	(55,073)
Mental Health First Aid - Training	11,000	11,000	9,900	(1,100)
Community MH Grant - Hope Squad	85,819	85,819	77,421	(8,398)
Early Childhood Intervention	1,079,905	1,079,905	1,079,905	-
Substance abuse contracts - state portion	183,541	183,541	65,664	(117,877)
Supportive Housing - state portion	209,154	209,154	209,154	-
Workquest	11,057	11,057	-	(11,057)
PATH - state portion	46,348	46,348	6,806	(39,542)
Mental Health Grant Program for Justice-Involved Individuals	389,775	389,775	455,922	66,147
Texas Rehabilitation Commission	32,250	32,250	28,200	(4,050)
Total state program revenues	19,014,604	19,014,604	18,142,065	(872,539)
Federal Program Revenues:				
Mental Health Block Grant	806,559	806,559	902,743	96,184
Block Grants for the Treatment and Prevention of Substance Abuse	341,459	341,459	504,454	162,995
Block Grant for COVID19 Supplement	-	-	145,057	145,057
Block Grant for Supportive Housing	3,886	3,886	3,886	-
Mental Health First Aid - Outreach	89,050	89,050	84,000	(5,050)
Early Childhood Intervention	990,662	990,662	1,066,506	75,844
TANF (MH only)	258,911	258,911	257,834	(1,077)
TANF Pandemic Emergency Asst Funds	-	-	248,506	248,506
Social Services Block Grant	110,263	110,263	110,263	-
Medicaid Administrative Claiming	1,524,678	1,524,678	2,101,460	576,782
Title XVIII - Money Follows the Person	104,946	104,946	96,554	(8,392)
Coordinated Specialty Care (CSC)	384,736	384,736	367,663	(17,073)
PATH	220,046	220,046	220,046	-
FEMA COVID 19 - Disaster Counseling	321,234	321,234	90,015	(231,219)
SAMHSA CCBHC Expansion Grant	2,000,000	2,000,000	1,198,327	(801,673)
CARES Provider Relief Funds	-	-	392,197	392,197
Total federal program revenues	7,156,430	7,156,430	7,789,511	633,081
TOTAL REVENUES	\$ 48,609,908	\$ 48,609,908	\$ 50,223,192	\$ 1,613,284

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

**SPINDLETOP CENTER
SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDING AUGUST 31, 2022**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Balance</u>
	<u>Original</u>	<u>Final</u>		
Expenditures				
Personnel	\$ 24,868,441	\$ 24,868,441	\$ 23,681,963	\$ 1,186,478
Employee benefits	7,222,176	7,222,176	9,273,462	(2,051,286)
Contracted services	11,622,024	11,622,024	11,295,873	326,151
Travel - board and staff	235,856	235,856	133,286	102,570
Medications	139,400	139,400	149,711	(10,311)
Consumable supplies	477,818	477,818	976,606	(498,788)
Building repairs and rent	498,848	498,848	601,716	(102,868)
Equipment repair and maintenance	26,250	26,250	22,118	4,132
Telephone and utilities	927,337	927,337	985,981	(58,644)
Vehicle operations	253,968	253,968	323,865	(69,897)
Insurance	634,870	634,870	680,310	(45,440)
Training and development	265,000	265,000	171,490	93,510
Office supplies	214,035	214,035	181,738	32,297
Marketing	20,500	20,500	21,323	(823)
Client costs	388,402	388,402	762,153	(373,751)
Other costs	67,983	67,983	666,389	(598,406)
Debt Service:				
Principal	-	-	42,543	(42,543)
Interest	-	-	5,433	(5,433)
Total current	47,862,908	47,862,908	49,975,960	(2,113,052)
Capital outlay	747,000	747,000	3,498,419	(2,751,419)
TOTAL EXPENDITURES	48,609,908	48,609,908	53,474,379	(4,864,471)
Deficiency of revenues over expenditures	-	-	(3,251,187)	(3,251,187)
Other Financing Sources				
Lesses (leasee)	-	-	17,733	17,733
Total other financing sources	-	-	17,733	17,733
Net change in fund balance	-	-	(3,233,454)	(3,233,454)
Fund balance-Beginning of year	23,890,579	23,890,579	23,890,579	-
Fund balance-End of Year	\$ 23,890,579	\$ 23,890,579	\$ 20,657,125	\$ (3,233,454)

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

STATISTICAL SECTION

(UNAUDITED)

STATISTICAL SECTION

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

Contents	<u>Page</u>
Financial Trends	
These schedules contain trend information to help the reader understand how the Center’s financial performance and well-being have changed over time.	51-55
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.	56-57
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.	58-60
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.	61-67
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.	68-78

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

Fiscal Year	Mental Health Adult	Mental Health Child and Adolescent	Intellectual & Developmental Disability	Early Childhood Intervention	Substance Use Disorder	Housing	(b) 1115 Waiver Program	Other	Admin	(a) Principal	(a) Interest	Capital Outlay	Grand Total
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	4,096,164	1,463,268	345,977	52,330	2,437,601	4,823,611	--	--	1,163,028	44,060,264
2020	12,926,325	4,043,358	12,470,260	3,669,671	1,378,157			3,992,945	6,106,032	--	--	2,674,456	47,261,204
2021	14,637,935	5,068,503	12,602,602	3,923,030	940,043	374,964	-	1,119,604	7,208,699	--	--	3,152,257	49,027,998
2022	13,102,674	5,674,072	12,897,465	3,494,058	1,212,438	391,996		6,688,632	6,466,648	42,543	5,433	3,498,419	53,474,379

Notes:

(a) Spindletop Center adopted GASB 87, *Leases* in FY 2022

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

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

Fiscal Year	Local (a)	State	Federal	Total
2013	15,628,719	12,063,229	2,942,660	30,634,608
2014	18,505,360	13,284,063	3,241,963	35,031,386
2015	22,488,387	12,887,672	3,730,504	39,106,563
2016	23,554,762	15,260,138	3,517,671	42,332,571
2017	26,871,747	16,835,715	3,823,049	47,530,511
2018	24,428,973	17,267,019	4,933,502	46,629,494
2019	21,314,039	16,704,617	4,993,556	43,012,212
2020	28,589,954	17,758,721	6,828,948	53,177,624
2021	21,547,388	18,167,273	6,170,524	45,885,185
2022	24,291,616	18,142,065	7,789,511	50,223,192

(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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Charges for Services	22,504,979	22,252,700	30,951,862	21,525,876	24,321,076	26,557,452	22,535,206	22,327,358	18,385,120	14,865,029
Operating Grants and Contributions	20,566,918	21,327,927	21,061,989	20,259,861	21,282,108	20,061,941	18,623,726	15,647,761	15,561,369	14,801,149
Governmental Activities	(8,801,399)	(3,233,581)	5,714,352	(2,610,380)	910,372	675,400	(404,894)	231,709	(1,073,077)	(157,483)
General Revenue	7,395,771	6,663,367	3,677,198	1,642,913	925,400	902,118	1,156,468	1,287,327	1,081,720	929,311
Change in Net Position	(1,405,628)	3,429,786	9,391,551	(967,467)	1,835,772	1,577,518	751,574	1,519,036	8,643	198,754

Revenues by Activity and Program

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<u>Mental Health - Adult</u>										
Charges for Services	3,256,213	2,556,955	2,373,071	2,105,029	1,950,171	2,027,243	1,655,435	1,534,080	1,493,594	1,467,797
Operating Grants/Contributions	11,960,996	12,014,155	11,663,526	10,897,815	12,039,038	11,770,830	11,535,061	8,198,617	8,799,369	7,995,200
<u>Mental Health - Child</u>										
Charges for Services	3,280,245	2,263,760	2,472,606	3,265,801	3,998,165	4,015,880	2,916,086	2,358,882	1,465,729	1,683,664
Operating Grants/Contributions	2,102,268	2,087,268	2,035,929	1,671,783	1,803,026	2,056,029	1,599,480	1,519,058	1,827,876	1,566,356
<u>Intellectual and Development Disability</u>										
Charges for Services	9,154,091	8,891,246	9,879,268	9,851,402	9,999,604	10,997,172	10,642,805	10,436,394	9,711,817	9,640,837
Operating Grants/Contributions	3,621,545	3,638,100	3,697,668	3,700,547	3,918,027	3,959,728	3,448,972	3,500,703	3,256,677	3,260,860
<u>Early Childhood Intervention</u>										
Charges for Services	1,597,113	1,463,942	1,645,719	2,313,914	1,757,390	1,412,057	1,375,258	1,104,615	997,543	1,062,197
Operating Grants/Contributions	2,146,545	2,847,914	2,685,885	2,359,571	2,460,087	1,091,930	973,586	1,132,454	864,178	873,558
<u>Substance Abuse Programs</u>										
Charges for Services	305,722	137,820	222,253	313,660	108,618	88,116	110,187	116,488	110,672	124,371
Operating Grants/Contributions	530,291	512,206	897,457	1,035,234	1,061,930	1,001,835	875,415	818,541	686,501	821,492
<u>Housing Program</u>										
Charges for Services	292,549	167,121	-	197,650	126,685	133,238	172,485	140,637	139,133	117,749
Operating Grants/Contributions	-	-	-	-	-	-	-	-	-	-
<u>1115 Waiver Program</u>										
Charges for Services	-	-	-	2,694,122	6,249,711	7,883,746	5,662,950	6,621,902	4,453,116	768,414
Operating Grants/Contributions	-	-	-	-	-	-	-	-	-	250,000
<u>Other Programs</u>										
**includes 1115 waiver Charges for Services	4,619,046	6,771,856	14,358,945	784,298	130,732	-	-	14,360	13,516	-
Operating Grants/Contributions	205,273	228,284	81,524	594,911	-	181,590	191,212	478,388	126,768	33,683
Total Revenues By Programs	43,071,897	43,580,627	52,013,851	41,785,737	45,603,184	46,619,393	41,158,932	37,975,119	33,946,489	29,666,178

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

Fiscal Year	Budgeted for Revenue	Actual Revenue	Revenue (Under) Over Budget	Budgeted for Expense	Actual Expenses	Expense Under (Over) Budget	Other Financing Sources	Net Change in Fund Balance
2013	30,489,584	30,634,608	145,024	30,489,584	29,350,628	1,138,956	(423,074)	860,906
2014	36,568,726	35,031,386	(1,537,340)	35,690,940	36,660,827	(969,887)	-	(1,629,441)
2015	37,684,779	39,106,563	1,421,784	36,752,192	37,347,370	(595,178)	-	2,002,007
2016	43,624,645	42,332,571	(1,292,074)	41,439,093	40,920,462	518,631	-	1,412,109
2017	46,279,022	47,530,511	1,251,489	43,171,074	45,264,140	(2,093,066)	-	2,266,371
2018	50,274,811	46,629,494	(3,645,317)	47,121,676	44,828,423	2,293,253	-	1,801,071
2019	43,957,396	43,012,213	(945,183)	43,957,395	44,060,264	(102,869)	-	(1,048,051)
2020	46,961,884	53,177,624	6,215,740	46,952,853	47,261,205	(308,352)	6,888,566	12,804,985
2021	45,620,874	45,885,185	264,311	45,620,874	49,027,997	(3,407,123)	410,086	(2,732,727)
2022	48,609,908	50,223,192	1,613,285	48,609,908	53,474,379	(4,864,471)	17,733	(3,233,454)

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<u>General Fund</u>										
Nonspendable - Prepaid	358,461	252,169	348,856	501,422	660,478	765,139	830,734	344,115	373,285	325,236
Nonspendable - Note Receivable	402,780	415,010								
Committed	1,224,721	3,671,141	16,444,736	3,539,079	1,308,590	930,927	653,583	413,687	656,171	184,390
Unassigned	18,671,163	19,552,259	9,829,714	9,777,819	12,897,303	11,369,234	9,314,612	8,629,018	6,355,357	8,504,628
Total	20,657,125	23,890,579	26,623,306	13,818,320	14,866,371	13,065,300	10,798,929	9,386,820	7,384,813	9,014,254

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Mental Health - Adult										
Total Revenue by Activity	15,217,209	14,571,110	14,036,597	13,002,844	13,989,209	13,798,073	13,190,496	9,732,697	10,292,963	9,462,997
Total Expense by Activity	15,699,039	17,198,261	15,216,608	13,958,844	14,127,696	15,434,087	13,357,384	10,493,248	10,249,548	9,119,839
Change in N.P. by Activity	(481,830)	(2,627,151)	(1,180,011)	(956,000)	(138,487)	(1,636,014)	(166,888)	(760,551)	43,415	343,158
Mental Health - Child										
Total Revenue by Activity	5,382,513	4,351,028	4,508,535	4,937,584	5,801,191	6,071,909	4,515,566	3,877,940	3,293,605	3,250,020
Total Expense by Activity	6,632,466	6,012,881	4,839,478	4,948,524	4,684,538	4,667,311	3,292,342	2,403,695	2,187,634	2,094,455
Change in N.P. by Activity	(1,249,953)	(1,661,853)	(330,943)	(10,940)	1,116,653	1,404,597	1,223,224	1,474,245	1,105,970	1,155,565
Intellectual & Developmental Disability										
Total Revenue by Activity	12,775,636	12,529,346	13,576,936	13,551,949	13,917,631	14,956,900	14,091,777	13,937,097	12,968,494	12,901,697
Total Expense by Activity	15,551,164	15,613,651	14,975,612	15,685,084	15,415,054	15,901,070	15,363,195	15,267,701	14,289,609	13,853,658
Change in N.P. by Activity	(2,775,528)	(3,084,305)	(1,398,676)	(2,133,135)	(1,497,423)	(944,171)	(1,271,418)	(1,330,604)	(1,321,115)	(951,961)
Early Childhood Intervention										
Total Revenue by Activity	3,743,658	4,311,856	4,331,604	4,673,485	4,217,477	2,503,987	2,348,844	2,237,069	1,861,721	1,935,755
Total Expense by Activity	4,407,506	4,926,428	4,452,823	4,620,711	4,191,463	2,636,703	2,419,404	2,339,282	2,196,460	2,213,415
Change in N.P. by Activity	(663,848)	(614,572)	(121,219)	52,774	26,014	(132,716)	(70,560)	(102,214)	(334,739)	(277,660)
Substance Abuse Programs										
Total Revenue by Activity	836,013	650,026	1,119,710	1,348,894	1,170,548	1,089,951	985,602	935,029	797,173	945,863
Total Expense by Activity	1,492,162	1,235,247	1,750,696	1,752,560	1,331,904	1,248,685	1,163,899	1,158,083	964,782	1,128,601
Change in N.P. by Activity	(656,149)	(585,221)	(630,986)	(403,666)	(161,356)	(158,733)	(178,297)	(223,054)	(167,609)	(182,738)
Housing Program										
Total Revenue by Activity	292,549	167,121	-	197,650	126,685	133,238	172,485	140,637	139,133	117,749
Total Expense by Activity	591,950	629,818	-	543,502	377,661	354,367	346,021	329,393	497,304	394,997
Change in N.P. by Activity	(299,401)	(462,097)	-	(345,852)	(250,976)	(221,129)	(173,536)	(188,756)	(358,171)	(277,248)
1115 Waiver Program										
Total Revenue by Activity	-	-	-	2,694,122	6,249,711	7,883,746	5,662,950	6,621,902	4,453,116	1,018,414
Total Expense by Activity	-	-	-	149,253	3,898,739	5,550,213	4,531,020	4,591,142	3,624,732	929,167
Change in N.P. by Activity	-	-	-	2,544,869	2,350,972	2,333,533	1,131,930	2,030,760	828,384	89,247
Other Programs										
Total Revenue by Activity	4,824,319	7,000,140	14,440,469	1,379,209	130,732	181,590	191,212	492,748	140,284	33,683
Total Expense by Activity	7,499,009	1,378,893	5,064,283	2,737,640	665,758	151,559	1,090,561	1,160,865	1,009,496	89,528
Change in N.P. by Activity	(2,674,690)	5,621,247	9,376,186	(1,358,431)	(535,026)	30,032	(899,349)	(668,117)	(869,213)	(55,845)
General Revenues										
Investment Income	57,844	59,950	112,755	148,058	46,867	22,020	38,002	24,525	56,527	(22,380)
Contributions from local govts	497,519	534,240	527,045	544,798	505,259	505,391	495,519	497,339	470,519	483,969
PPP loan forgiveness		4,443,478								
Other local revenues	6,840,408	1,625,699	3,037,399	950,057	373,274	374,707	622,947	765,463	554,674	467,722
Change in N.P. by Activity	7,395,771	6,663,367	3,677,199	1,642,913	925,400	902,118	1,156,468	1,287,327	1,081,720	929,311
Transfer - Spindletop Housing	-	-	-	-	-	-	-	-	-	(573,074)
Net Revenue/Expense & Change in Net Position	(1,405,628)	3,249,415	9,391,550	(967,468)	1,835,771	1,577,517	751,574	1,519,036	8,642	198,755

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

Fiscal Year	Mental Health Adult	Mental Health Child	Intellectual & Development Disability	Early Childhood Intervention	Substance Abuse Programs	Housing Program	(b) 1115 Waiver Program	Other Programs	(a) Interest on Long Term Debt	Total After Allocation of Admin	Admin Allocated to Programs
2013	9,119,839	2,094,455	13,853,658	2,213,415	1,128,601	394,997	929,167	89,528	--	29,823,661	4,439,443
2014	10,249,548	2,187,634	14,289,609	2,196,460	964,782	497,304	3,624,732	1,009,496	--	35,019,566	4,625,442
2015	10,493,248	2,403,695	15,267,701	2,339,283	1,158,083	329,393	4,591,142	1,160,865	--	37,743,410	4,712,955
2016	13,357,384	3,292,342	15,363,195	2,419,404	1,163,899	346,021	4,531,020	1,090,561	--	41,563,826	5,184,283
2017	15,434,087	4,667,311	15,901,070	2,636,703	1,248,685	354,367	5,550,213	151,559	--	45,943,993	5,209,052
2018	14,127,696	4,684,538	15,415,054	4,191,463	1,331,904	377,661	3,898,739	665,758	--	44,692,813	4,646,187
2019	13,958,844	4,948,524	15,685,083	4,620,711	1,752,560	543,502	149,254	2,737,640	--	44,396,117	5,039,620
2020	15,216,608	4,839,478	14,975,612	4,452,823	1,750,696	0	0	5,064,283	--	46,299,500	6,441,085
2021	17,198,261	6,012,881	15,433,279	4,926,428	1,235,247	629,218	0	1,378,893	--	46,814,208	7,008,750
2022	15,699,039	6,632,466	15,551,164	4,407,506	1,492,162	591,950	0	7,493,576	5,433	51,873,296	6,790,544

Notes:

(a) Spindletop Center adopted GASB 87, *Leases* in FY 2022.

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

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

	2022	2021	2020	2019	2018	2017	2016	2017	2016	2015
<u>Lease Liability Debt Service</u>										
Principal	42,543									
Interest	5,433									
Total Debt Service	47,976									
<u>Expenditures</u>										
Expenses	49,975,960									
Capital Outlays	3,498,419									
Total	53,474,379									
<u>Ratio</u>										
Debt Service to Expenditures	0.09%									
<u>Percentage</u>										
Debt Service to Non- Capital Expenditures	0.09%									

Spindletop Center had no debt prior to FY 2022

In May 2020, the Center obtained a Paycheck Protection Program loan in the amount of \$4,443,478. Application for forgiveness was submitted December 31, 2020 and granted on June 16, 2021. Due to the forgiveness of his debt, a schedule would not be meaningful.

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Net Investment in Capital Assets	22,395,816	20,599,787	18,954,934	17,717,260	17,757,053	17,742,982	18,456,636	19,018,409	19,513,398	17,814,099
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	19,486,277	22,687,934	20,903,001	12,749,124	13,676,798	11,855,097	9,563,925	8,250,578	6,236,553	7,927,209
Total Net Position	41,882,093	43,287,721	39,857,935	30,466,384	31,433,851	29,598,079	28,020,561	27,268,987	25,749,951	25,741,308

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

	2022	2021	2020	2019	2018	2017	2016	2017	2016	2015
<u>Lease Liability Debt Service</u>										
Principal	42,543									
Interest	5,433									
Total Debt Service	47,976									
<u>Expenditures</u>										
Expenses	49,975,960									
Capital Outlays	3,498,419									
Total	53,474,379									
<u>Ratio</u>										
Debt Service to Expenditures	0.09%									
<u>Percentage</u>										
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**Spindletop Center
Principal Employers
Current Year and Nine Years Ago **
(Unaudited)**

Jefferson County				
<i>** most current information available</i>				
<u>Employer</u>	<u>FY 2021</u>		<u>FY 2012</u>	
	<u>Employees</u>	<u>Percentage of Top Employment</u>	<u>Employees</u>	<u>Percentage of Top Employment</u>
State of Texas	3,340	3.43%	4,600	4.21%
Beaumont ISD	2,223	2.28%	3,000	2.75%
ExxonMobil Oil Corporation	2,000	2.05%	2,030	1.86%
Christus Health Southeast Texas	2,312	2.44%	1,940	1.78%
Motiva Enterprises	1,659	1.70%	1,350	1.24%
Memorial Hermann Baptist Hospital	1,503	1.54%	1,300	1.19%
City of Beaumont	1,245	1.28%	1,284	1.18%
Port Arthur ISD	1,325	1.36%	1,265	1.16%
Jefferson County	1,125	1.16%	1,180	1.08%
Valero	779	0.80%	850	0.78%
Total	17,511	18.04%	18,799	17.23%

Chambers County				
<i>** most current information available</i>				
<u>Employer</u>	<u>FY 2021</u>		<u>FY 2013</u>	
	<u>Employees</u>	<u>Percentage of Top Employment</u>	<u>Employees</u>	<u>Percentage of Top Employment</u>
Covestro	1,110	5.81%		
Barber's Hill ISD	767	4.02%		
Enterprise Products	759	3.98%	210	1.28%
Wal-Mart Distribution Center	600	3.14%	600	3.66%
Chambers County	500	2.62%	685	4.18%
JSW Steel	450	2.36%		
Borusan Mannesmann	342	1.79%		
Home Depot Distribution Center	325	1.70%		
ExxonMobil Oil Corporation	250	1.31%	486	2.97%
IKEA	200	1.05%	600	3.66%
Bayer Material Science-Coverstro			1,100	6.71%
Jindal Steel Works			780	4.76%
Chevron-Phillips			685	4.18%
Total	5,303	27.78%	3,651	22.28%

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

Orange County				
<i>** most current information available</i>	FY 2021		FY 2012	
<u>Employer</u>	<u>Employees</u>	<u>Percentage of Top Employment</u>	<u>Employees</u>	<u>Percentage of Top Employment</u>
EI Dupont de Nemours & Co	920	2.42%	950	2.50%
Invista	732	1.93%	625	1.64%
Little Cypress-Mauriceville ISD	584	1.54%	584	1.54%
Orange County	500	1.32%	500	1.32%
West Orange Cove Consolidated ISD	450	1.18%	450	1.18%
International Paper	412	1.08%	400	1.05%
Kellog - Brown & Root	420	1.11%	274	0.72%
Lanxess, Inc.	390	1.03%	350	0.92%
Lamar State College - Orange	274	0.72%	250	0.66%
Cloeren Company, Inc.	250	0.66%	249	0.66%
Orangefield ISD	249	0.53%	215	0.57%
Firestone Polymers	200	0.51%	300	0.79%
Total	5,381	14.03%	5,147	13.55%

Hardin County				
<i>** information available</i>	FY 2021		FY 2012	
<u>Employer</u>	<u>Employees</u>	<u>Percentage of Top Employment</u>	<u>Employees</u>	<u>Percentage of Top Employment</u>
Walmart Supercenter	500 - 1000	n/a	500 - 1000	n/a
BNSF	100 - 499	n/a	100 - 499	n/a
Brookshire Borhters	100 - 499	n/a	100 - 499	n/a
Dragon Products	100 - 499	n/a	100 - 499	n/a
Paschal Welding	100 - 499	n/a	100 - 499	n/a
Pineywoods Sanitation	100 - 499	n/a	100 - 499	n/a
South Hampton Resources, Inc.	100 - 499	n/a	100 - 499	n/a
Streamline Production Systems	100 - 499	n/a	100 - 499	n/a
Triple S	100 - 499	n/a	100 - 499	n/a
Wooden Pallets	100 - 499	n/a	100 - 499	n/a
Total	0	0.00%	0	0.00%

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

<u>Jefferson</u>					
<u>Year</u>	<u>Population (a)</u>		<u>Total Personal Income (a)</u>	<u>Per Capita Personal Income (a)</u>	<u>Unemployment Rate (b)</u>
2012	252,802	\$	9,786,471	\$ 38,712	10.20%
2013	251,813	\$	9,658,791	\$ 38,357	10.10%
2014	252,358	\$	10,083,721	\$ 39,958	7.80%
2015	252,235	\$	9,971,354	\$ 39,532	6.60%
2016	254,308	\$	10,809,362	\$ 42,505	7.40%
2017	254,679	\$	11,451,641	\$ 44,965	8.50%
2018	256,299	\$	11,524,485	\$ 44,965	6.20%
2019	255,001	\$	12,358,113	\$ 48,463	5.60%
2020	251,565	\$	14,036,572	\$ 55,797	13.10%
2021	253,704	\$	12,239,448	\$ 48,243	10.00%

<u>Chambers</u>					
<u>Year</u>	<u>Population (a)</u>		<u>Total Personal Income (a)</u>	<u>Per Capita Personal Income (a)</u>	<u>Unemployment Rate (b)</u>
2012	36,388	\$	1,969,630	\$ 54,568	8.00%
2013	37,215	\$	2,006,107	\$ 54,496	7.20%
2014	38,145	\$	1,792,274	\$ 46,986	5.70%
2015	38,863	\$	1,792,274	\$ 46,118	5.30%
2016	39,899	\$	1,929,438	\$ 49,647	6.10%
2017	41,441	\$	1,929,438	\$ 46,559	6.50%
2018	42,454	\$	2,200,476	\$ 51,832	6.50%
2019	43,867	\$	2,278,642	\$ 53,673	4.50%
2020	45,590	\$	2,481,633	\$ 56,610	4.50%
2021	48,865	\$	2,960,776	\$ 60,591	8.30%

<u>Orange</u>					
<u>Year</u>	<u>Population (a)</u>		<u>Total Personal Income (a)</u>	<u>Per Capita Personal Income (a)</u>	<u>Unemployment Rate (b)</u>
2012	82,881	\$	3,186,958	\$ 38,452	11.00%
2013	82,811	\$	3,132,230	\$ 37,824	10.80%
2014	83,249	\$	3,363,436	\$ 40,402	8.50%
2015	83,946	\$	3,507,046	\$ 41,777	6.70%
2016	84,533	\$	3,576,049	\$ 42,304	7.40%
2017	84,936	\$	3,670,645	\$ 43,217	6.70%
2018	83,572	\$	3,755,583	\$ 44,938	5.80%
2019	83,396	\$	3,808,098	\$ 45,663	5.10%
2020	83,318	\$	4,013,678	\$ 48,173	11.30%
2021	84,742	\$	4,144,861	\$ 48,912	9.00%

<u>Hardin</u>					
<u>Year</u>	<u>Population (a)</u>		<u>Total Personal Income (a)</u>	<u>Per Capita Personal Income (a)</u>	<u>Unemployment Rate (b)</u>
2012	55,117	\$	2,147,634	\$ 38,965	8.90%
2013	55,301	\$	2,145,138	\$ 38,790	8.30%
2014	55,508	\$	2,287,409	\$ 41,209	6.70%
2015	55,761	\$	2,389,574	\$ 42,854	6.00%
2016	56,260	\$	2,431,993	\$ 43,228	6.80%
2017	57,159	\$	2,530,607	\$ 44,273	6.40%
2018	57,207	\$	2,630,490	\$ 56,982	5.30%
2019	57,602	\$	2,720,004	\$ 47,221	4.30%
2020	58,097	\$	2,855,990	\$ 49,159	7.90%
2021	56,973	\$	2,993,594	\$ 52,544	8.00%

Sources:

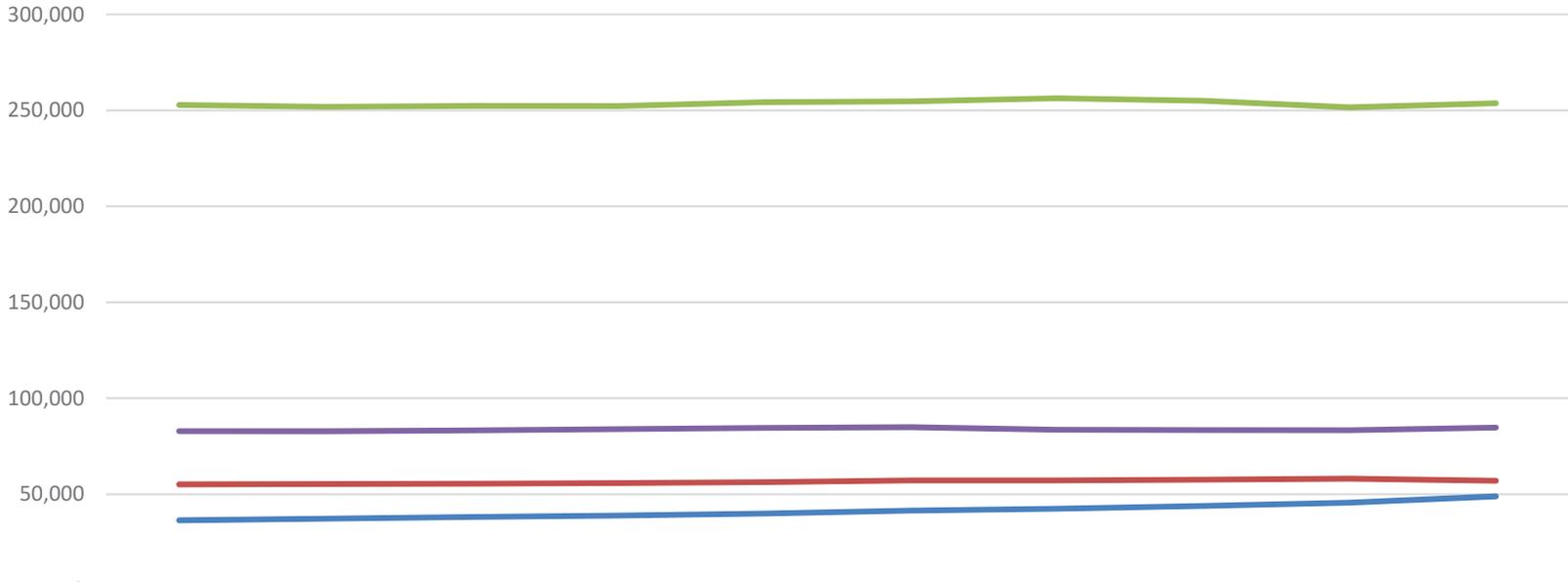
(a) Bureau of Economic Analysis

(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)**

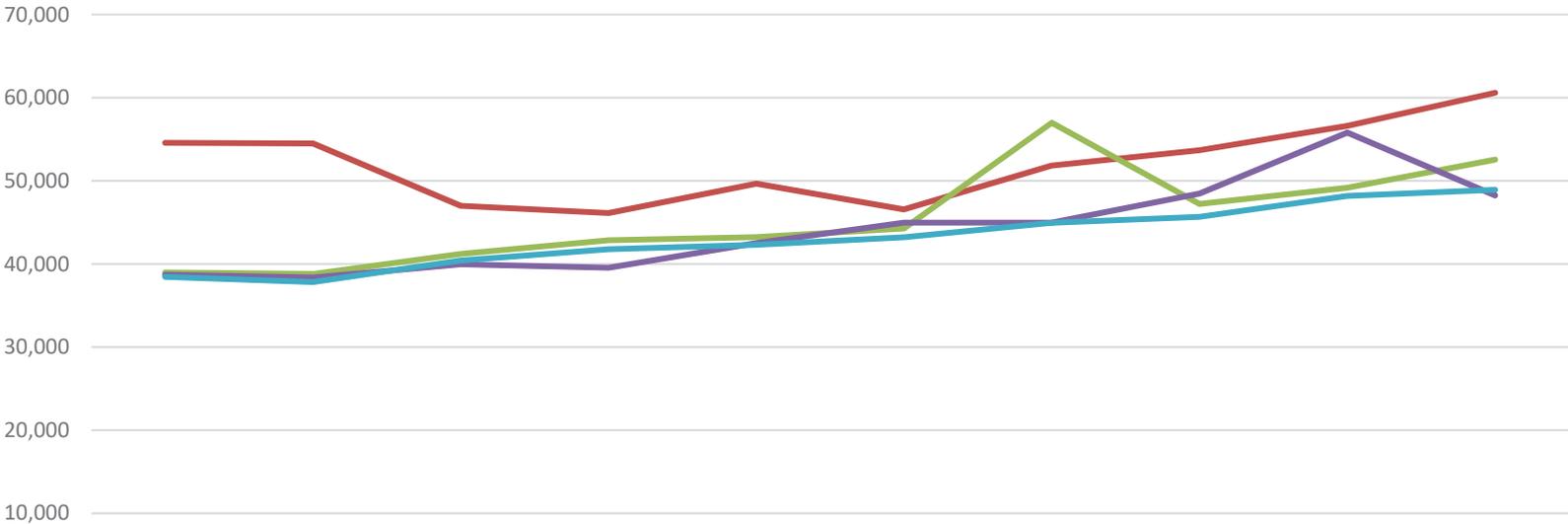
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	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Chambers	36,388	37,215	38,145	38,863	39,899	41,441	42,454	43,867	45,590	48,865
Hardin	55,117	55,301	55,508	55,761	56,260	57,159	57,207	57,602	58,097	56,973
Jefferson	252,802	251,813	252,358	252,235	254,308	254,679	256,299	255,001	251,565	253,704
Orange	82,881	82,811	83,249	83,946	84,533	84,936	83,572	83,396	83,318	84,742

— Chambers — Hardin — Jefferson — Orange

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

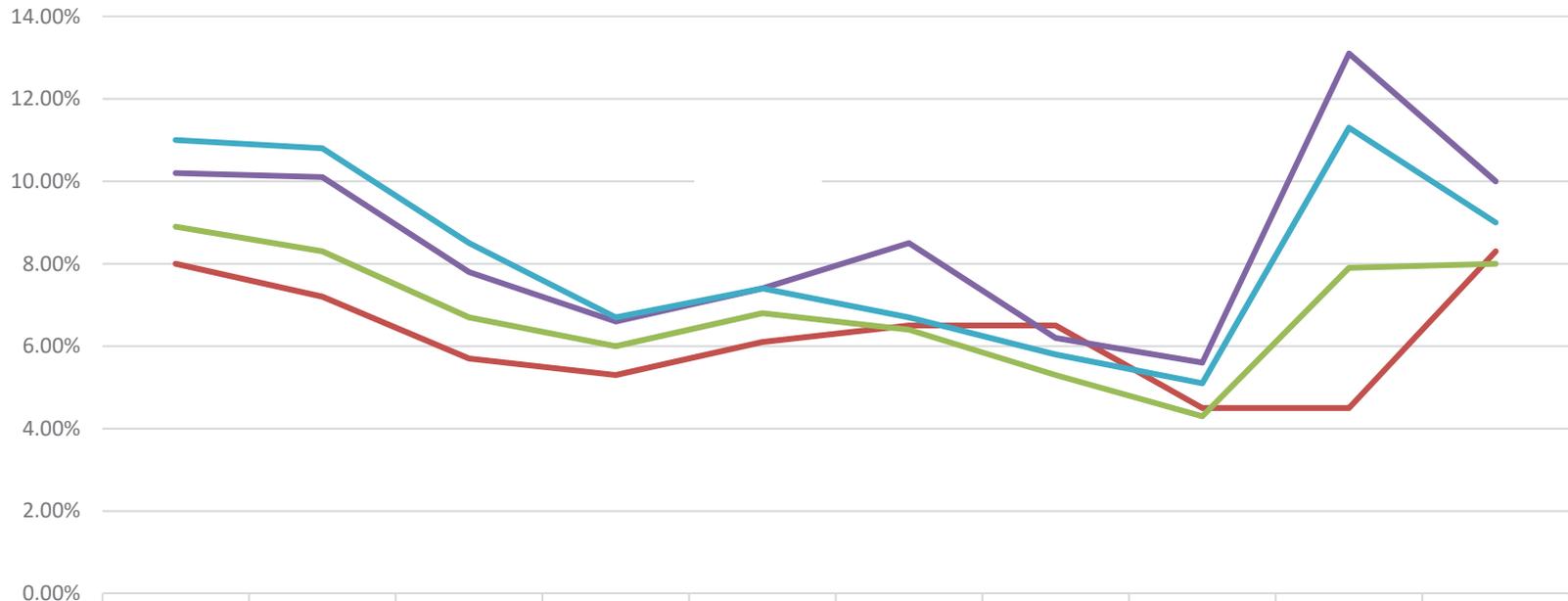


	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Chambers	54,568	54,496	46,986	46,118	49,647	46,559	51,832	53,673	56,610	60,591
Hardin	38,965	38,790	41,209	42,854	43,228	44,273	56,982	47,221	49,159	52,544
Jefferson	38,712	38,357	39,958	39,532	42,505	44,965	44,965	48,463	55,797	48,243
Orange	38,452	37,824	40,402	41,777	42,304	43,217	44,938	45,663	48,173	48,912

— Chambers
 — Hardin
 — Jefferson
 — Orange

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

99



	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Chambers	8.00%	7.20%	5.70%	5.30%	6.10%	6.50%	6.50%	4.50%	4.50%	8.30%
Hardin	8.90%	8.30%	6.70%	6.00%	6.80%	6.40%	5.30%	4.30%	7.90%	8.00%
Jefferson	10.20%	10.10%	7.80%	6.60%	7.40%	8.50%	6.20%	5.60%	13.10%	10.00%
Orange	11.00%	10.80%	8.50%	6.70%	7.40%	6.70%	5.80%	5.10%	11.30%	9.00%

— Chambers
 — Hardin
 — Jefferson
 — Orange

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

<u>Fiscal Year</u>	<u>Mental Health Adult</u>	<u>Mental Health Child</u>	<u>Intellectual & Developmental Disability</u>	<u>Early Childhood Intervention</u>	<u>Substance Use Disorder</u>	<u>Housing Program</u>	<u>Admin</u>	<u>Other Programs</u>	<u>Total</u>
2013	Information unavailable								
2014	Information unavailable								
2015	Information unavailable								
2016	88	41	155	30	24	2	73	66	479
2017	77	60	157	31	24	2	70	96	517
2018	80	61	157	50	23	2	60	89	522
2019	85	50	125	51	15	2	50	81	459
2020	111	60	128	45	12	2	49	50	457
2021	89	64	125	46	14	2	55	74	469
2022	95	55	137	30	19	2	69	71	478

SPINDLETOP CENTER
SCHEDULE OF REVENUES AND EXPENDITURES BY SOURCE OF FUNDS
GENERAL FUND (Unaudited)
FOR THE YEAR ENDING AUGUST 31, 2022

<u>Fund Source</u>	<u>Total Mental Health Adult & Crisis</u>	<u>Total Mental Health Children</u>	<u>Total Intellectual & Developmental Disabilities</u>	<u>Total Other</u>	<u>Total Center</u>
Objects of Expense					
Salaries	\$ 6,339,814	\$ 3,257,422	\$ 5,957,267	\$ 4,476,751	\$ 20,031,254
Employee Benefits	2,365,520	1,373,101	2,401,767	1,683,471	7,823,859
Professional and Consultant Services	3,459,324	711,110	4,313,037	2,509,329	10,992,800
Training and Travel	56,155	50,648	35,073	88,170	230,046
Capital Outlay	344,720	22,734	-	3,130,965	3,498,419
Non-Capitalized Equipment	-	-	-	22,120	22,120
Pharmaceutical Expense	-	-	-	-	-
Pharmaceutical Expense (PAP only)	7,106,634	-	-	-	7,106,634
Other Operating Expenses	1,238,937	303,344	2,045,509	148,921	3,736,711
Allocation of General Administration to Strategies	1,931,328	800,032	2,063,983	1,687,226	6,482,569
Allocation of Authority Administration to Strategies	250,079	103,593	267,256	35,673	656,601
Total Expenditures	\$ 23,092,511	\$ 6,621,984	\$ 17,083,892	\$ 13,782,626	\$ 60,581,013
Method of Finance					
General Revenue Allocated from DSHS	\$ 7,968,682	\$ 1,537,548	\$ -	\$ 2,406,463	\$ 11,912,693
General Revenue Allocated from DADS	-	-	3,621,549	-	3,621,549
Title XX Social Services Block Grant, CFDA # 93.667	129,609	-	-	-	129,609
Mental Health Block Grant, CFDA # 93.958	576,511	326,232	-	93,900	996,643
TANF, CFDA #93.558.667	-	238,488	-	-	238,488
Medicaid Waiver	-	-	7,162,200	-	7,162,200
PATH, CFDA #93.150	226,852	-	-	-	226,852
Medical Assistance Program, CFDA # 93.778:	1,334,517	899,386	1,203,369	1,452,231	4,889,503
Other Federal	-	-	-	183,276	183,276
Medicaid 1115 Transformation Waiver	-	-	-	3,000,000	3,000,000
Other State Agencies	764,251	-	1,194	2,703,842	3,469,287
Required Local Match	492,619	189,204	292,988	-	974,811
Additional Local Funds	11,599,470	3,431,126	4,802,592	3,942,914	23,776,102
Total Method of Finance	\$ 23,092,511	\$ 6,621,984	\$ 17,083,892	\$ 13,782,626	\$ 60,581,013
Reconciliation of Final Report III to Audit:					
Expenditures per audit report					\$ 53,474,379
Pharmaceutical Expense (PAP only)					7,106,634
Expenditures per final Report III					\$ 60,581,013
Revenue per audit report					\$ 50,240,925
Excess Expenses not reported on Report III					3,251,187
Other Funding Sources (Leases)					(17,733)
Pharmaceutical Expense (PAP only)					7,106,634
Revenue per final Report III					\$ 60,581,013

**SPINDLETOP CENTER
RECONCILIATION OF TOTAL EXPENDITURES
TO FOURTH QUARTER FINANCIAL REPORT
FOR THE YEAR ENDING AUGUST 31, 2022
(UNAUDITED)**

<u>Object of Expenditure</u>	<u>CARE Report III</u>	<u>Additions</u>	<u>Deletions</u>	<u>Audit Financial Statements</u>
Personnel	\$ 23,681,963			\$23,681,963
Employee Benefits	9,273,462			9,273,462
Professional and Consulting Services	11,295,873			11,295,873
Training and Travel	304,776			304,776
Capital Outlay	3,480,686			3,498,419
Non-capitalized Equipment	22,118			22,118
Pharmaceutical Expense	-			-
Pharmaceutical Expense (PAP) only	7,106,634		(7,106,634) (a)	-
Other Operating Expenses	5,415,501			5,397,768
Total Expenditures	<u>\$ 60,581,013</u>	<u>\$ -</u>	<u>\$ (7,106,634)</u>	<u>\$53,474,379</u>

(a) PAP not included in financial statements

**SPINDLETOP CENTER
RECONCILIATION OF TOTAL REVENUES
FOR THE YEAR ENDING AUGUST 31, 2022
(UNAUDITED)**

Fund Source	Total Revenue	Expended Revenue	Excess Revenue
General Revenue Allocated from DSHS	\$ 11,912,693	\$ 11,912,693	\$ -
General Revenue Allocated from DADS	3,621,549	3,621,549	-
Title XX Social Services Block Grant, CFDA # 93.667	129,609	129,609	-
Mental Health Block Grant, CFDA # 93.958	996,643	996,643	-
TANF, CFDA #93.558.667	238,488	238,488	-
Medicaid Waiver	7,162,200	7,162,200	-
PATH, CFDA #93.150	226,852	226,852	-
Medical Assistance Program, CFDA # 93.778:	4,889,503	4,889,503	-
Other Federal	183,276	183,276	-
Medicaid 1115 Transformation Waiver	5,452,298	3,000,000	2,452,298
Other State Agencies	3,469,287	3,469,287	-
Required Local Match (See Below)	974,811	974,811	-
Additional Local Funds	23,776,102	23,776,102	-
Total Expended Sources	\$ 63,033,311	\$ 60,581,013	\$ 2,452,298
Required Local Match & Additional Local Funds			
County Government Tax Funds	\$ 632,290	\$ 632,290	\$ -
Patient Fees (Insurance and Reimbursements)	2,833,229	2,833,229	-
Miscellaneous Income & Contributions	2,778,451	2,778,451	-
Transfers In	3,857,007	3,857,007	-
PAP Contributions	3,908,517	3,908,517	-
	\$ 14,009,494	\$ 14,009,494	\$ -

**SPINDLETOP CENTER
SCHEDULE OF INDIRECT COST (UNAUDITED)
FOR THE YEAR ENDING AUGUST 31, 2022**

	<u>Per CARE Report III</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	\$ 20,031,254	\$ 20,031,254	\$ -	\$ -	\$ 20,031,254	\$ 16,380,543	\$ 3,650,711
Employee Benefits	7,823,859	7,823,859	-	-	7,823,859	6,374,256	1,449,603
Other Expenditures	22,120,847	22,120,847	(127,693)	-	21,993,154	19,954,298	2,038,856
Capital Outlay	3,498,419	3,498,419	(3,498,419)	-	-	-	
Depreciation	-	-	-	1,628,680	1,628,680	1,347,069	281,611
PAP	7,106,634	7,106,634	(7,106,634)	-	-	-	-
Total	<u>\$ 60,581,013</u>	<u>\$ 60,581,013</u>	<u>\$ (10,732,746)</u>	<u>\$ 1,628,680</u>	<u>\$ 51,476,947</u>	<u>\$ 44,056,166</u>	<u>\$ 7,420,781</u>
Less PAP		<u>(7,106,634)</u>					
Expenditures per audit		<u>\$ 53,474,379</u>					

<u>Rate Computation</u>	
Indirect Cost	\$ 7,420,781
Direct Cost	\$ 44,056,166
Indirect Cost Rate	16.84%

SPINDLETOP CENTER
SCHEDULE OF LEASES (UNAUDITED)
FOR THE YEAR ENDING AUGUST 31, 2022

Leases Subject to GASB 87

STC	Lessor/Lessee	Lease Asset	Contract Date	Ending Date	Annual Amt
Lessee	Cintas Corporation	Uniforms and Mats	4/26/2021	4/25/2026	\$ 42,576
Lessee	Southeast TX Optometric Prop.	Storage Space - 3160 Fannin	6/1/2022	4/30/2023	21,600

Leases Not Subject to GASB 87

STC	Lessor/Lessee	Lease Asset	Contract Date	Ending Date	Annual Amt
Lessee	Double H Property Mgmt, LLC	Group Home	10/31/2021	10/31/2022	\$ 17,940
Lessee	Empress Care Services, LLC	Sublease - 3 Musketeers	9/1/2021	8/31/2022	8,120
Lessee	Fresh Brew	Vending machine	9/1/2021	8/31/2022	-
Lessee	Galveston Bay Properties	Office Space - ECI Galveston	10/31/2019	8/31/2022	20,400
Lessee	Guillory's Birds of a Feather	Sublease - Robin's Nest	9/1/2021	8/31/2022	11,421
Lessee	Guillory's Birds of a Feather	Sublease - Soaring Eagles	9/1/2021	8/31/2022	7,665
Lessee	Lynetta & Lisa's Dignified Angels	Sublease - Angels in Waiting	9/1/2021	8/31/2022	8,246
Lessee	Lynetta & Lisa's Dignified Angels	Sublease - Concrete Angels	9/1/2021	8/31/2022	8,822
Lessee	Lynetta & Lisa's Dignified Angels	Sublease - Earth Angels	9/1/2021	8/31/2022	8,778
Lessee	Office Depot	Water Dispensers	2/14/2013	8/31/2022	13,464
Lessee	Region 5 Education Service Ctr	Office Space - HB19	8/1/2021	7/31/2022	15,000
Lessee	Silsbee Community Center	Office Space - NDI	9/1/2021	8/31/2022	18,000
Lessee	Silsbee Community Center	Office Space - HOPC	9/1/2021	8/31/2022	12,000
Lessee	Spindletop Housing Corp.	Office Space - Cottages	5/24/2021	5/24/2022	7,500
Lessee	Susan's Home Sweet Homes	Sublease - M & M	9/1/2021	8/31/2022	7,622
Lessee	Susan's Home Sweet Homes	Sublease - Skittles	9/1/2021	8/31/2022	8,741
Lessee	TLC & Associates	Sublease - Bishop	9/1/2021	8/31/2022	9,189
Lessee	TLC & Associates	Sublease - Knight	9/1/2021	8/31/2022	10,292
Lessee	Victory Bound	Sublease - Edson	9/1/2021	8/31/2022	8,160
Lessee	Victory Bound	Sublease - Jackson	9/1/2021	8/31/2022	12,075
Lessor	Genoa Pharmacy	Office Space - BOPC	2/15/2015	2/14/2022	4,598
Lessor	Genoa Pharmacy	Office Space - SCOPC	7/1/2021	6/30/2022	1,154
Lessor	Agape Life Church	Rental Space	8/25/2021	6/15/2022	24,000

**SPINDLETOP CENTER
SCHEDULE OF INSURANCE IN FORCE (UNAUDITED)
FOR THE YEAR ENDING AUGUST 31, 2022**

Insurance	Coverage	Premium Amount
<u>Insurance provided through the Texas Council Risk Management Fund is as follows:</u>		
<u>Period Covered 09/01/21 - 08/31/22</u>		
Workers' Compensation		\$ 78,077
Liability Coverage		
General Liability	1,000,000	Per Occurrence Limit and Annual Aggregate \$10,000 Deductible 5,145
Professional Liability	1,000,000 3,000,000	Per Claim Limit Annual Aggregate \$10,000 Deductible 14,314
Automobile Liability	1,000,000	Combined Single Limit Per Occurrence \$5,000 Deductible 50,350
Errors and Omissions	1,000,000	Per claim Limit and Annual Aggregate \$10,000 Deductible 48,902
Property Coverage		238,660
Coverage Basis	All Risk	
Valuation Method for Loss Adjustment		
Real and Personal Property	Replacement Cost	
Mobile Equipment and Automobile		
Physical Damage Catastrophe	Actual Cash Value	
Blanket Limit Each Occurrence	40,519,680	Combined Single Limit Per Occurrence \$10,000 Deductible
Automobile Physical Damage	Actual Cash Value Varies by Vehicle	64,582
<u>Insurance provided through Arthur J. Gallagher Risk Management Services Inc.:</u>		
<u>Period Covered 07/01/21 - 06/30/22</u>		
Windstorm/Hail		180,904
Valuation Method for Loss Adjustment	Actual Cash Value	
Blanket Limit Each Occurrence	31,738,535	Per Named Storm Minimum \$25,000 Deductible
<u>Period Covered 07/01/22 - 06/30/23</u>		
Windstorm/Hail		185,261
Valuation Method for Loss Adjustment	Actual Cash Value	
Blanket Limit Each Occurrence	32,198,535	Per Named Storm Minimum \$25,000 Deductible

**SPINDLETOP CENTER
SCHEDULE OF INSURANCE IN FORCE (UNAUDITED)
FOR THE YEAR ENDING AUGUST 31, 2022**

Insurance	Coverage		Premium Amount
<u>Insurance provided through American Bankers Insurance Company of Florida:</u>			
<u>Period Covered 09/28/19 - 09/27/20</u>			
Flood Coverage			
Building-3419 57th St, Port Arthur	500,000	\$1,250 Deductible	\$ 4,138
Contents	423,200	\$1,250 Deductible	3,502
<u>Period Covered 09/28/21 - 09/27/22</u>			
Flood Coverage			
Building-3419 57th St, Port Arthur	500,000	\$1,250 Deductible	4,905
Contents	424,000	\$1,250 Deductible	4,178
<u>Period Covered 11/18/20 - 11/17/21</u>			
Flood Coverage			
Building-3401 57th St, Port Arthur	500,000	\$1,250 Deductible	2,075
Contents	200,000	\$1,250 Deductible	848
<u>Period Covered 11/18/21 - 11/17/22</u>			
Flood Coverage			
Building-3401 57th St, Port Arthur	500,000	\$1,250 Deductible	2,695
Contents	200,000	\$1,250 Deductible	1,101
<u>Insurance provided through JI Special Risk Ins. Agency:</u>			
<u>Period Covered 10/09/20 - 10/30/22</u>			
Employee Clinic Tail Coverage			
Professional Liability	1,000,000	Per Claim Limit	8,269
	3,000,000	Annual Aggregate	
		\$10,000 Deductible	
<u>Period Covered 09/01/21 - 08/31/22</u>			
Cyber Coverage			
	3,000,000	Per Claim Limit	42,922
	3,000,000	Annual Aggregate	
		\$25,000 Deductible	

**SPINDLETOP CENTER
SCHEDULE OF BOND COVERAGE (UNAUDITED)
YEAR ENDED AUGUST 31, 2022**

<u>Insurer</u>	<u>Policy Period</u>	<u>Coverage</u>	<u>Limits of Coverage</u>
Braud, Vaughn & Williamson Insurance	12/29/20 – 12/29/21	Commercial Crime Employee Dishonesty	\$ 5,000
Braud, Vaughn & Williamson Insurance	12/29/20 – 12/29/21	Commercial Crime Computer Fraud	5,000
Braud, Vaughn & Williamson Insurance	12/29/21 – 12/29/22	Commercial Crime Employee Dishonesty	5,000
Braud, Vaughn & Williamson Insurance	12/29/21 – 12/29/22	Commercial Crime Computer Fraud	5,000

**SPINDLETOP CENTER
SCHEDULE OF SPACE OCCUPIED IN A STATE OWNED FACILITY (UNAUDITED)
YEAR ENDED AUGUST 31, 2022**

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

SPINDLETOP CENTER
SCHEDULE OF PROFESSIONAL AND CONSULTING FEES
(UNAUDITED)
FOR THE YEAR ENDING AUGUST 31, 2022

Name	City	Type of Service	Amount
A. W. Wehner, III, DDS	Nederland, Texas	Dental Services	\$ 136
Advanced Family Dental Care	Beaumont, Texas	Dental Services	186
Andy B. Duke DDS	Beaumont, Texas	Dental Services	5,662
Baptist Hospital of S.E. Texas	Beaumont, Texas	Medical Services	2,080,814
Beaumont Smile Center	Beaumont, Texas	Dental Services	3,207
Dr Eugene Boone	Vidor, Texas	Dental Services	112
Brewer Family Dental	Orange, Texas	Dental Services	69
Burke Center for East Texas Behavioral Network	Lufkin, Texas	Psychiatric Services	484,514
Christopher Riedel, DDS, PA	Orange, Texas	Dental Services	348
CornerStone Dental	Beaumont, Texas	Dental Services	2,359
Daron, P Etie, DDS	Beaumont, Texas	Dental Services	147
David Nelams, DDS	Lumberton, Texas	Dental Services	574
Dr. David Sonnier, DDS	Nederland, Texas	Dental Services	277
Dr. Keith Kyle, DDS	Orange, Texas	Dental Services	1,033
Faspsych, LLC	Scottsdale, Arizona	Medical Services	434,291
FCS, Inc.	Bowling Green, Kentucky	Consulting Services	12,000
Garrett Dental Clinic	Groves, Texas	Dental Services	1,326
Greater Beaumont Oral & Maxillofacial	Beaumont, Texas	Dental Services	2,285
Hagler-Sciarrila Family Dentistry	Vidor, Texas	Dental Services	801
Jackson & Coker Locum Tenens	Atlanta, GA	Medical Services	359,481
James A. Arisco, DDS	Port Neches, Texas	Dental Services	198
Jerry L. Burd, DDS	Beaumont, Texas	Dental Services	360
Justin Morrison, DDS	Beaumont, Texas	Dental Services	1,101
Kountze Dental Center	Kountze, Texas	Dental Services	1,632
Kyle M Walker, DDS	Orange, Texas	Dental Services	465
Mark W. Stephenson, DDS	Conroe, Texas	Dental Services	9,127
Michael E. Cessac, DDS	Nederland, Texas	Dental Services	404
Nederland Family Dental	Nederland, Texas	Dental Services	4,140
Newpath Counseling Group, LLP	Lumberton, Texas	Consulting Services	43,825
Nora Mosely, DDS	Beaumont, Texas	Dental Services	487
Premier Dental Care	Port Arthur, Texas	Dental Services	398
Robert L. Smith, DDS	Beaumont, Texas	Dental Services	12,400
Roddy Strobel, MD	Midland, Texas	Psychiatric Services	13,250
Ronda G. Green, DDS	Baytown, Texas	Dental Services	256
Silsbee Family Dentistry	Silsbee, Texas	Dental Services	1,632
Smiles By Design	Port Arthur, Texas	Dental Services	715
Southeast Texas Endodontics	Beaumont, Texas	Dental Services	105
Tara Reed	Beaumont, Texas	Diatrician	4,630
The Medical Center of Southeast Texas, LP	Port Arthur, Texas	Medical Services	949,390
Twin City Dental	Port Arthur, Texas	Dental Services	475
Weaver and Jaynes Dentistry, PLLC	Beaumont, Texas	Dental Services	29,182
William D. Middleton, DDS	Silsbee, Texas	Dental Services	972
William S. Nantz, DDS	Beaumont, Texas	Dental Services	360

**SPINDLETOP CENTER
SCHEDULE OF LEGAL SERVICES (UNAUDITED)
FOR THE YEAR ENDING AUGUST 31, 2022**

Name	City	Type of Service	Amount
Calvert, Eaves, Clark & Stelly, L.L.P.	Beaumont, Texas	Legal Services	\$ 6,044
Law Office of Dakshini R Senanayake	Houston Texas	Legal Services	5,500

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, each major fund, and the aggregate remaining fund information of Spindletop Center, as of and for the year ended August 31, 2022, and the related notes to the financial statements, which collectively comprise Spindletop Center’s basic financial statements and have issued our report thereon dated December 16, 2022.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

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

Abilene, Texas
December 16, 2022



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

Qualified and Unmodified Opinions

We have audited Spindletop Center’s (the Center) compliance with the types of compliance requirements identified as subject to audit 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, 2022. 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.

Qualified Opinion on COVID-19 Provider Relief Fund and American Rescue Plan Rural Distribution

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, Spindletop Center complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on COVID-19 Provider Relief Fund and American Rescue Plan Rural Distribution for the year ended August 31, 2022.

Unmodified Opinion on Each of the Other Major Federal and State Programs

In our opinion, Spindletop Center complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its other major federal and state programs identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs for the year ended August 31, 2022.

Basis for Qualified and Unmodified Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, Audit Requirements for Federal Awards* (Uniform Guidance), *State of Texas Single Audit Circular (TSAC)*, and *Guidelines for Annual Financial and Compliance Audits of Community Mental Health and Mental Retardation Centers*.

Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Matter Giving Rise to Qualified Opinion on COVID-19 Provider Relief Fund and American Rescue Plan Rural Distribution

As described in the accompanying schedule of findings and questioned costs, Spindletop Center did not comply with requirements regarding Assistance Listing No. 93.498 COVID-19 Provider Relief fund and American Rescue Plan Rural Distribution as described in finding number 2022-001 for Reporting.

Compliance with such requirements is necessary, in our opinion, for Spindletop Center to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, TSAC, and *Guidelines for Annual Financial and Compliance Audits of Community Mental Health and Mental Retardation Centers*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

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

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

Other Matters

Government Auditing Standards requires the auditor to perform limited procedures on Spindletop Center’s response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Spindletop Center’s response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor’s Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-001 to be a material weakness.

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

Government Auditing Standards requires the auditor to perform limited procedures on Spindletop Center's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Spindletop Center's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Eide Bailly LLP

Abilene, Texas
December 16, 2022

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

SPINDLETOP CENTER
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDING AUGUST 31, 2022

<u>Grant/Contract</u>	<u>Federal CFDA Number</u>	<u>Federal Financial Assistance Listing Pass-Through Grantor's Number</u>	<u>Expenditures</u>
Federal Awards			
<u>U.S. Department of Education</u>			
Passed through the Texas Health and Human Services Commission			
Special Education - Grants to State - Special Education Cluster	84.027	HHS000191200024	60,840
Special Education - Grants for Infants and Families with Disabilities	84.181	HHS000191200024	948,496
Personnel Retention Grant	84.325	HHS000640200027	13,408
Total U. S. Department of Education			1,022,744
<u>U.S. Department of Health and Human Services - Substance Abuse and Mental Health Services Administration</u>			
Passed through the Texas Health and Human Services Commission			
COVID19 Section 233 Demonstration programs & Improve Community Mental Health Services - CCBHC Expansion Grant	93.829	1H79SM085294-01	1,198,327
Total U.S. Department of SAMHSA			1,198,327
<u>U.S. Department of Homeland Security:</u>			
Passed through the Texas Health and Human Services Commission			
FEMA COVID 19 Disaster Crisis Counseling Program	97.032	HHS000434500007	90,015
Total U.S. Department of Homeland Security			90,015
<u>U.S. Department of Justice</u>			
Passed through the Texas Office of the Governor			
DJ-Edward Byrne Memorial Justice Assistance Grant Program	16.738	4009601	7,198
Total U.S. Department of Justice			7,198
<u>U. S. Department of Health and Human Services</u>			
COVID 19 Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution	93.498	N/A	1,099,141
Passed Through Texas Health and Human Services Commission			
Local MH Authority & Local IDD Authority			
Medicaid Administrative Claiming-MH (Medicaid Title XIX) - Medicaid Cluster	(a) 93.778	HHS000537900316	1,944,265
Total LMHA & LIDDA			1,944,265
Local Mental Health Authority			
Temporary Assistance for Needy Families (TANF) - 477 Cluster	(d) 93.558	HHS001022200031-A01	257,834
Title XX - Social Services Block Grant	93.667	HHS001022200031-A01	110,263
Mental Health Block Grant	(b) 93.958	HHS001022200031-A01	902,743
Mental Health First Aid - Outreach	(b) 93.958	HHS000182900001	84,000
Mental Health Block Grant - Supportive Housing	(b) 93.958	HHS001022200031-A10	3,886
Mental Health Block Grant - COVID-19 Supplemental Grant	(b) 93.958	HHS001108400030-A01	130,358
Mental Health Block Grant - COVID-19 Supplemental Grant	(b) 93.958	HHS001108400030-A06	14,699
Block Grants for Prevention and Treatment of Substance Abuse	(b) 93.958	HHS000663700056 (COPSD)	1,286
Block Grants for Prevention and Treatment of Substance Abuse	(c) 93.959	HHS000663700056 (COPSD)	105,431
Block Grants for Prevention and Treatment of Substance Abuse	(c) 93.959	HHS000663700134 (TRA)	90,500
Block Grants for Prevention and Treatment of Substance Abuse	(c) 93.959	HHS000663700214 (TRF)	34,196
Block Grants for Prevention and Treatment of Substance Abuse	(c) 93.959	HHS000663700182 (TRY)	28,286
Block Grants for Prevention and Treatment of Substance Abuse	(c) 93.959	HHS000843300001 (TxMOUD)	134,997
Block Grants for Prevention and Treatment of Substance Abuse	(c) 93.959	HHS000780500009 (CHW)	109,758
Coordinated Specialty Care	(b) 93.958	HHS000335800001	367,663
Projects for Assistance in Transition from Homelessness (PATH)	93.150	HHS000231500008	220,046
TANF Pandemic Emergency Assistance Funds - 477 Cluster	(d) 93.558	HHS001120200007	248,506
Total Local Mental Health Authority			2,844,452
Local Intellectual & Developmental Disabilities Authority			
Money Follows the Person (Medicare Title XVIII)	93.791	HHS00058760001	96,554
Total Local Intellectual & Developmental Disabilities Authority			96,554
Early Childhood Intervention			
Temporary Assistance for Needy Families - 477 Cluster	(d) 93.558	HHS000537200008	43,762
Medicaid Administrative Claiming-ECI (Medicaid Title XIX) - Medicaid Cluster	(a) 93.778	HHS000537900316	157,195
Total Early Childhood Intervention			200,957
Total U.S. Department of Health and Human Services			6,185,369
Total Expenditures of Federal Awards			\$ 8,503,653
(a) Total expenditures for CFDA 93.778 - Medicaid Cluster is	\$	2,101,460	
(b) Total expenditures for CFDA 93.958 is	\$	1,504,635	
(c) Total expenditures for CFDA 93.959 is	\$	503,168	
(d) Total expenditures for CFDA 93.558 - 477 Cluster is	\$	550,102	

SPINDLETOP CENTER
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDING AUGUST 31, 2022
(Continued)

Grant/Contract	Grantor's Number	Expenditures
State Awards		
<u>Texas Health and Human Services Commission</u>		
Local Mental Health Authority		
General Revenue - Mental Health Adult	HHS001022200031-A01	* 4,560,283
General Revenue - Mental Health Children	HHS001022200031-A01	** 1,269,760
General Revenue - Crisis	HHS001022200031-A01	520,762
Mental Health First Aid - Training	HHS000182900001	9,900
Community Based Crisis Services	HHS001022200031-A06	3,155,427
Private Psychiatric Beds	HHS001022200031-A07	2,012,050
Supportive Housing Project	HHS001022200031-A10	209,154
Veteran Support Services	HHS001022200031-A11	70,000
HB 19 - Education Service Center Based Non-Physician MH Professional	HHS001022200031-A24	111,373
Community Mental Health Grant Program - Hope Squad	HHS000477100038	77,421
Treatment Co-occurring Psychiatric & Substance Use Disorders	HHS000663700056 (COPSD)	49,664
Treatment for Adult Residential and Outpatient Services	HHS000663700134 (TRA)	16,000
Treatment for Females	HHS000663700214 (TRF)	-
Projects for Assistance in Transition from Homelessness (PATH)	HHS000231500008	6,806
Mental Health Grant Program for Justice-Involved Individuals - Rural	HHS000134400020 (SB292)	285,953
Mental Health Grant Program for Justice-Involved Individuals - Urban	HHS000135400001 (SB292)	169,969
Total Local Mental Health Authority		12,524,522
Local Intellectual and Developmental Disabilities Authority		
General Revenue - IDD	HHS00058760001	3,255,413
Permanency Planning	HHS00058760001	18,135
IDD Crisis Intervention Specialist & Crisis Respite	HHS00058760001	251,443
Total Local Intellectual and Developmental Disabilities Authority		3,524,991
Early Childhood Intervention		
Early Childhood Intervention	HHS000640200027	1,078,205
Respite	HHS000640200027	1,700
Total Early Childhood Intervention		1,079,905
Total Expenditures of State Awards		\$ 17,129,418
Total Expenditures of Federal and State Awards		\$ 25,633,071

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

1. GENERAL

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

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

2. BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal and State Awards is presented using the modified accrual basis of accounting. The modified accrual basis of accounting is described in Note 1 to the Center's basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance or State of Texas Uniform Grant Management Standards, wherein certain types of expenditures are not allowable or are limited as to reimbursement. State and federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as unearned revenues until earned. No funds passed through to subrecipients.

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

3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

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

because these programs are considered contract revenue and not federal or state awards.

The Center received amounts from the U.S. Department of Health and Human Services (HHS) through the Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution program (Federal Financial Assistance Listing/CFDA #93.498) during the years ended August 31, 2020 and 2021. The Center incurred eligible expenditures and, therefore, recognized revenues totaling \$827,372 and \$271,767 for the years ended August 31, 2020 and 2021, respectively, on the financial statements. In accordance with the compliance supplement addendum, the PRF expenditures recognized on the schedule are based on the reporting to HHS for the calendar year ending December 31, 2020, as required under the PRF program. No funds were received for Period 3. The Center received \$392,197 for Period 4 that was included in FY22 financials and will be reported on the SEFA in future years.

Federal awards per Schedule of Expenditures of Federal and State Awards	\$ 8,503,653
+ CARES Provider Funds reported in FY22 audit	392,197
- CARES Provider Funds reported in previous audits on CY SEFA	(1,099,141)
- DJ-Edward Byrne Memorial Justice Assistance Grant	<u>(7,198)</u>
Total federal revenues on statement of revenues, expenditures and changes in fund balance - governmental funds	<u>\$ 7,789,511</u>
State awards per Schedule of Expenditures of Federal and State Awards	\$ 17,129,418
+ PASRR	15,269
+ TCOOMMI - contract, not considered a grant	764,251
+ Texas Department of Criminal Justice	204,927
+ Texas Rehabilitation Commission	<u>28,200</u>
Total state revenues on statement of revenues, expenditures and changes in fund balance - governmental funds	<u>\$ 18,142,065</u>

4. PROGRAM OR AWARD AMOUNTS

Amounts include contract/award amounts plus any additional reimbursement monies received in fiscal year 2022.

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, 2022.

SPINDLETOP CENTER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2022

Section I – Summary of Auditor’s Results

FINANCIAL STATEMENTS

Type of auditor’s report issued	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	Yes
Significant deficiencies identified not considered to be material weaknesses	None reported
Type of auditor’s report issued on compliance for major programs:	Unmodified for all major federal programs except for COVID 19 Provider Relief Funds and American Rescue Plan Rural Distribution, which was qualified.
Any audit findings disclosed that are required to be reported in Accordance with Uniform Guidance 2 CFR 200.516	Yes

Identification of major programs:

<u>Name of Federal Program</u>	<u>Federal Financial Assistance Listing, CFDA Number</u>
COVID 19 Section 233 Demonstration Programs & Improve Community Mental Health Services – CCBHC Expansion	93.829
COVID 19 Provider Relief Funds and American Rescue Plan Rural Distribution	93.489
Special Education – Grants for Infants & Families with Disabilities	84.181

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, CBCS, PPB)	N/A
General Revenue Intellectual and Developmental Disabilities	N/A
General Revenue Early Childhood Development	N/A

Dollar threshold used to distinguish between type A and type B programs for state awards: \$513,883

Auditee qualified as a low-risk auditee? Yes

SPINDLETOP CENTER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
YEAR ENDED AUGUST 31, 2022

Section II – Financial Statement Findings

The audit disclosed no findings required to be reported.

Section III – Federal Award Findings and Questioned Costs

**2022-001 United States Department of Health and Human Services
Federal Assistance Listing/CFDA Number 93.498; Reporting Period 2 (TIN# 74-1684198)
COVID-19 Provider Relief Fund and American Rescue Plan Rural Distributions (PRF)**

**Activities Allowed/Unallowed and Allowable Costs/Cost Principles
Material Weakness in Internal Control over Compliance**

**Reporting
Material Weakness in Internal Control over Compliance and Material Noncompliance
Reporting Period 2**

Criteria: 2 CFR 200.303(a) establishes that the auditee must establish and maintain effective internal control over the federal award that provides assurance that the entity is managing the federal award in compliance with federal statutes, regulations, and conditions of the federal award.

Condition: The Reporting Period 2 PRF Report was not properly reviewed prior to submission, resulting in a reporting error related to lost revenues.

Cause: The Center did not have adequate internal control to ensure review and approval of PRF reporting.

Effect: There were lost revenues claimed in the Period 2 report that were incorrect due to not including year-end audit adjustments in the calculation. Without adequate review and approval, there is the possibility that ineligible expenses or lost revenues may be claimed under the program and the report may not be accurately completed.

Questioned Costs: None. While lost revenues were overstated by \$298,800, the Center had adequate lost revenue and expenses after the adjustment to substantiate the amounts received in Period 2.

Context/Sampling: All key line items related to lost revenue subject to testing on the Period 2 report were tested. There were errors in 3 of the line items, reducing total lost revenue from \$3,834,361 to \$3,535,561. Corrected lost revenue exceeded the total PRF amounts received.



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

None

Mailing Address:

PO BOX 3846
BEAUMONT, TX
77704-3846

Physical Address:

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BEAUMONT, TX 77701

Tel (409) 784-5400

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

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SPINDLETOP CENTER
CORRECTIVE ACTION PLAN FOR FINDING IN
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2022

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

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

Tel (409) 784-5400
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Finding 2022-001

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

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

CFDA # *93.498*

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

Responsible Individuals: *Denise LeBlanc, Chief Financial Officer*

Corrective Action Plan: *Controls will be added to ensure all federal and state reporting is reviewed by a member of the financial services staff, who was not the preparer of the report, prior to submission. The amount of lost revenue will be corrected in subsequent reporting.*

Anticipated Completion Date: *Ongoing as of September 1, 2022*

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