SPINDLETOP CENTER

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED AUGUST 31, 2019

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

SPINDLETOP CENTER
ANNUAL FINANCIAL AND COMPLIANCE REPORT
FOR THE YEAR ENDED AUGUST 31, 2019

Table of Contents

Page

INTRODUCTORY SECTION

Transmittal Letter ..... i-vi
Organization Chart vii
Certificate of Board viii
List of Principal Officials ix

FINANCIAL SECTION

Independent Auditor's Report 2-3

Required Supplementary Information:

Management's Discussion and Analysis 5-10

Basic Financial Statements:

Government-wide Financial Statements
Statement of Net Position 12
Statement of Activities 13

Fund Financial Statements
Balance Sheet - Governmental Fund 14
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position 15
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Fund 16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities 17
Statement of Fiduciary Net Position - Fiduciary Funds 18
Statement of Changes in Fiduciary Net Position 19

Notes to Basic Financial Statements 20-41

Required Supplementary Information:

Schedule of Revenues, Expenditures and Changes in Fund Balance
- Budget and Actual – General Fund 42-43

SPINDLETOP CENTER
ANNUAL FINANCIAL AND COMPLIANCE REPORT
FOR THE YEAR ENDED AUGUST 31, 2019

Table of Contents

Page

STATISTICAL SECTION (UNAUDITED):

Statistical Section – Contents 45
General Governmental Expenditures and Other Financing Uses by Function 46
General Governmental Revenue and Other Financing Sources by Sources 47
Revenue by Activity 48
10 Year Comparison Budget to Revenue and Expense 49
10 Year Comparison Fund Balances 50
Net Revenue/Expense and Change in Net Position 51
Expenses by Activity 52
Total Debt Service to Expenditures 53
Components of Net Position 54
Total Debt of Primary Government 55
Principal Employers 56-57
Service Area Demographic and Economic Statistics by County 58
Service Area Demographic Statistics – Population Graph 59
Service Area Demographic Statistics – Per Capita Income Graph 60
Service Area Demographic Statistics – Unemployment Rates for Counties Served 61
Agency FTE's by Function 62
Schedule of Revenues and Expenditures by Source of Funds-General Fund 63
Reconciliation of Total Expenditures to Fourth Quarter Financial Report 64
Reconciliation of Total Revenues 65
Schedule of Indirect Costs 66
Schedule of Leases 67
Schedule of Insurance in Force 68
Schedule of Bond Coverage 69
Schedule of Space Occupied in a State Owned Facility 70
Schedule of Professional and Consulting Fees 71-72
Schedule of Legal Services 73

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* 75-76

SPINDLETOP CENTER
ANNUAL FINANCIAL AND COMPLIANCE REPORT
FOR THE YEAR ENDED AUGUST 31, 2019

Table of Contents

Page

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance and the State of Texas *Single Audit Circular* 77-78

Schedule of Expenditures of Federal and State Awards 80-81

Notes to Schedule of Expenditures of Federal and State Awards 82-83

Schedule of Findings and Questioned Costs 84-85

Schedule of Prior Audit Findings 86

SPINDLETOP CENTER

Mailing Address:
PO BOX 3846
BEAUMONT, TX
77704-3846
Physical Address:
655 S. 8th STREET
BEAUMONT, TX
77701
Tel (409) 784-5400
fax (409) 833-8041
*www.*Spindletopcenter.org

Holly Borel
Chief Executive Officer

Jefferson County Board Members
Gladdie Fowler
Dolores Sennette
Shirley Adams
Frank Coffin, Jr.
Rebecca Ford

Orange County Board Members
Gus Harris
Mike Marion

Hardin County Board Member
Gaye Lokey

Chambers County Board Member
Brian C. Hawthorne

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

Equal Employment Opportunity
Affirmative Action Employer

December 16, 2019

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

The Annual Financial and Compliance Report of Spindletop Center for the year ended August 31, 2019 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.

Profile of Spindletop Center

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

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

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

Spindletop Center is one of only four community mental health and intellectual and developmental disabilities centers in Texas accredited by the Joint Commission. The Center is licensed by the Texas Department of Health and Human Services Commission.

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

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

Economic Outlook

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

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

Spindletop Center receives general revenue funding from the state of Texas through the Health and Human Services Commission (HHSC). In 2017, the 85th legislature funded the Center with General Revenue funds of $17,879,257 for FY 2019.

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

extension included a more strategic systemic effort of focusing on health system performance measurement and improvement to achieve sustainable and effective delivery system reform.

MAJOR INITIATIVES

DSRIP

The 1115 waiver funding for DSRIP continues to be a major initiative for the Center. The Center has received $28,829,106 net of intergovernmental transfer (IGT) funds for demonstration years (DY) one through six. The extension of DSRIP began with DY 7. The Center received $2,694,122 net of IGT for the first round of reporting in FY 2019.

The waiver's focus on measure collection and improvement caused a shift in focus from projects to system-wide participation. The measures chosen by the Center are controlling high blood pressure, tobacco use screening and cessation intervention, comprehensive diabetes care to reduce poor control of HbA1c, body mass index screening and follow-up, weight assessment and counseling for nutrition and physical activity for children and adolescents, assignment of primary care physician to individuals with schizophrenia, annual physical exam for persons with mental illness, assessment for substance abuse problems of psychiatric patients, housing assessment for individuals with schizophrenia, suicide risk assessment for adults with major depressive disorder, counseling regarding psychosocial and pharmacologic treatment options for opioid addition, and counseling regarding psychosocial and pharmacologic treatment options for alcohol dependence. The total value for DY 7 (October 1, 2018 – September 30, 2019) is $6,788,259 net after IGT. However, not all funding was recognized due to a decision by management to delay reporting DY 7 baselines in April 2019 to allow time for HHSC to approve data and clarifying parameters. These baselines and the achievement of the measures were reported in October 2019. Funding is expected in January 2020.

Internal Control

The Center has policies and procedures to maintain an adequate system of internal control. Policies are reviewed annually and modified as needed. A full inventory of fixed assets is conducted annually, with on-going monitoring of technology assets that are at risk of being lost. There is a segregation of duties within the financial services department from purchasing through the reconciliation of bank accounts. There is a compliance program in place to continuously re-assess risk areas, re-prioritize compliance projects that are most critical to the mission of the center, and report compliance developments and compliance audit findings to the Chief Executive Officer and the full Board of Trustees as appropriate. Security management is overseen by the security officer to provide a safe and secure environment addressing both physical and technological security. Authorization levels and monthly reporting to the Board of Trustees help strengthen administrative controls. Because the cost of control should not exceed the benefit to be derived, the objective is to provide reasonable, rather than absolute assurance, that the financial statements are free of any material misstatements.

Cash Management

The Center's cash at August 31, 2019 was insured by FDIC at First Financial Bank and Chase Bank or by securities pledged to Spindletop Center for amounts over the standard FDIC limit. As of August 31, 2019, 85.08% of the Center's funds are held by First Financial Bank, earning 0.65% APY. The Center also has funds held by Chase Bank earning 1.00% APY, totaling approximately 3.08% of overall cash and cash equivalents. 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 2019, the Center continued to invest in a diverse group of certificates of deposit. As market conditions improved and the certificates mature, a portion of funds was invested in a Federal U.S. Treasury Cash Reserve Instrument. As certificates mature, funds will be reinvested into instruments preserving the safety of principal, liquidity, and maximization of yield.

Budgeting Process

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

Appropriations

Spindletop Center receives General Revenue from the State of Texas. This funding is appropriated biennially when the legislature is in session. The funding for FY 2018-2019 was approved when the 85th legislature met in the spring of 2017.

Financial Management

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

Debt Service

Spindletop Center does not have any long-term debt.

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 2019, Spindletop was covered under a general liability insurance plan at a cost which is considered economically justifiable. The Center also carries cyber liability insurance and windstorm insurance.

Management's Discussion and Analysis

As management of Spindletop Center, we offer readers of the Center's financial statements a narrative overview and analysis of the financial activities of the Center. Readers should refer to pages 5 - 10 of this report to find management's discussion and analysis for the fiscal year ended August 31, 2019.

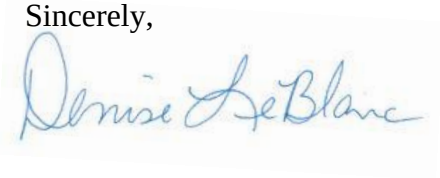
Acknowledgement

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.

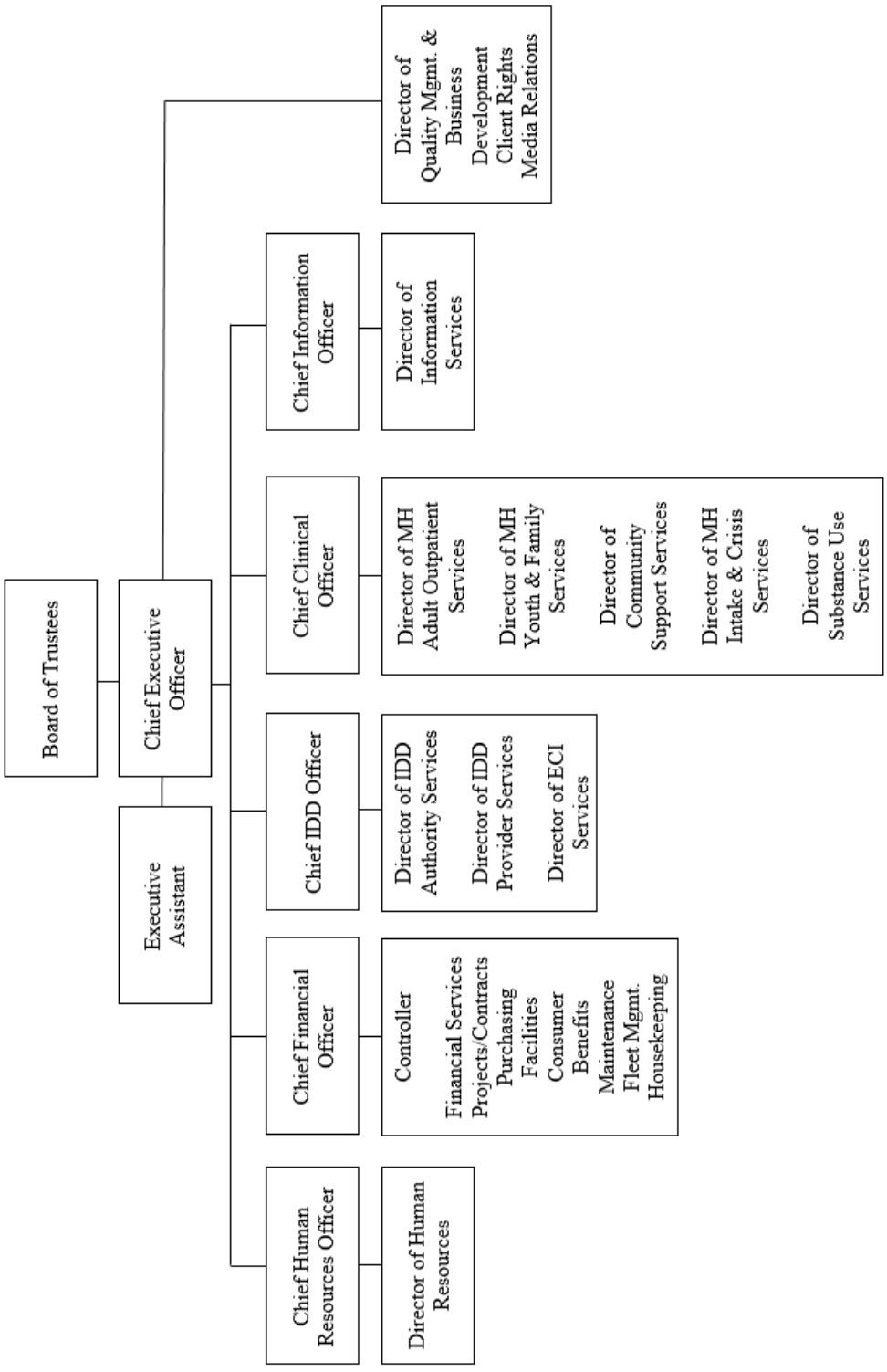
Thank you for allowing me to be part of this team of extraordinary people who change lives and give hope to the most vulnerable individuals in society.

Sincerely,



Denise LeBlanc
Chief Financial Officer

SPINDLETOP CENTER
ORGANIZATIONAL CHART
AS OF AUGUST 31, 2019



CERTIFICATE OF BOARD
ACCEPTANCE OF AUDIT REPORT

Spindletop Center

I, Gladdie Fowler, Chair of the Board of Trustees of Spindletop Center, do hereby certify that this accompanying audit report for FY 2019 from Eide Bailly, LLP was reviewed and accepted at a meeting of the Board of Trustees held on the 6th day of January 2020.

Gladdie Fowler

Chair, Board of Trustees

SPINDLETOP CENTER
AUGUST 31, 2019

LIST OF PRINCIPAL OFFICIALS

BOARD OF TRUSTEES

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

EXECUTIVE STAFF

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

FINANCIAL SECTION

EideBailly

CPAs & BUSINESS ADVISORS

Independent Auditor's Report

To the Board of Directors
Spindletop Center
Beaumont, Texas

Report on the Financial Statements
We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, the major fund, and the aggregate remaining fund information of Spindletop Center ("the Center") as of and for the year ended August 31, 2019, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements as listed in the table of contents.

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

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

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

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

Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, the major fund, and the aggregate remaining fund information of the Center as of August 31, 2019, 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.

What inspires you, inspires us. | eidebailly.com

400 Pine St., Ste. 600 | Abilene, TX 79601-5190 | T 325.672.4000 | TF 800.588.2525 | F 325.672.7049 | EOE

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5 through 10 and 42 through 43 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods or preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued a report dated December 12, 2019 on our consideration of Spindletop Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Center's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.

Eide Bailly LLP

Abilene, Texas
December 12, 2019

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, 2019 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 2019 by $30,466,384 (*net position*). Of this amount, $12,749,124 (*unrestricted net position*) may be used to meet the Center's ongoing obligations.

- The Center's total net position (government-wide) decreased by $967,467.

- As of the close of the current fiscal year, the Center's governmental fund balance reported an ending balance of $13,818,320, which is a decreased of $1,048,051 in comparison with the prior year.

- At the end of the current fiscal year, unassigned fund balance for the general fund was $9,777,819 or 22.19% of total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

Both of the government-wide financial statements distinguish functions of the Center that are principally supported by federal, state, and local funding sources (*governmental activities*) from other functions that are intended to recover all or a signification 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, 1115 Waiver, Other Program services, and Administration.
- The Center does not maintain any *business-type activities*.

The *government-wide financial statements* can be found on pages 12 and 13 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 14 and 16 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the Center. These funds are used to account for trust funds held on behalf of Center consumers and for retirement trust funds held for the benefit of employees. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Center's programs. The basic fiduciary fund financial statements can be found on pages 18 and 19 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 20-40 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 42 and 43 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Center, assets exceeded its liabilities by $30,466,384 at the close of the most recent fiscal year.

A large portion of the Center's net position (58.15%) reflects its investment in capital assets (e.g., land, buildings, vehicles, furniture and equipment); less any related debt used to acquire those assets that is still outstanding. As of August 31, 2019, the Center had no outstanding debt related to capital assets. The Center uses these assets to provide services to the individuals we serve; consequently, these assets are not available for future spending. Additionally, a portion of the Center's net position (41.85%) represents unrestricted financial resources available for future operations.

Statement of Net Position	**Governmental Activities**	
	2018	**2019**
Current and other assets	$ 19,138,153	$ 20,001,665
Capital assets	17,757,053	17,717,260
Total assets	**36,895,206**	**37,718,925**
Current liabilities	4,158,449	6,044,584
Long-term liabilities	1,302,906	1,207,957
Total liabilities	**5,461,355**	**7,252,541**
Net assets:		
Invested in capital assets	17,757,053	17,717,260
Unrestricted	13,676,798	12,749,124
Total net position	**$ 31,433,851**	**$ 30,466,384**

GOVERNMENTAL ACTIVITIES

Governmental activities decreased the Center's net position by $967,467, accounting for the entire decrease in the net position of the Center. Key elements of this decrease are as follows:

	Governmental Activities	
	2018	2019
REVENUES		
Program revenues:		
Charges for services:	$ 17,940,633	$ 18,831,754
Operating grants and contributions	21,282,109	20,259,861
1115 waiver programs	6,249,711	2,694,122
General revenues:		
Local income	1,009,265	1,494,855
Unrestricted investment earnings	46,867	148,058
Total revenues	46,528,585	43,428,650
EXPENSES		
Mental Health Adult	14,127,696	13,958,844
Mental Health Children	4,684,538	4,948,524
Intellectual and Developmental Disabilities	15,415,054	15,685,082
1115 waiver programs	3,898,739	149,254
Other programs	6,566,786	9,654,413
Total expenses	44,692,813	44,396,117
CHANGE IN NET POSITION	$ 1,835,772	$ (967,467)

- Revenues from 1115 Healthcare Transformation Waiver Delivery System Reform Incentive Payment (DSRIP) decreased $3,555,589 due in part to non-reporting in April 2019. Center chose to delay reporting to allow for approval of baseline numbers for several measures. The delayed reporting was done in October 2019 and payment will be received in FY 2020.
- Salaries decreased by $1,758,069 mainly due to vacancies. A Personal leave buy-back offer was paid to over 110 employees who accepted the offer. The salary and fringe benefit expense was approximately $180,000.
- Expenses from former 1115 Healthcare Transformation Waiver Delivery System Reform Incentive Payment (DSRIP) projects are now recognized as operational expenses rather than as 1115 Waiver expenses, resulting the decrease of $3,756,110 in 1115 Waiver expenses.

FINANCIAL ANALYSIS OF THE CENTER'S FUNDS

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

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

General funds. The general fund is the chief operating fund of the Center. At the end of the current fiscal year, the general fund reported a fund balance of $13,818,320. A large portion of this, 70.76%, is labeled as unassigned fund balance. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance total of $9,777,819 represents 22.15% 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, 2019, the Center's Days Cash on Hand was 118 days.

GENERAL FUND BUDGETARY HIGHLIGHTS

- The Center worked with a balanced budget for the most recent fiscal year.
- $367,287 unfavorable variance in the local revenues category comprised mostly by $842,407 in Medicaid services that were budgeted but not generated, $617,091 in Home and Community-based services that were budgeted but not generated, and $512,786 in Texas Home Living Waiver services that were budgeted but not generated. 1115 Medicaid Waiver was under-budgeted $1,575,145.
- $494,151 unfavorable variance in the state program revenues due mainly to General Revenue – mental health services, specifically psychiatric emergency services center (PESC) funds that were budgeted but not generated.
- $47,439 unfavorable variance in the federal program revenues were due to $117,168 of Early Childhood Intervention (ECI) funds budgeted but not generated and $106,348 of Medicaid Administrative Claiming revenues generated over the budgeted amount.
- $1,035,159 favorable variance in Current Expenditures before Capital Outlays includes $1,225,039 in Personnel wages due to vacancies and $1,026,099 in Employee benefits as a result of vacancies and lower than budgeted health benefit claims.
- Unfavorable variance of $893,977 is the result of hiring contracted tele-medicine services due to prescriber vacancies.
- $136,167 favorable variance in Community Benefit is due to securing a funding source for inpatient services to replace those considered community benefit.
- $169,318 favorable variance in Travel is a result of a restructure in Center-owned vehicle usage and the implementation of a mileage reimbursement software.
- $598,965 unfavorable variances in operational categories due to expenses incurred that were not fully 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 expenses for these projects were $1,163,028.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The Center's investment in capital assets for its governmental activities as of August 31, 2019 amounts to $17,717,260 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, equipment, and vehicles.

Following is a summary of changes in capital assets during the fiscal year:

SPINDLETOP CENTER
CAPITAL ASSETS (Net of Depreciation)

	2018	2019	Change
Land (non-depreciable)	$ 2,658,685	$ 2,658,685	$ -
Buildings and improvements	26,021,647	26,892,161	870,514
Furniture and equipment	1,776,920	1,953,314	176,394
Vehicles	2,444,582	2,532,564	87,982
Construction in progress	126,013	-	(126,013)
Less accumulated depreciation	(15,270,792)	(16,319,464)	(1,048,672)
	$ 17,757,055	$ 17,717,260	$ (39,795)

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 does not have any long-term debt at the end of the year. Additional information on the Center's long-term obligations can be found in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The Center's FY20 Revenue budget is projected to be $46,961,886. General operating revenues are budgeted at $44,003,469 and the amount of DSRIP revenue funds to be utilized for operating purposes is budgeted at $2,958,417. This is an increase of $3,004,489 (6.84%).
- The total amount of DSRIP revenue funds expected to be received in FY20 is $10,264,393 net of IGT. However, these funds are not fully budgeted nor recognized until reporting is approved and funds are received.
- The Center's FY20 Expense budget is projected to $46,961,886. This is an increase of $3,004,489 (6.84%). The increase includes an increase of $2,100,326 in Salaries due to a 2% center-wide wage increase and additional market-leveling increases.

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, 2019

	Primary Government		Component Unit
	Governmental Activities	Total	Spindletop Housing Corporation
ASSETS			
Cash and cash equivalents	$ 3,058,348	$ 3,058,348	$ 35,541
Restricted deposits			41,949
Investments	11,738,504	11,738,504	
Accounts receivable (net)	4,703,391	4,703,391	
Prepaid items	501,422	501,422	14,802
Capital assets:			
Land	2,658,685	2,658,685	150,000
Capital assets, net	15,058,575	15,058,575	1,784,513
Total Assets	**37,718,925**	**37,718,925**	**2,026,805**
LIABILITIES			
Accounts payable	595,531	595,531	5,392
Accrued salaries and benefits	480,298	480,298	
Accrued liabilities	1,586,188	1,586,188	
Due to other governments	2,402,613	2,402,613	
Health claims payable	300,000	300,000	
Unearned revenue	679,954	679,954	
Long-term liabilities:			
Compensated absences	1,207,957	1,207,957	
Total Liabilities	**7,252,541**	**7,252,541**	**5,392**
NET POSITION			
Invested in capital assets	17,717,260	17,717,260	1,934,513
Unrestricted	12,749,124	12,749,124	86,900
Total Net Position	**$ 30,466,384**	**$ 30,466,384**	**$ 2,021,413**

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

SPINDLETOP CENTER
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDING AUGUST 31, 2019

Functions/Programs	Expenses	Administration Allocation	Expenses After Allocation of Administration	Program Revenues: Charges For Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Total	Net (Expense) Revenue and Changes in Net Position: Component Unit: Spindletop Housing Corporation
Governmental activities:									
Mental Health - Adult	$ 12,268,793	$ 1,690,051	$ 13,958,844	$ 2,105,029	$ 10,897,815	$ -	$ (956,000)	$ (956,000)	
Mental Health - Children	4,324,231	624,293	4,948,524	3,265,801	1,671,783	-	(10,940)	(10,940)	
Intellectual & Developmental Disabilities	13,689,808	1,995,275	15,685,083	9,851,402	3,700,547	-	(2,133,134)	(2,133,134)	
Early Childhood Intervention	4,098,154	522,557	4,620,711	2,313,914	2,359,571	-	52,774	52,774	
Substance Abuse programs	1,559,746	192,814	1,752,560	313,660	1,035,234	-	(403,666)	(403,666)	
Housing program	486,633	56,869	543,502	197,650	-	-	(345,852)	(345,852)	
1115 waiver programs	142,628	6,625	149,253	2,694,122	-	-	2,544,868	2,544,868	
Other programs	2,426,951	310,689	2,737,640	784,298	594,911	-	(1,358,431)	(1,358,431)	
Administration	5,039,620	(5,039,620)	-	-	-	-	-	-	
Total governmental activities	**$ 44,036,564**	**$ 359,553**	**$ 44,396,117**	**$ 21,525,876**	**$ 20,259,861**	**$ -**	**$ (2,610,380)**	**$ (2,610,380)**	
Component unit:									
Spindletop Housing Corp.	$ 120,790	-	$ 120,790	$ 68,643	$ -	$ -			$ (52,148)
Total component unit	**$ 120,790**	**$ -**	**$ 120,790**	**$ 68,643**	**$ -**	**$ -**			**$ (52,148)**
				General Revenues:					
				Investment income			$ 148,058	$ 148,058	
				Contributions from local governments			544,798	544,798	
				Other local revenues			950,057	950,057	
				Total general revenues			**1,642,913**	**1,642,913**	
				Change in net position			(967,467)	(967,467)	(52,148)
				Net position-beginning			**31,433,851**	**31,433,851**	**2,073,561**
				Net position-ending			**$ 30,466,384**	**$ 30,466,384**	**$ 2,021,413**

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

SPINDLETOP CENTER
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2019

	General Fund	Total Governmental Funds
ASSETS		
Cash and cash equivalents	$ 3,058,348	$ 3,058,348
Investments	11,738,504	11,738,504
Accounts receivable, (net of allowance for uncollectibles)	4,703,391	4,703,391
Prepaid items	501,422	501,422
Total Assets	**20,001,665**	**20,001,665**
LIABILITIES		
Accounts payable	595,531	595,531
Accrued liabilities	1,586,188	1,586,188
Due to other governments	2,402,613	2,402,613
Accrued salaries and benefits	480,298	480,298
Health claims payable	300,000	300,000
Unearned revenue	679,954	679,954
Total Liabilities	**6,044,584**	**6,044,584**
DEFERRED INFLOWS OF RESOURCES		
Medicaid administrative claiming revenues	138,761	138,761
Total Deferred Inflows of Resources	**138,761**	**138,761**
FUND BALANCES		
Non-spendable: Prepaid items	501,422	501,422
Committed for Special Projects	3,539,079	3,539,079
Unassigned	9,777,819	9,777,819
Total Fund Balance	**13,818,320**	**13,818,320**
Total Liabilities, Deferred Inflows of Resources and Fund Balance	**$ 20,001,665**	**$ 20,001,665**

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, 2019

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

Total fund balance - governmental funds	$ 13,818,320
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	17,717,260
Long-term liabilities are not due and payable out of current resources and therefore, are not reported in the funds. These include long-term liabilities for compensated absences.	(1,207,957)
In the funds statements, revenue that exceeds a reasonable collectability period is not recorded within revenue. In the statement of net position, assured receipt of revenue is reported as revenue. This is the amount of deferred inflows of resources at year end.	138,761
Net Position of Governmental Activities	**$ 30,466,384**

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, 2019

	General Fund	Total Governmental Funds
Revenues:		
Local and earned revenues	$ 21,314,039	$ 21,314,039
State programs	16,704,617	16,704,617
Federal programs	4,993,556	4,993,556
Total revenues	**43,012,212**	**43,012,212**
Expenditures:		
Mental health adult	11,925,901	11,925,901
Mental health children	4,255,108	4,255,108
Intellectual and developmental disabilities	13,497,276	13,497,276
Early childhood intervention	4,096,167	4,096,167
Substance abuse programs	1,463,268	1,463,268
Housing program	345,977	345,977
1115 waiver programs	52,330	52,330
Other programs	2,437,601	2,437,601
Administration	4,823,608	4,823,608
Capital outlay	1,163,028	1,163,028
Total expenditures	**44,060,264**	**44,060,264**
Deficit of revenues over expenditures	**(1,048,051)**	**(1,048,051)**
Net change in fund balance	**(1,048,051)**	**(1,048,051)**
Fund balance at beginning of year	**14,866,371**	**14,866,371**
Fund balance at end of year	**$ 13,818,320**	**$ 13,818,320**

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, 2019

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

Net Change in Fund Balance-Total Governmental Funds	$	(1,048,051)
Governmental funds report capital outlay as expenditures, however, in the statement of activities the cost of capital assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay ($1,163,028) was exceeded by depreciation expense ($1,202,824) for the year.		(39,796)
Some revenues reported in the statement of activities do not meet the measurable and available criteria for revenue recognition in the funds, and therefore, are only reported as revenues in governmental activities on the full accrual basis. This is the amount of the change in these revenues.		25,430
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. This represents the change in the long-term governmental fund liabilities for compensated absences.		94,950
Change in Net Position-Governmental Activities	**$**	**(967,467)**

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

SPINDLETOP CENTER
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AUGUST 31, 2019

	Pension Trust Fund	Agency Funds
ASSETS		
Cash and cash equivalents	$ -	$ 178,436
Investments	11,345,749	-
Total Assets	**11,345,749**	**178,436**
LIABILITIES		
Due to clients		178,436
Total Liabilities		**$ 178,436**
NET POSITION		
Held in trust for pension benefits	11,345,749	
Total Net Position	**$ 11,345,749**	

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, 2019

		Pension Trust Fund
ADDITIONS		
Contributions:		
Employer contributions	$	1,124,234
Employee retirement rollover/transfers		260,772
Loan Repayment		7,882
Net increase (decrease) in the fair value of investments		13
Total Additions		**1,392,901**
DEDUCTIONS		
Benefits and other withdrawals		869,025
Forfeitures		95,904
Loans		173,778
Fees		87,202
Total Deductions		**1,225,909**
CHANGE IN NET POSITION		**166,992**
NET POSITION, BEGINNING		**11,178,757**
NET POSITION, ENDING	**$**	**11,345,749**

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

SPINDLETOP CENTER
NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2019

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, 2019.

(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, 2019.

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. The fiduciary agency fund is custodial in nature only and has no measurement focus.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued:

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

Allocation of Indirect Expenses

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

(e) Fund Types and Major Funds

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

The Center reports the following major governmental fund:

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued:

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

The Center reports the following fiduciary funds:

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

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

(f) Budget and Budgetary Accounting

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

The budget for the General Fund is prepared using the current financial resources measurement focus and the modified accrual basis of accounting consistent with generally accepted accounting principles for a governmental fund. Actual expenditures exceeded budgeted expenditures by $102,869 in the current year and will be fully funded from reserves.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued:

(g) Cash and Cash Equivalents

For financial reporting purposes, the Center considers all demand deposit accounts and time deposits with an initial maturity of three months or less to be cash and cash equivalents. Outstanding cash and cash equivalents at August 31, 2019 consist principally of interest bearing bank accounts. Unrestricted and restricted cash and investments purchased by the Center within three months of maturity are considered to be cash equivalents. Investments in money market mutual funds are recorded at cost. All other investments, including assets held in the pension trust fund, are reported at fair value.

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

(h) Prepaid Items

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

(i) Capital Assets, Depreciation, and Amortization

Primary Government:

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

Building and grounds	10-40
Leasehold improvements	5
Vehicles	4-5
Furniture, fixtures and equipment	2-10

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued:

Housing Corporation Component Unit:

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

Buildings and grounds	10-40

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

(j) Long-Term Liabilities

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

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

(k) Deferred Inflows and Outflows of Resources

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

(l) Fund Equity

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued:

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

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

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

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

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

	General Fund	Total Governmental Fund
Fund Balances		
Non-spendable		
Prepaid Items	$ 501,422	$ 501,422
Committed		
Special Projects	3,539,079	3,539,079
Unassigned	9,777,819	9,777,819
	$ 13,818,320	**$ 13,818,320**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued:

(m) Compensated Absences

As fringe benefits for its employees, the Center allows hours earned for personal leave to be accumulated and carried forward to future periods up to a maximum of 420 hours. Employees terminating from service are paid up to a maximum of 400 accumulated hours. The resulting cash value of the benefits, based on the maximum 400 hours, is recorded as a liability in the Statement of Net Position. Government funds report only matured compensated absences payable to currently terminating employees and these are included in accrued salaries and benefits.

(n) Risk Management

The Center is exposed to various risks of loss related to general liability; torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; physician's malpractice; and natural disasters. During fiscal year 2019, the Center was covered under a general liability insurance plan with a combined single limit of $1 million at a cost it considered to be economically justifiable. In 2019, the Center purchased insurance from Arthur J. Gallagher Risk Management Services to provide additional coverage for named windstorms such as hurricanes.

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

(o) Estimates

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued:

(p) Fair Value

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

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

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS:

(a) Deposits

Primary Government:

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

Housing Corporation Component Unit:

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

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

At August 31, 2019, the Center's investments, excluding the retirement plan trust, are as follows:

Investment Type	Fair Value	Credit Rating	Average Days to Maturity
Certificate of Deposit-Capital One Bank	$ 245,000	Not required	83 days
Certificate of Deposit-Chase Bank	245,000	Not required	211 days
Certificate of Deposit-BMO Harris Bank	245,000	Not required	365 days
Certificate of Deposit-Ally Bank	245,000	Not required	451 days
TexPool Money Market Fund	4,843	AAAm	107 days
Federal US Treasury Cash Res Inst.	260,069	AAAm	101 days
Franklin US Gvmt Sec Fund	8,585	AAA	14.63 years
First Financial Bank – High-Yield Savings	10,485,007	Not required	N/A
	$ 11,738,504		

During the year ending August 31, 2019 the Center invested in Texas Local Government Investment Pool ("TexPool"). TexPool, a public funds investment pool created by the Treasurer of the State of Texas acting by and through the Texas Treasury Safekeeping Trust Company, is empowered to invest funds and act as custodian of investments purchased with local investment funds. Authorized investments of TexPool include obligations of the United States of America or its agencies, direct obligations of the State of Texas or its agencies, certificates of deposit, repurchase agreements and other eligible investments specified in the Public Funds Investment Act. Audited financial statements of the Pool are available at First Public, 12008 Research Blvd., Austin, Texas 78759.

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

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

(b) Investment Policies

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Generally, the Center's investing activities are managed under the custody of the Chief Financial Officer. Investing is performed in accordance with investment policies adopted by the Board of Trustees. The Center's investment policy and types of investments are governed by the Public Funds Investment Act (PFIA). This policy authorizes the Center to invest in 1) obligations of the U.S. or its agencies and instrumentalities; 2) secured certificates of deposit issued by state or national banks with a branch in Texas, savings banks with a branch in Texas, or state or federal credit unions with a branch in Texas; 3) fully collateralized repurchase agreements; 4) no-load money

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

market mutual funds registered with and regulated by the Securities and Exchange Commission; 5) local government investment pools, which are rated no lower than AAA or an equivalent rating by at least one nationally recognized rating service; and 6) commercial paper. During the year ended August 31, 2019, the Center did not own any types of securities other than those permitted by statute or its investment policy.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The Center's policy requires that the maturity of investments correspond to anticipated cash flows. Policy also requires that for investments with a maturity term in excess of a year, the Center will consider the marketability of the investment should the need to liquidate the investment before its maturity.

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

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

Description	Fair Value	Percent of Portfolio
First Financial Bank – High-Yield Savings	$ 10,485,007	89.32%

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

3. DUE FROM OTHER GOVERNMENTS AND ACCOUNTS RECEIVABLE:

Client Receivables

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

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

Patient Receivables

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

The carrying amount of patient and client receivables is reduced by a valuation allowance that reflects management's estimate of amounts that will not be collected from patients and third-party payors. Management reviews patient and client receivables by payor class and applies percentages to determine estimated amounts that will not be collected from third parties under contractual agreements and amounts that will not be collected from patients due to bad debts. Management considers historical cash collections, write off and recovery information in determining the estimated bad debt provision. The allowance for uncollectible accounts in the General Fund as of August 31, 2019 is $56,290.

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	$	758,321
Due from other governments		3,426,973
Other receivables		574,387
Gross receivables		4,759,681
Less: Allowance for uncollectible accounts		(56,290)
Accounts receivable, net	$	4,703,391

4. CAPITAL ASSETS:

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

Governmental Activities	Beginning Balance	Additions	Retirements	Ending Balance
Non-Depreciable Capital Assets				
Land	$ 2,658,685	$ -	$ -	$ 2,658,685
Construction in progress	126,013	-	126,013	-
	2,784,698	-	126,013	2,658,685
Depreciable Capital Assets:				
Buildings & improvements	26,021,647	870,514	-	26,892,161
Furniture and fixtures	1,776,920	179,164	2,770	1,953,314
Vehicles	2,444,582	239,363	151,382	2,532,564
Total capital assets	30,243,149	1,289,041	154,152	31,378,039
Less Accumulated Depreciation				
Buildings & improvements	12,014,237	898,785	-	12,913,022
Furniture and fixtures	1,572,540	109,478	2,770	1,679,248
Vehicles	1,684,015	194,561	151,382	1,727,194
	15,270,792	1,202,824	154,152	16,319,464
Net Depreciable Assets	14,972,357	86,217	-	15,058,574
Total Capital Assets, (Net)	$ 17,757,055	$ 86,217	$ 126,013	$ 17,717,260

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

Governmental activities:	
Mental Health Adult	$ 360,790
Mental Health Children	79,339
Intellectual and Developmental Disabilities	216,159
Early Childhood Intervention	14,880
Substance Abuse	100,436
Housing	141,124
1115 Waiver	90,326
Administration	199,770
Total	$ 1,202,824

4. CAPITAL ASSETS - continued:

Spindletop Housing Component Unit	Beginning Balance	Additions	Retirements	Ending Balance
Capital Assets:				
Land	$ 150,000	$	$	$ 150,000
Depreciable Capital Assets:				
Buildings and improvements	2,039,443	-	-	2,039,443
Total capital assets	2,189,443	-	-	2,189,443
Less Accumulated Depreciation	203,944	50,986	-	254,930
Total Capital Assets, (Net)	$ 1,985,499	$ 50,986	$ -	$ 1,934,513

5. LONG-TERM LIABILITIES:

The following is a summary of changes in long-term liabilities for the year ended August 31, 2019:

	Beginning Balance	**Additions**	**Retirements**	**Ending Balance**	**Due Within One Year**
Governmental Activities:					
Compensated absences	$ 1,302,907	$ 1,610,840	$ 1,705,790	$ 1,207,957	$ 1,207,957
Governmental Activities:					
Long-term Liabilities	$ 1,302,907	$ 1,610,840	$ 1,705,790	$ 1,207,957	$ 1,207,957

6. SPINDLETOP HOUSING CORPORATION COMPONENT UNIT CAPITAL ADVANCE:

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

7. DEFINED CONTRIBUTION PLAN:

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

The plan is administered by ISC Group Inc. Eligible employees are full-time employees of the Center. Employer contributions for the year were $1,124,234. These amounts are included in employee benefit expenditures. At year end, 446 employees were participating in the plan. The Plan does not issue separate audited GAAP basis post-employment benefit plan financial statements.

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

Vesting Schedule

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

8. DEFINED COMPENSATION PLAN:

The Center sponsors a deferred Compensation Plan (the "Plan") created in accordance with Internal Revenue Code Sections 457 and 403(b). Employees are required to participate in the Plan after completing an eligibility period. Vesting in the Plan is immediate with plan assets held in trust until the employee terminates employment, retires, or experiences an unforeseeable emergency. Employees may make additional voluntary contributions to the Plan in amounts not to exceed limits established by the Internal Revenue Service. The Center matches up to a maximum of 8% of each employee's elective deferrals. The Plan is administered by ISC Group, Inc. Employee elective deferrals were $1,130,351 for the year.

8. DEFINED COMPENSATION PLAN - continued:

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

9. COMMITMENTS AND CONTINGENCIES:

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

The Center has entered into an agreement with Texas Council Risk Management Fund (TCRMF) to pay workers' compensation contributions relative to its own loss experience based on a six-year look back period. The Center was not required to pay any additional assessments for prior years during the year ended August 31, 2019. 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:

	Beginning Liability	Changes in Estimates	Payments	Ending Liability
2017 - Workers compensation	$ -	$ 138,602	$ 138,602	$ -
2018 – Workers compensation	$ -	$ 164,043	$ 164,043	$ -
2019 – Workers compensation	$ -	$ 19,231	$ 19,231	$ -

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

9. COMMITMENTS AND CONTINGENCIES - continued:

endorsement - $100,000; expanded employment practices endorsement - $50,000; property coverage - $34,579,267; automobile physical damage - actual cash value. The Center is responsible for all claims exceeding the maximum amounts to be paid by the pool. There were no significant reductions in coverage in the past fiscal year, and no claims exceeded the maximum paid by the fund for the last three years. In 2019, the Center obtained additional windstorm protection from Gallagher Risk Management Services to offset any losses incurred during named windstorms. Maximum coverage under this policy is $29,942,351, with a $25,000 total deductible per occurrence.

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

Commitment of General Fund Equity

$3,539,079 of the fund balance in the General fund has been committed for special projects. This amount is not legally restricted.

10. ECONOMIC DEPENDENCE:

The Center receives a substantial portion of its revenues in the form of annual performance contracts with the Texas Health and Human Services Commission (HHSC) for services relating to mental health and intellectual and developmental disabilities, to provide these services in its service area. The Center is economically dependent on the continuation of these contracts. At August 31, 2019, these contracts have been continued through August 31, 2020.

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

Medicaid	$ 7,548,444	17.51%
Home and Community-Based Services	$ 6,470,962	15.01%
General Revenue – MH Services	$ 10,973,916	25.51%

11. PATIENT ASSISTANCE PROGRAM:

Consumers periodically receive prescription medications through a program known as the Patient Assistance Program (PAP). These prescriptions are provided at no cost to the consumer. These items do not meet the criteria for recognition on the Center's financial statements; however, they do provide significant assistance to the consumers the Center serves. Management estimates that consumers received prescription medications through this program valued at $5,307,189 during the year ending August 31, 2019.

12. SELF-FUNDED HEALTH BENEFIT PLAN:

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

Total premiums, claims and administrative fees paid for the program for the year ended August 31, 2019, were $2,930,066. For the same period, management recorded a $300,000 liability for claims incurred but not reported and/or approved as of that date. The Center does not discount these claims liabilities. Terms of coverage and contribution costs are included in contractual provisions.

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

	Beginning Liability	Claims Incurred	Claim Payments	Ending Liability
2015 Medical and dental	$ 200,000	$ 2,627,009	$ 2,512,009	$ 315,000
2016 Medical and dental	$ 315,000	$ 2,573,270	$ 2,573,270	$ 315,000
2017 Medical and dental	$ 315,000	$ 3,482,929	$ 3,482,929	$ 315,000
2018 Medical and dental	$ 315,000	$ 2,534,676	$ 2,534,676	$ 315,000
2019 Medical and dental	$ 315,000	$ 2,915,066	$ 2,930,066	$ 300,000

13. OPERATING LEASES:

The Center is obligated under operating leases for building and office space and equipment. For the year ended August 31, 2019, lease expenditures of $104,833 were made from the General Fund. Payments required by operating leases in subsequent years are not material to the Center's financial statements.

14. MEDICAID 1115 WAIVER:

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

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

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

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

15. REVENUE - continued:

agreements with Medicare, certain commercial insurance carriers (managed care organizations) and other organizations. The basis for payment under these agreements is mostly based on fee for service arrangements. For uninsured patients, the Center recognizes revenue on the basis of its standard rates for services provided, adjusted for the minimum monthly fee provisions as mandated by the state of Texas. Revenue from Medicaid Waiver programs (such as 1115, Home Community Services, Texas Home Living, YES) are recognized when services are rendered. These programs are billed based on state negotiated rates.

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

(b) Grants

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

(c) Other Revenues

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

16. RESTRICTIONS ON CAPITAL ASSETS

Primary Government:

The Texas Health and Human Services Commission ("HHSC"), as successors in interest to the Texas Department of Mental Health and Mental Retardation, have conveyed real estate to the Center. The property was transferred without consideration paid by the Center, but the deed contains a permanent restriction stating that the property must be used to promote the public purpose by providing community-based mental health or mental retardation services. If the Center should cease to use the property for this purpose for a period of more than 180 continuous days, ownership of the property would revert to HHSC. The property was recorded on the financial statements at the estimated value of $12,735,000 based on a current appraisal prepared by a qualified real estate appraiser. The net book value of these assets after depreciation is $10,175,925 as of August 31, 2019.

17. SUBSEQUENT EVENT

On September 19, 2019, Tropical Storm Imelda made landfall in the Beaumont area. The Center sustained significant damage to vehicles and buildings in the wake of the flooding that resulted from this storm. The Center sustained 2 business days of disruption in services and subsequently has had to relocate some of its services to temporary locations. Management continues to evaluate the full impact of the storm but believes the damage will have an effect on the Center's financials as not all locations damaged had flood insurance. The Center believes they have sufficient reserves to replace and repair all damage.

Spindletop Housing Corporation was also affected by Tropical Storm Imelda. Due to the storm, all tenants were displaced as a result of flooding of the units. Displaced tenants were given the option to be re-housed into other local apartment complexes where they would continue to pay their portion of rent to the Housing Corporation and HUD would continue to make their payments to the Housing Corporation. The Housing Corporation has been acting as a pass-through entity for these tenants. To repair the units, the Housing Corporation has sent requests for proposals to contractors in the area. Further, HUD has approved the Housing Corporation to use the replacement reserve account, however, a minimum of $14,000 must remain in the account. Management believes they may need to finance the remainder of the repairs through private debt.

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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Local Revenues:				
County government	$ 540,169	$ 540,169	$ 544,798	$ 4,629
Patient fees and insurance	633,837	632,608	726,667	94,059
Contracts	186,656	186,656	179,299	(7,357)
Medicare	67,248	67,248	86,709	19,461
Medicaid	9,498,050	8,390,851	7,548,444	(842,407)
Home and community-based services	7,088,053	7,088,053	6,470,962	(617,091)
Texas Home Living Waiver	1,812,975	1,812,975	1,300,189	(512,786)
1115 Medicaid Waiver	1,310,077	1,118,977	2,694,122	1,575,145
Investment income	45,000	115,000	148,058	33,058
Other local income	502,674	1,728,789	1,614,791	(113,998)
Total local revenues	**21,684,739**	**21,681,326**	**21,314,039**	**(367,287)**
State Program Revenues:				
General revenue - mental health services	9,820,102	11,211,324	10,973,916	(237,408)
General revenue - IDD services	3,663,778	3,663,778	3,649,826	(13,952)
PASSR (OBRA)	211,032	110,634	50,721	(59,913)
Texas Council on Offenders with Medical or Mental Impairments	647,847	647,847	618,399	(29,448)
Texas Department of Criminal Justice	313,828	313,828	326,509	12,681
Early Childhood Intervention	463,701	463,701	419,147	(44,554)
Substance abuse contracts - state portion	86,269	86,269	86,269	-
Texas Department of Transportation	218,570	10,947	1,701	(9,246)
Projects for Assistance in Transition from Homelessness	7,992	7,992	7,992	-
Mental Health Grant Program for Justice-Involved Individuals – Urban	142,567	142,567	207,430	64,863
Mental Health Grant Program for Justice-Involved Individuals – Rural	247,308	247,308	208,216	(39,092)
Coordinated Specialty Care (CSC)	242,354	242,354	94,161	(148,193)
Texas Rehabilitation Commission	50,219	50,219	60,330	10,111
Total state program revenues	**16,115,567**	**17,198,768**	**16,704,617**	**(494,151)**
Federal Program Revenues:				
Mental Health Block Grant	902,743	902,743	902,743	-
Recovery Support Services	443,747	443,747	414,576	(29,171)
Block Grants for the Treatment and Prevention of Substance Abuse	227,235	227,235	207,800	(19,435)
Early Childhood Intervention	2,048,603	2,048,603	1,931,435	(117,168)
Temporary Assistance for Needy Families (MH only)	397,241	286,978	257,834	(29,144)
Social Services Block Grant	110,263	110,263	110,263	-
Medicaid Administrative Claiming	681,819	681,818	788,166	106,348
Title XVIII - Money Follows the Person	87,378	87,378	87,378	-
Department of Housing and Urban Development - 811 Continuum of Care Projects for Assistance in Transition in Homelessness	73,017	30,135	34,959	4,824
	258,402	258,402	258,402	-
Total federal program revenues	**5,230,448**	**5,077,302**	**4,993,556**	**(47,439)**
TOTAL REVENUES	**$ 43,030,754**	**$ 43,957,396**	**$ 43,012,213**	**$ (945,183)**

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

SPINDLETOP CENTER
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDING AUGUST 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Expenditures:				
Personnel	$ 20,554,884	$ 20,100,848	$ 18,875,809	$ 1,225,039
Employee benefits	6,713,382	6,694,281	5,668,182	1,026,099
Contracted services	9,806,188	11,338,340	12,232,317	(893,977)
Community benefit	689,016	357,413	221,246	136,167
Travel - board and staff	463,749	496,167	326,849	169,318
Medications	103,233	103,233	135,507	(32,274)
Consumable supplies	698,536	862,156	963,069	(100,913)
Building repairs and rent	536,329	536,329	622,902	(86,573)
Equipment repair and maintenance	44,251	59,101	50,424	8,677
Telephone and utilities	1,143,004	1,132,564	972,631	159,933
Vehicle operations	202,144	221,667	414,098	(192,431)
Insurance	410,953	409,025	445,748	(36,723)
Training and development	341,083	336,583	376,804	(40,221)
Office supplies	264,165	351,948	397,616	(45,668)
Advertising	21,500	34,850	45,339	(10,489)
Client costs	717,165	626,964	639,969	(13,005)
Other costs	296,171	270,926	508,726	(237,800)
Total current	**43,005,753**	**43,932,395**	**42,897,236**	**1,035,159**
Capital outlay	25,000	25,000	1,163,028	(1,138,028)
TOTAL EXPENDITURES	**43,030,753**	**43,957,395**	**44,060,264**	**(102,869)**
Excess of revenues over expenditures	-	-	**(1,048,051)**	**(1,048,051)**
Other Financing Sources (Uses):	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	-	-	**(1,048,051)**	**(1,048,051)**
Fund balance-Beginning of year	**14,866,371**	**14,866,371**	**14,866,371**	-
Fund balance-End of Year	**$ 14,866,371**	**$ 14,866,371**	**$ 13,818,320**	**$ (1,048,051)**

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 **Page**

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. 46-50

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. 51-52

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. 53-55

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. 56-61

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. 62-73

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
2010	9,728,795	1,551,166	12,120,929	1,603,725	1,472,625				3,649,191	--	--	619,081	30,745,512
2011	9,705,610	1,576,353	11,854,283	1,906,213	1,413,388	85,625			3,795,165	--	--	708,608	31,045,245
2012	8,501,225	1,464,021	11,396,520	2,138,971	881,883	409,569			4,120,275	--	--	1,240,859	30,153,323
2013	7,362,488	1,748,691	11,526,965	1,915,959	927,160	236,834	776,531	77,905	4,244,030	--	--	534,065	29,350,628
2014	8,484,077	1,867,285	12,138,746	1,937,578	791,277	271,337	3,059,934	895,321	4,430,502	--	--	2,784,770	36,660,827
2015	8,816,242	2,050,736	13,078,236	2,080,564	989,612	212,575	3,796,242	1,034,891	4,522,146	--	--	766,126	37,347,370
2016	11,226,171	2,816,944	13,169,175	2,136,083	954,945	218,210	3,813,218	967,325	4,973,996	--	--	644,395	40,920,462
2017	13,488,296	4,055,939	13,849,148	2,333,534	1,021,917	226,349	4,711,500	114,028	4,982,269	--	--	481,161	45,264,141
2018	12,400,383	4,108,084	13,597,587	3,761,799	1,106,949	240,428	3,289,231	595,637	4,507,685	--	--	1,220,460	44,828,243
2019	11,925,901	4,255,108	13,497,276	4,096,167	1,463,268	345,977	52,330	2,437,601	4,823,608	--	--	1,163,028	44,060,264

Notes:

(a) Spindletop Center has no outstanding long-term debt.

(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
2010	12,273,113	14,417,964	3,994,693	30,685,770
2011	13,607,026	14,039,132	3,130,146	30,776,304
2012	14,266,063	12,207,428	3,268,341	29,741,832
2013	15,628,719	12,063,229	2,942,660	30,634,608
2014	18,505,360	13,284,063	3,241,963	35,031,386
2015	22,488,387	12,887,672	3,730,504	39,106,563
2016	23,554,762	15,260,138	3,517,671	42,332,571
2017	26,871,747	16,835,715	3,823,049	47,530,511
2018	24,428,973	17,267,019	4,933,502	46,629,494
2019	21,314,039	16,074,617	4,993,556	43,012,213

(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

Fiscal Year	Net Revenues, (Expenses) and Changes in Net Position: Charges for Services	Operating Grants and Contributions	Governmental Activities	General Revenue	Change In Net Position
2010	12,216,626	17,837,760	(647,879)	632,534	(15,345)
2011	13,375,984	16,630,930	(1,038,707)	769,340	(269,367)
2012	13,888,998	14,827,104	(923,341)	977,386	54,045
2013	14,865,029	14,801,149	(157,483)	929,311	198,754
2014	18,385,120	15,561,369	(1,073,077)	1,081,720	8,643
2015	22,327,358	15,647,761	231,709	1,287,327	1,519,036
2016	22,535,206	18,623,726	(404,894)	1,156,468	751,574
2017	26,557,452	20,061,941	675,400	902,118	1,577,518
2018	24,321,076	21,282,108	910,372	925,400	1,835,772
2019	21,525,876	20,259,861	(2,610,380)	1,642,913	(967,467)

Revenues by Activity and Program

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Mental Health - Adult										
Charges for Services	2,105,029	1,950,171	2,027,243	1,655,435	1,534,080	1,493,594	1,467,797	1,670,518	2,446,956	2,561,625
Operating Grants/Contributions	10,897,815	12,039,038	11,770,830	11,535,061	8,198,617	8,799,369	7,995,200	7,790,918	7,591,585	8,446,207
Mental Health – Child										
Charges for Services	3,265,801	3,998,165	4,015,880	2,916,086	2,358,882	1,465,729	1,683,664	1,390,826	1,318,329	1,327,991
Operating Grants/Contributions	1,671,783	1,803,026	2,056,029	1,599,480	1,519,058	1,827,876	1,566,356	1,746,756	1,795,716	1,810,714
Intellectual and Development Disability										
Charges for Services	9,851,402	9,999,604	10,997,172	10,642,805	10,436,394	9,711,817	9,640,837	9,594,533	8,814,187	7,670,532
Operating Grants/Contributions	3,700,547	3,918,027	3,959,728	3,448,972	3,500,703	3,256,677	3,260,860	3,262,019	4,567,988	5,093,244
Early Childhood Intervention										
Charges for Services	2,313,914	1,757,390	1,412,057	1,375,258	1,104,615	997,543	1,062,197	1,083,171	695,186	576,522
Operating Grants/Contributions	2,359,571	2,460,087	1,091,930	973,586	1,132,454	864,178	873,558	1,210,595	1,405,645	1,140,317
Substance Abuse Programs										
Charges for Services	313,660	108,618	88,116	110,187	116,488	110,672	124,371	93,845	62,211	79,956
Operating Grants/Contributions	1,035,234	1,061,930	1,001,835	875,415	818,541	686,501	821,492	816,816	1,115,130	1,347,278
Housing Program										
Charges for Services	197,650	126,685	133,238	172,485	140,637	139,133	117,749	56,105	39,115	-
Operating Grants/Contributions	-	-	-	-	-	-	-	-	154,866	-
1115 Waiver Program										
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	-	-	-
Other Programs										
Charges for Services	784,298	130,732	-	-	14,360	13,516	-	-	-	-
Operating Grants/Contributions	594,911	-	181,590	191,212	478,388	126,768	33,683	-	-	-
Total Revenues By Programs	**41,785,737**	**45,603,184**	**46,619,393**	**41,158,932**	**37,975,119**	**33,946,489**	**29,666,178**	**28,716,102**	**30,006,914**	**30,054,386**

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
2010	29,955,341	30,685,770	730,429	29,955,341	30,745,512	(790,171)	(179,410)	(239,152)
2011	30,393,433	30,776,304	382,871	30,393,433	31,045,245	(651,812)	-	(267,991)
2012	30,074,106	29,741,832	(332,274)	30,074,106	30,153,323	(79,217)	950	(411,491)
2013	30,489,584	30,634,608	145,024	30,489,584	29,350,628	1,138,956	(423,074)	860,906
2014	36,568,726	35,031,386	(1,537,340)	35,690,940	36,660,827	(969,887)	-	(1,629,441)
2015	37,684,779	39,106,563	1,421,784	36,752,192	37,347,370	(595,178)	-	2,002,007
2016	43,624,645	42,332,571	(1,292,074)	41,439,093	40,920,462	518,631	-	1,412,109
2017	46,279,022	47,530,511	1,251,489	43,171,074	45,264,140	(2,093,066)	-	2,266,371
2018	50,274,811	46,629,494	(3,645,317)	47,121,676	44,828,423	2,293,253	-	1,801,071
2019	43,957,396	43,012,213	(945,183)	43,957,395	44,060,264	(102,869)	-	(1,048,051)

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General Fund										
Non-spendable	501,422	660,478	765,139	830,734	344,115	373,285	325,236	374,827	385,506	306,073
Committed	3,539,079	1,308,590	930,927	653,583	413,687	656,171	184,390	128,656	287,005	150,000
Unassigned	9,777,819	12,897,303	11,369,234	9,314,612	8,629,018	6,355,357	8,504,628	7,649,865	7,892,328	8,376,757
Total	13,818,320	14,866,371	13,065,300	10,798,929	9,386,820	7,384,813	9,014,254	8,153,348	8,564,839	8,832,830
Trust & Agency Fund										
Net Position held in trust for Pension Benefits	11,345,749	11,178,757	10,863,753	10,123,403	9,438,900	9,529,373	8,309,526	7,354,790	6,848,526	-
Total	11,345,749	11,178,757	10,863,753	10,123,403	9,438,900	9,529,373	8,309,526	7,354,790	6,848,526	-

* Pension benefit fund began in FY2011

Spindletop Center

Net Revenue/Expense and Change in Net Position

Reporting Under GASB 34

Statistical Section

(Unaudited)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Mental Health - Adult										
Total Revenue by Activity	13,002,844	13,989,209	13,798,073	13,190,496	9,732,697	10,292,963	9,462,997	9,485,405	10,038,541	11,007,832
Total Expense by Activity	13,958,844	14,127,696	15,434,087	13,357,384	10,493,248	10,249,548	9,119,839	10,342,507	11,508,383	11,407,356
Change in N.P. by Activity	(956,000)	(138,487)	(1,636,014)	(166,888)	(760,551)	43,415	343,158	(857,102)	(1,469,842)	(399,524)
Mental Health - Child										
Total Revenue by Activity	4,937,584	5,801,191	6,071,909	4,515,566	3,877,940	3,293,605	3,250,020	3,137,582	3,114,045	3,138,705
Total Expense by Activity	4,948,524	4,684,538	4,667,311	3,292,342	2,403,695	2,187,634	2,094,455	1,729,762	1,833,323	1,825,219
Change in N.P. by Activity	(10,940)	1,116,653	1,404,597	1,223,224	1,474,245	1,105,970	1,155,565	1,407,820	1,280,722	1,313,486
Intellectual & Developmental Disability										
Total Revenue by Activity	13,551,949	13,917,631	14,956,900	14,091,777	13,937,097	12,968,494	12,901,697	12,856,552	13,559,735	12,763,776
Total Expense by Activity	15,685,084	15,415,054	15,901,070	15,363,195	15,267,701	14,289,609	13,853,658	13,527,838	13,821,728	13,940,062
Change in N.P. by Activity	(2,133,134)	(1,497,423)	(944,171)	(1,271,418)	(1,330,604)	(1,321,115)	(951,961)	(671,286)	(261,993)	(1,176,286)
Early Childhood Intervention										
Total Revenue by Activity	4,673,485	4,217,477	2,503,987	2,348,844	2,237,069	1,861,721	1,935,755	2,293,766	2,100,831	1,716,839
Total Expense by Activity	4,620,711	4,191,463	2,636,703	2,419,404	2,339,282	2,196,460	2,213,415	2,505,145	2,189,045	1,809,075
Change in N.P. by Activity	52,774	26,014	(132,716)	(70,560)	(102,214)	(334,739)	(277,660)	(211,379)	(88,214)	(92,236)
Substance Abuse Programs										
Total Revenue by Activity	1,348,894	1,170,548	1,089,951	985,602	935,029	797,173	945,863	917,197	1,177,341	1,427,234
Total Expense by Activity	1,752,560	1,331,904	1,248,685	1,163,899	1,158,083	964,782	1,128,601	1,139,410	1,728,645	1,720,553
Change in N.P. by Activity	(403,666)	(161,356)	(158,733)	(178,297)	(223,054)	(167,609)	(182,738)	(222,213)	(551,304)	(293,319)
Housing Program										
Total Revenue by Activity	383,734	126,685	133,238	172,485	140,637	139,133	117,749	156,105	193,981	-
Total Expense by Activity	543,502	377,661	354,367	346,021	329,393	497,304	394,997	525,286	142,057	-
Change in N.P. by Activity	(159,768)	(250,976)	(221,129)	(173,536)	(188,756)	(358,171)	(277,248)	(369,181)	51,924	-
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	1,379,209	130,732	181,590	191,212	492,748	140,284	33,683	-	-	-
Total Expense by Activity	2,737,640	665,758	151,559	1,090,561	1,160,865	1,009,496	89,528	-	-	-
Change in N.P. by Activity	(1,358,431)	(535,026)	30,032	(899,349)	(668,117)	(869,213)	(55,845)	-	-	-
General Revenues	1,642,913	925,400	902,118	1,156,468	1,287,327	1,081,720	929,311	977,386	769,340	632,534
Transfer - Spindletop Housing Corp.	-	-	-	-	-	-	(573,074)	-	-	-
Net Revenue/Expense & Change in Net Position	**(967,467)**	**1,835,771**	**1,577,517**	**751,574**	**1,519,036**	**8,642**	**198,755**	**54,045**	**(269,367)**	**(15,345)**

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	1115 Waiver Program	Other Programs	Interest on Long Term Debt	Total After Allocation of Admin	Admin Allocated to Programs
2010	11,407,356	1,825,219	13,940,062	1,809,075	1,720,553				-	30,702,265	3,767,365
2011	11,508,383	1,833,323	13,821,728	2,189,045	1,728,645	142,057			-	31,223,181	3,929,388
2012	10,342,507	1,729,762	13,527,838	2,505,145	1,139,410	525,286			-	29,769,948	4,232,795
2013	9,119,839	2,094,455	13,853,658	2,213,415	1,128,601	394,997	929,167	89,528	-	29,823,661	4,439,443
2014	10,249,548	2,187,634	14,289,609	2,196,460	964,782	497,304	3,624,732	1,009,496	-	35,019,566	4,625,442
2015	10,493,248	2,403,695	15,267,701	2,339,283	1,158,083	329,393	4,591,142	1,160,865	-	37,743,410	4,712,955
2016	13,357,384	3,292,342	15,363,195	2,419,404	1,163,899	346,021	4,531,020	1,090,561	-	41,563,826	5,184,283
2017	15,434,087	4,667,311	15,901,070	2,636,703	1,248,685	354,367	5,550,213	151,559	-	45,943,993	5,209,052
2018	14,127,696	4,684,538	15,415,054	4,191,463	1,331,904	377,661	3,898,739	665,758	-	44,692,813	4,646,187
2019	12,268,793	4,324,231	13,689,808	4,098,514	1,559,746	486,633	142,628	2,426,951	-	44,036,564	5,039,620

Notes:

(a) Spindletop Center has no outstanding long-term debt.

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

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

Spindletop Center has had no debt in the last 10 years.

Spindletop Center

Components of Net Position

Statistical Section

(Unaudited)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Net Investment in Capital Assets	17,717,260	17,757,053	17,742,982	18,456,636	19,018,409	19,513,398	17,814,099	18,390,499	18,086,323	60,006,644
Restricted	-	-	-	-	-	-	-	-	-	12,126,291
Unrestricted	12,749,124	13,676,798	11,855,097	9,563,925	8,250,578	6,236,553	7,927,209	7,152,055	7,402,186	7,624,941
Total Net Position	**30,466,384**	**31,433,851**	**29,598,079**	**28,020,561**	**27,268,987**	**25,749,951**	**25,741,308**	**25,542,554**	**25,488,509**	**79,757,876**

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

Spindletop Center has had no debt in the last 10 years

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

Jefferson County

	FY 2018		FY 2009	
Employer	**Employees**	**Percentage of Top Employment**	**Employees**	**Percentage of Top Employment**
State of Texas	4,258	4.33%	2,756	2.64%
Beaumont ISD	2,357	2.40%	3,000	2.87%
ExxonMobil Oil Corporation	2,189	2.23%	2,000	1.92%
Christus Health Southeast Texas	1,932	1.97%	2,348	2.25%
Motiva Enterprises	1,540	1.57%	1,058	1.01%
Memorial Hermann Baptist Hospital	1,664	1.69%	1,809	1.73%
City of Beaumont	1,250	1.27%	1,510	1.45%
Port Arthur ISD	1,199	1.22%	1,336	1.28%
Jefferson County	1,176	1.20%	1,262	1.21%
Valero	802	0.82%	0	0.00%
Wal-Mart Associates	0	0	1,270	1.22%
Total	18,367	18.70%	18,349	17.58%

Chambers County

	FY 2018		FY 2009	
Employer	**Employees**	**Percentage of Top Employment**	**Employees**	**Percentage of Top Employment**
ExxonMobil Oil Corporation	3,800	20.68%	486	3.00%
Goose Creek CISD	3,015	16.41%		
Houston Methodist San Jacinto Hospital	1,630	8.87%		
Bayer Material Science-Coverstro	1,000	5.44%	1,100	6.79%
Chevron-Phillips	970	5.28%	685	4.23%
Targa	950	5.17%		
City of Baytown	800	4.35%		
Lee College	750	4.08%		
Barber's Hill ISD	685	3.73%		
Wal-Mart Associates	600	3.27%	600	3.70%
Jindal Steel Works	0	0	780	4.81%
Total	14,200	77.28%	3,651	22.53%

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

Orange County

	FY 2018		FY 2009	
Employer	**Employees**	**Percentage of Top Employment**	**Employees**	**Percentage of Top Employment**
EI Dupont de Nemours & Co	920	2.42%	866	2.23%
Invista	732	1.93%	480	1.24%
Little Cypress-Mauriceville ISD	584	1.54%	523	1.35%
Orange County	500	1.32%	411	1.06%
West Orange Cove Consolidated ISD	450	1.18%	600	1.55%
International Paper	412	1.08%	0	0.00%
Kellog - Brown & Root	420	1.11%	0	0.00%
Lanxess, Inc.	390	1.03%	348	0.90%
Lamar State College - Orange	274	0.72%	250	0.64%
Cloeren Company, Inc.	250	0.66%	300	0.77%
Orangefield ISD	249	0.0053	219	0.56%
Firestone Polymers	200	0.0051	300	0.77%
Total	5,381	14.03%	4,297	11.07%

Hardin County

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

Sources -
- Economic Development Councils
- Area Chambers of Commerce

** Most current information available

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

Jefferson County

Year	Population (a)	Total Personal Income (a)	Per Capita Personal Income (a)	Unemployment Rate (b)
2010	252,463	$ 8,892,498	$ 35,223	11.40%
2011	253,456	$ 9,192,522	$ 36,269	11.70%
2012	251,604	$ 9,638,977	$ 38,310	11.70%
2013	253,111	$ 9,384,310	$ 37,076	11.20%
2014	252,915	$ 10,257,069	$ 40,555	8.80%
2015	255,232	$ 10,680,846	$ 41,848	7.20%
2016	256,311	$ 10,534,980	$ 41,102	7.60%
2017	256,591	$ 10,833,993	$ 42,223	7.30%
2018	255,001	$ 11,236,716	$ 44,065	6.50%
2019	340,481	*	*	6.20%

Chambers County

Year	Population (a)	Total Personal Income (a)	Per Capita Personal Income (a)	Unemployment Rate (b)
2010	35,446	$ 1,388,322	$ 39,167	9.80%
2011	35,687	$ 1,518,565	$ 42,552	9.60%
2012	36,498	$ 1,628,097	$ 44,608	8.50%
2013	37,362	$ 1,735,705	$ 46,456	7.50%
2014	38,290	$ 1,873,088	$ 48,918	6.20%
2015	39,068	$ 1,994,606	$ 51,055	5.70%
2016	40,247	$ 2,064,852	$ 51,304	6.70%
2017	41,399	$ 2,155,859	$ 52,075	6.80%
2018	42,454	$ 2,278,642	$ 53,673	5.50%
2019	42,454	*	`*	4.80%

Orange County

Year	Population (a)	Total Personal Income (a)	Per Capita Personal Income (a)	Unemployment Rate (b)
2010	82,013	$ 2,844,509	$ 34,684	11.80%
2011	82,331	$ 3,035,566	$ 36,870	12.10%
2012	82,881	$ 3,186,958	$ 38,452	11.00%
2013	82,811	$ 3,132,230	$ 37,824	10.80%
2014	83,249	$ 3,363,436	$ 40,402	8.50%
2015	83,946	$ 3,507,046	$ 41,777	6.70%
2016	84,533	$ 3,576,049	$ 42,304	7.40%
2017	84,936	$ 3,670,645	$ 43,217	6.70%
2018	83,572	$ 3,755,583	$ 44,938	5.80%
2019	85,264	*	*	5.40%

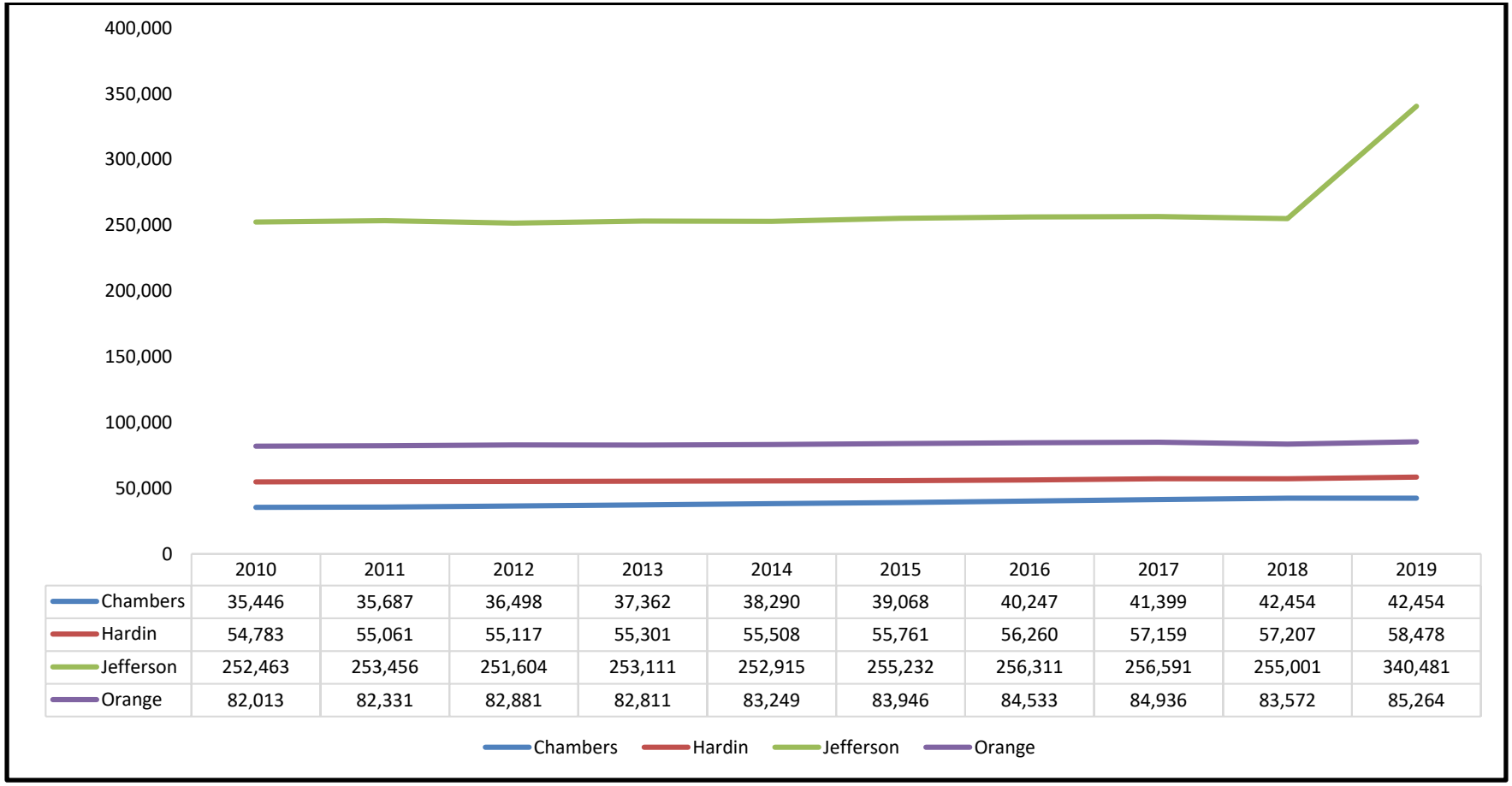
Hardin County

Year	Population (a)	Total Personal Income (a)	Per Capita Personal Income (a)	Unemployment Rate (b)
2010	54,783	$ 1,918,525	$ 35,020	9.90%
2011	55,061	$ 2,038,988	$ 37,031	9.90%
2012	55,117	$ 2,147,634	$ 38,965	8.90%
2013	55,301	$ 2,145,138	$ 38,790	8.30%
2014	55,508	$ 2,287,409	$ 41,209	6.70%
2015	55,761	$ 2,389,574	$ 42,854	6.00%
2016	56,260	$ 2,431,993	$ 43,228	6.80%
2017	57,159	$ 2,530,607	$ 44,273	6.40%
2018	57,207	$ 2,630,490	$ 56,982	5.30%
2019	58,478	*	*	4.80%

Sources:
(a) Bureau of Economic Analysis
(b) Bureau of Labor Statistics

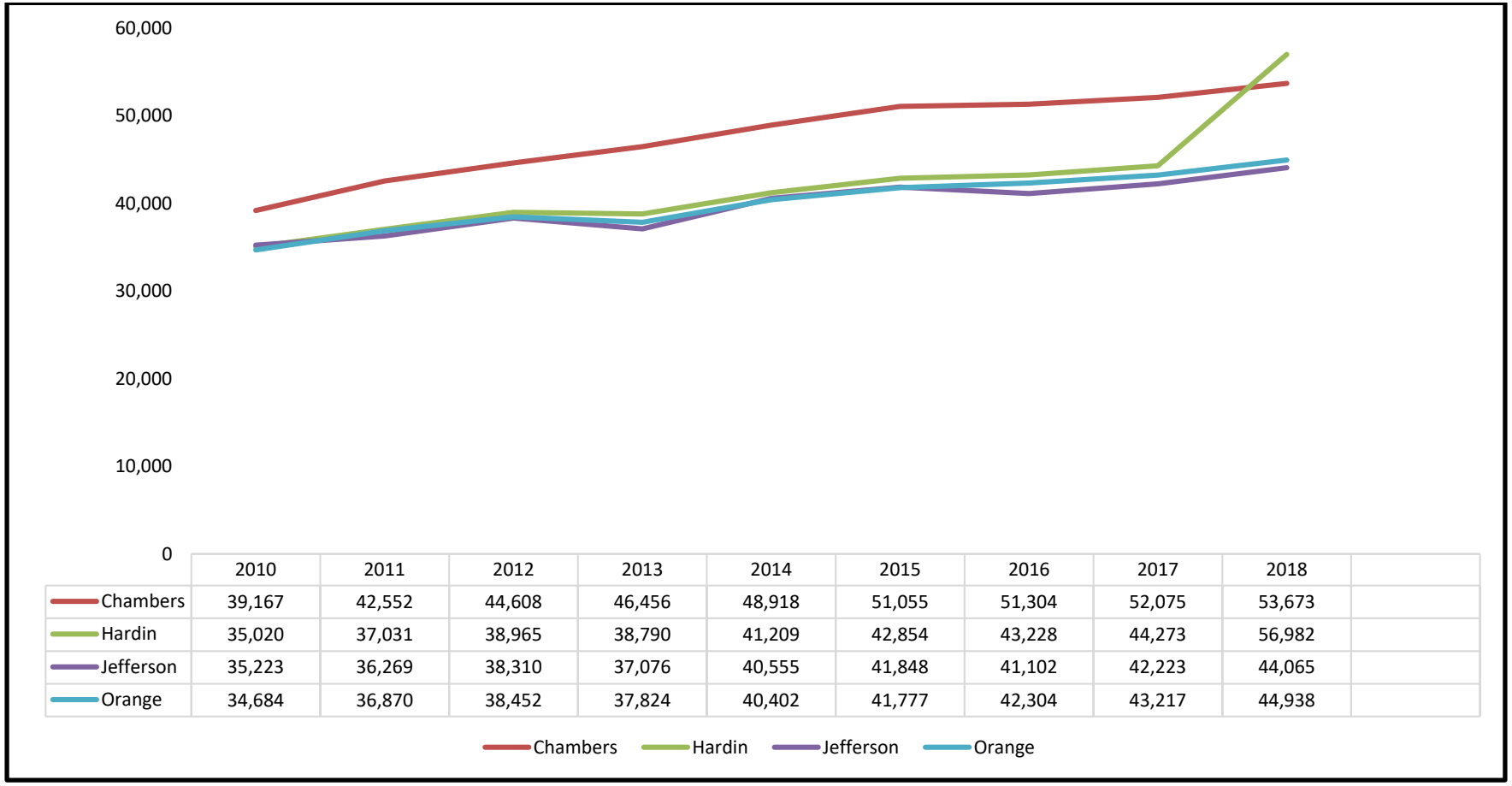
* There is a one-year lag for county Total Personal Income and Per Capita Personal Income

Spindletop Center
Service Area Demographic Statistics
Population
(Unaudited)



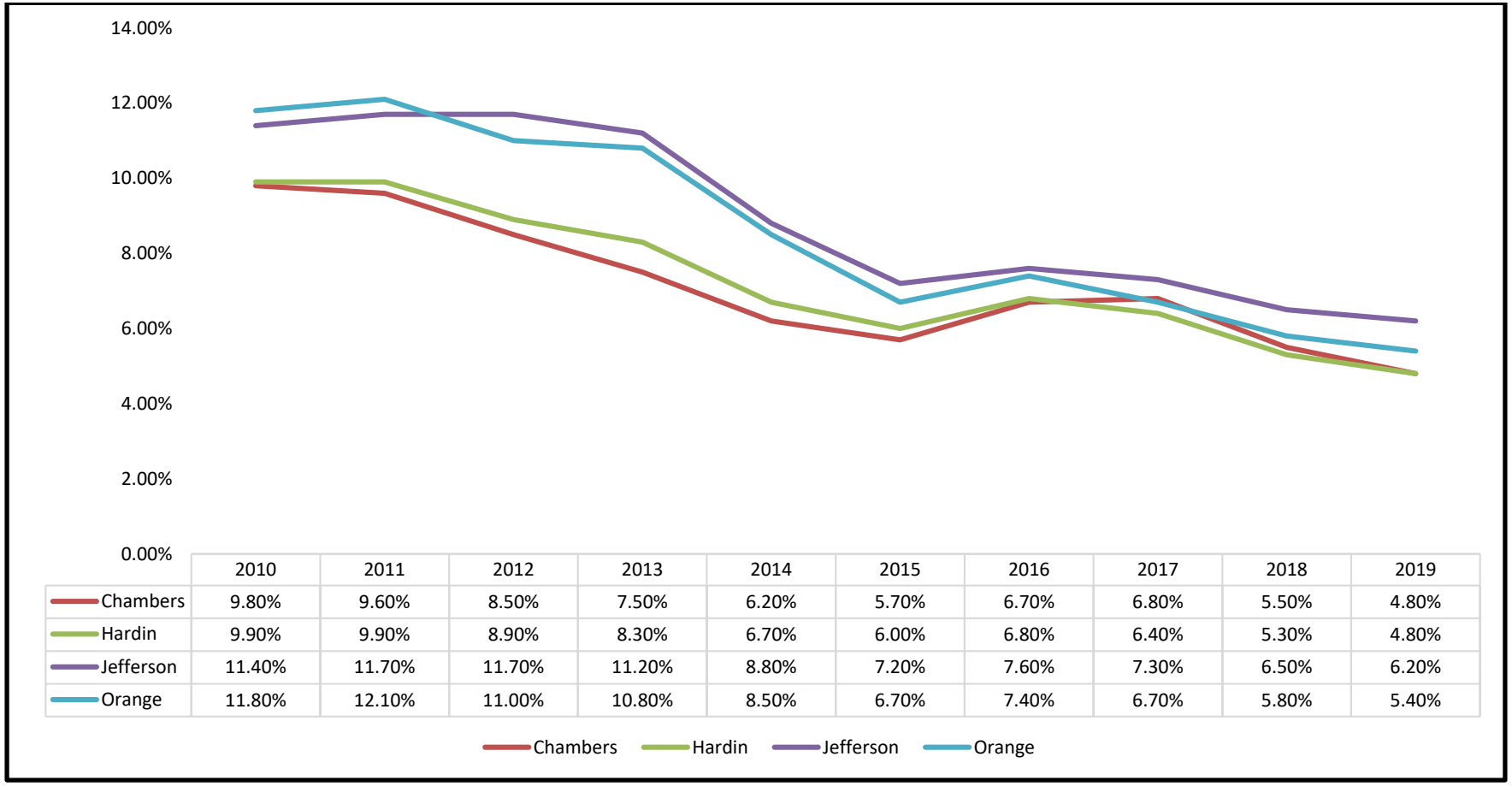
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Chambers	35,446	35,687	36,498	37,362	38,290	39,068	40,247	41,399	42,454	42,454
Hardin	54,783	55,061	55,117	55,301	55,508	55,761	56,260	57,159	57,207	58,478
Jefferson	252,463	253,456	251,604	253,111	252,915	255,232	256,311	256,591	255,001	340,481
Orange	82,013	82,331	82,881	82,811	83,249	83,946	84,533	84,936	83,572	85,264

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



	2010	2011	2012	2013	2014	2015	2016	2017	2018
Chambers	39,167	42,552	44,608	46,456	48,918	51,055	51,304	52,075	53,673
Hardin	35,020	37,031	38,965	38,790	41,209	42,854	43,228	44,273	56,982
Jefferson	35,223	36,269	38,310	37,076	40,555	41,848	41,102	42,223	44,065
Orange	34,684	36,870	38,452	37,824	40,402	41,777	42,304	43,217	44,938

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



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Chambers	9.80%	9.60%	8.50%	7.50%	6.20%	5.70%	6.70%	6.80%	5.50%	4.80%
Hardin	9.90%	9.90%	8.90%	8.30%	6.70%	6.00%	6.80%	6.40%	5.30%	4.80%
Jefferson	11.40%	11.70%	11.70%	11.20%	8.80%	7.20%	7.60%	7.30%	6.50%	6.20%
Orange	11.80%	12.10%	11.00%	10.80%	8.50%	6.70%	7.40%	6.70%	5.80%	5.40%

Spindletop Center
Agency FTE's by Function
(Unaudited)

Fiscal Year	Mental Health Adult	Mental Health Child	Intellectual & Developmental Disability	Early Childhood Intervention	Substance Use Disorder	Housing Program	Admin	Other Programs	Total
2010	38.0	13.5	85.5	5.5	8.0		47.5	9.0	207.0
2011	Information unavailable								
2012	Information unavailable								
2013	Information unavailable								
2014	Information unavailable								
2015	Information unavailable								
2016	Information unavailable								
2017	Information unavailable								
2018	Information unavailable								
2019	85.0	25.0	125.0	51.0	15.0	0.0	50.0	108.0	459.0

SPINDLETOP CENTER
SCHEDULE OF REVENUES AND EXPENDITURES BY SOURCE OF FUNDS
GENERAL FUND (Unaudited)
For the Year Ended August 31, 2019

Fund Source	Total Mental Health Adult & Crisis	Total Mental Health Children	Total Intellectual & Developmental Disabilities	Total Other	Total Center
Objects of Expense					
Salaries	$ 4,534,808	$ 2,082,343	$ 4,748,464	$ 4,390,762	$ 15,756,377
Employee Benefits	1,325,485	686,907	1,614,624	1,195,802	4,822,818
Professional and Consultant Services	4,816,968	1,109,606	5,238,055	734,487	11,899,116
Training and Travel	79,953	59,947	131,330	302,546	573,776
Capital Outlay	111,717	58,335	291,738	701,238	1,163,028
Non-Capitalized Equipment	163,088	45,420	167,188	16,926	392,622
Pharmaceutical Expense	124,278				124,278
Pharmaceutical Expense (PAP only)	5,307,189				5,307,189
Other Operating Expenses	769,462	316,828	1,741,436	1,069,889	3,897,615
Allocation of General Administration to Strategies	1,512,741	558,796	1,785,944	1,089,732	4,947,213
Allocation of Authority Administration to Strategies	189,578	70,029	223,815		483,422
Total Expenditures	**$ 18,935,267**	**$ 4,988,211**	**$ 15,942,594**	**$ 9,501,382**	**$ 49,367,454**
Method of Finance					
General Revenue Allocated from DSHS	9,478,059	1,217,652		278,205	10,973,916
General Revenue Allocated from DADS			3,700,547		3,700,547
Title XX Social Services Block Grant, CFDA #93.667	161,424				161,424
Mental Health Block Grant, CFDA #93.958	657,535	245,208			902,743
TANF, CFDA #93.558.667		206,673			206,673
Medicaid Waiver			7,771,151		7,771,151
PATH, CFDA #93.150	266,394				266,394
Medical Assistance Program, CFDA #93.778	133,620	244,228	1,463,722	2,504,757	4,346,327
Medicaid 1115 Transformation Waiver				2,694,122	2,694,122
Other State Agencies	653,360		22,084	3,434,754	4,110,198
Required Local Match	506,907	150,258	291,466	-	948,631
Additional Local Funds	7,077,968	2,924,192	2,693,624	589,544	13,285,328
Total Method of Finance	**$ 18,935,267**	**$ 4,988,211**	**$ 15,942,594**	**$ 9,501,382**	**$ 49,367,454**
Reconciliation of Final Report III to Audit:					
Expenditures per audit report					$ 44,060,264
Rounding					1
Pharmaceutical Expense (PAP only)					5,307,189
Expenditures per final Report III					**$ 49,367,454**
Revenue per audit report					$ 43,012,213
Excess revenues not reported on Report III					1,048,052
Pharmaceutical Expense (PAP only)					5,307,189
Revenue per final Report III					**$ 49,367,454**

SPINDLETOP CENTER
RECONCILIATION OF TOTAL EXPENDITURES
TO FOURTH QUARTER FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2019
(UNAUDITED)

Object of Expenditure	CARE Report III	Additions		Deletions		Audit Financial Statements
Personnel	$ 18,875,808	$ 1	(b)			$ 18,875,809
Employee Benefits	5,668,180	2	(b)			5,668,182
Professional and Consulting Services	12,169,072					12,169,072
Training and Travel	727,351					727,351
Capital Outlay	1,163,028					1,163,028
Non-capitalized Equipment	683,274					683,274
Pharmaceutical Expense	124,278					124,278
Pharmaceutical Expenses (PAP) only	5,307,189			5,307,189	(a)	
Other Operating Expenses	4,649,274			4	(b)	4,649,270
Total Expenditures	$ 49,367,454	$ 3		$ 5,307,193		$ 44,060,264

(a) PAP not included in financial statements
(b) Rounding

SPINDLETOP CENTER
RECONNCILATION OF TOTAL REVENUES
FOR THE YEAR ENDING AUGUST 31, 2019
(UNAUDITED)

Fund Source	Total Revenue	Expended Revenue	Excess Revenue
General Revenue Allocated from DSHS	$ 10,973,916	$ 10,973,916	$ -
General Revenue Allocated from DADS	3,700,547	3,700,547	-
Title XX Social Services Block Grant, CFDA # 93.667	161,424	161,424	-
Mental Health Block Grant, CFDA # 93.958	902,743	902,743	-
TANF, CFDA #93.558.667	206,673	206,673	-
PAC 344, CFDA #93.777.001 Title XVIII Federal Funds	-	-	-
Medicaid Waiver	7,771,151	7,771,151	-
PATH, CFDA #93.150	266,394	266,394	-
Medical Assistance Program, CFDA # 93.778:	4,346,327	4,346,327	-
Medicaid 1115 Transformation Waiver	2,694,122	2,694,122	-
Other State Agencies	4,110,198	4,110,198	-
Required Local Match (See Below)	948,631	948,631	-
Additional Local Funds	13,285,328	12,237,276	1,048,052
Total Expended Sources	**$ 49,367,454**	**$ 48,319,402**	**$ 1,048,052**
Required Local Match & Additional Local Funds			
County Government Tax Funds	$ 544,798	$ 544,798	$ -
Patient Fees (Insurance and Reimbursements)	4,803,659	4,803,659	-
Miscellaneous Income & Contributions	2,530,265	2,530,265	-
Transfers In	958,281	958,281	-
PAP Contributions	5,307,189	4,259,137	1,048,052
	$ 14,144,192	**$ 13,096,140**	**$ 1,048,052**

SPINDLETOP CENTER
SCHEDULE OF INDIRECT COST (UNAUDITED)
YEAR ENDED AUGUST 31, 2019

	Per CARE Report III	Reclassifications	Reclassified Cost	Nonallowable Cost	Depreciation	Total Adjusted Cost	Direct Cost	Indirect Cost
Salaries	$ 18,875,808	$	$ 18,875,808	$	$	$ 18,875,809	$ 15,922,149	$ 2,953,660
Employee Benefits	5,668,180		5,668,180			5,668,180	4,879,187	788,993
Other Expenditures	18,353,249		18,353,249	(98,887)		18,254,361	17,639,157	615,204
Capital Outlay	1,163,028		1,163,028	(1,163,028)				
Depreciation					1,202,824	1,202,824	1,003,054	199,770
PAP	5,307,189		5,307,189	(5,307,189)				
Total	$ 49,367,454	$ -	49,367,454	$ (6,569,104)	$ 1,202,824	$ 44,001,174	$ 39,443,547	$ 4,557,627
Less PAP			(5,307,189)					
Rounding			1					
Expenditures per audit			$ 44,060,254					

Rate Computation

Indirect Cost	Indirect Cost	$	4,557,627
Direct Cost	Direct Cost	$	39,443,547
Indirect Cost Rate	Indirect Cost Rate		11.55%

SPINDLETOP CENTER
SCHEDULE OF LEASES (UNAUDITED)
YEAR ENDED AUGUST 31, 2019

		Annual Amt
Lessor:	Silsbee Community Center	
Terms:	$1,000 per Month for Office Space	$ 18,000
Period:	September 1, 2018 through August 31, 2019	
Terms:	$500 per Month for Office Space	
Period:	September 1, 2018 through August 31, 2019	
Location:	Silsbee, Texas	
Lessor:	Office Depot	
Terms:	$35 per Unit per Month	17,613
Period:	February 14, 2018 through February 13, 2019	
Terms:	$35 per Unit per Month	
Period:	February 14, 2019 through February 13, 2020	
Location:	Chicago, Illinois	
Lessor:	Cleveland Properties LLC.	
Terms:	$1,550 per Month for Residential Services	18,600
Period:	March 5, 2018 through March 4, 2019	
Terms:	$1,550 per Month for Residential Services	
Period:	March 5, 2019 through March 4, 2020	
Location:	Lumberton, Texas	
Lessor:	Estate of William Leopold	
Terms:	$1,695 per Month for Rental Space	20,340
Period:	September 18, 2018 through September 30, 2019	
Terms:	$1,695 per Month for Rental Services	
Period:	October 1, 2019 through September 30, 2020	
Lessor:	Double H Property Mgmt. LLC	
Terms:	$1,400 per Month for Residential Services	17,400
Period:	April 1, 2018 through March 31, 2019	
Terms:	$1,500 per Month for Residential Services	
Period:	April 1, 2019 through March 4, 2020	
Location:	Lumberton, Texas	
Lessor:	XEROX	13,100
Terms:	Various, Depending on Usage	
Period:	September 1, 2018 through August 31, 2020	
Location:	Dallas, Texas	

SPINDLETOP CENTER
SCHEDULE OF INSURANCE IN FORCE (UNAUDITED)
YEAR ENDED AUGUST 31, 2019

Insurer	Policy Period	Coverage	Limits of Coverage
Texas Council Risk Management Fund	09/01/18 – 08/31/19	Worker's Compensation	Statutory
Texas Council Risk Management Fund	09/01/18 – 08/31/19	General Liability	$ 1,000,000
Texas Council Risk Management Fund	09/01/18 – 08/31/19	Automobile Liability	$1,000,000
Texas Council Risk Management Fund	09/01/18 – 08/31/19	Errors and Omissions	$1,000,000
Texas Council Risk Management Fund	09/01/18 – 08/31/19	Property	All Risk/Replacement Costs
Texas Council Risk Management Fund	09/01/18 – 08/31/19	Automobile Physical Damage	Actual Cash Value
B&B Lone Star Insurance Services Inc	07/01/18 – 06/30/19	Windstorm/Hail	$29,942,351
Arthur J. Gallagher Risk Management	07/01/19 – 06/30/20	Windstorm/Hail	$29,942,651
National Mutual Insurance Company	09/28/17 – 09/27/18	Flood Coverage	$500,000 building $403,000 contents
National Mutual Insurance Company	09/28/18 – 09/27/19	Flood Coverage	$500,000 building $403,000 contents
National Mutual Insurance Company	09/28/17 – 09/27/18	Flood Coverage	$500,000 building $150,000 contents
National Mutual Insurance Company	09/28/18 – 09/27/19	Flood Coverage	$500,000 building $150,000 contents
JI Special Risk Insurance Agency	11/15/17 – 11/15/18	Professional Liability	$1,000,000 per claim $3,000,000 annual aggregate
JI Special Risk Insurance Agency	11/15/18 – 11/15/19	Professional Liability	$1,000,000 per claim $3,000,000 annual aggregate
JI Special Risk Insurance Agency	11/15/17 – 11/15/18	Cyber Coverage	$3,000,000
JI Special Risk Insurance Agency	11/15/18 – 11/15/19	Cyber Coverage	$3,000,000

SPINDLETOP CENTER
SCHEDULE OF BOND COVERAGE (UNAUDITED)
YEAR ENDED AUGUST 31, 2019

Insurer	Policy Period	Coverage	Limits of Coverage
Braud, Vaughn & Williamson Insurance	12/29/17 – 12/29/18	Commercial Crime Employee Dishonesty	$ 5,000
Braud, Vaughn & Williamson Insurance	12/29/17 – 12/29/18	Commercial Crime Computer Fraud	$ 5,000
Braud, Vaughn & Williamson Insurance	12/29/18 – 12/29/19	Commercial Crime Employee Dishonesty	$ 5,000
Braud, Vaughn & Williamson Insurance	12/29/18 – 12/29/19	Commercial Crime Computer Fraud	$ 5,000

SPINDLETOP CENTER
SCHEDULE OF SPACE OCCUPIED IN A STATE OWNED FACILITY (UNAUDITED)
YEAR ENDED AUGUST 31, 2019

Location	Utilization	Monthly Cost
NONE		

SPINDLETOP CENTER
SCHEDULE OF PROFESSIONAL AND CONSULTING FEES
(UNAUDITED)
YEAR ENDED AUGUST 31, 2019

Name	City	Type of Service	Amount
A. W. Wehner, III, DDS	Nederland, Texas	Dental Services	$ 277
Able Living Homes LLC	Winnie, Texas	Day Hab Services	5,233
Advanced Family Dental Care	Beaumont, Texas	Dental Services	359
Advanced Staffing	Beaumont, Texas	Temporary Services	43,899
All Needz Dental	Silsbee, Texas	Dental Services	222
Amanda Adams	Silsbee, Texas	Occupational Services	275
Andy B. Duke DDS	Beaumont, Texas	Dental Services	5,200
Baptist Hospital of S.E. Texas	Beaumont, Texas	Medical Services	68,750
Beaumont Smile Center	Beaumont, Texas	Dental Services	2,267
Bess & Shaw Parternship	Beaumont, Texas	Dental Services	160
Burke Center for East Texas Behavioral Network	Lufkin, Texas	Psychiatrist Services	597,887
Carl E. Briggs, SR	Beaumont, Texas	Dental Services	162
Cerner Corporation	St. Louis, MO	Computer Consultation	21,077
Christopher Riedel, DDS, PA	Orange, Texas	Dental Services	563
City of Beaumont	Beaumont, Texas	Law Services	54,046
Communication Axess Ability Group	Houston, Texas	Interpreting Services	813
CornerStone Dental	Beaumont, Texas	Dental Services	975
Consilium Staffing	Irving, Texas	Medical Services	132,527
County of Orange	Orange, Texas	Law Services	58,010
Dabel Family Dentistry	Groves, Texas	Dental Services	227
Daron, P Etie, DDS	Beaumont, Texas	Dental Services	2,115
David Sonnier, DDS	Nederland, Texas	Dental Services	277
Dr, Joe Keneson, DDS	Silsbee, Texas	Dental Services	1,208
Dr. John LeBlanc, DDS	Beaumont, Texas	Dental Services	284
Dr. Keith Kyle, DDS	Orange, Texas	Dental Services	338
Dr. Michael Bartlett, DDS	Port Arthur, Texas	Dental Services	465
Dr. Michael Fahey, DDS	Winnie, Texas	Dental Services	1,204
Dr. Ronald A Amuny, DDS	Nederland, Texas	Dental Services	60
Educare Community Living Corp	Beaumont, Texas	Day Hab Services	5,816
Eide Bailly LLP	Abilene, Texas	Audit Services	33,700
Elite Dentures	Beaumont, Texas	Dental Services	2,852
Garrett Dental Clinic	Groves, Texas	Dental Services	2,883
Greater Beaumont Oral & Maxillofacial	Beaumont, Texas	Dental Services	2,440
Gulfside Dental Old Town PLLC	Dallas, Texas	Dental Services	2,672
Hagler-Sciarrila Family Dentristry	Vidor, Texas	Dental Services	1,473
Hardin County	Kountze, Texas	Law Services	51,528
Harris Center For Mental Health	Houston, Texas	Crisis Hotline	81,180
HCDC Professionals LLC	Houston, Texas	Dental Services	2,000
Higginbotham Insurance Agency, Inc	Fort Worth, Texas	Consulting Services	59,381
Houston Children's Dental Center LLC	Houston, Texas	Dental Services	3,428
Initiative Care Group HCS	Beaumont, Texas	Day Hab Services	4,162
Jackson & Coker Locum Tenens	Atlanta, GA	Medical Services	83,004
James A. Arisco, DDS	Port Neches, Texas	Dental Services	266
James A Duncan	Beaumont, Texas	Occupational Services	500
Jefferson County	Beaumont, Texas	Program Consultation	138,929
Jerry L. Burd, DDS	Beaumont, Texas	Dental Services	824
Keith W Kyle, DDS	Orange, Texas	Dental Services	738
Kevin M Correia	Beaumont, Texas	Physician	34,250
Kountze Dental Center	Kountze, Texas	Dental Services	1,475
Kyle M Walker, DDS	Orange, Texas	Dental Services	267
Lamar Institute of Technology	Beaumont, Texas	Interpreting	95
Language Line Services	Monterrey, CA	Interpreting	1,286
Locumtenens.com LLC	Atlanta, GA	Medical Services	788,190
Logmein USA, Inc.	Los Angeles, CA	Computer Consultation	309
Mark W. Stephenson, DDS	Conroe, Texas	Dental Services	5,000
Metha Leanne Todd	Nederland, Texas	Dental Services	600
MGS Comminuty Living Skills	Houston, Texas	Day Hab Services	4,425
Michael Bartlett, DDS	Port Arthur, Texas	Dental Services	940

SPINDLETOP CENTER
SCHEDULE OF PROFESSIONAL AND CONSULTING FEES CONTINUED
(UNAUDITED)
YEAR ENDED AUGUST 31, 2019

Name	City	Type of Service	Amount
Michael E. Cessac, DDS	Nederland, Texas	Dental Services	340
Mid County Oral Surgery	Nederland, Texas	Dental Services	348
Morrison, DDS Justin L	Beaumont, Texas	Dental Services	989
Nederland Family Dental	Nederland, Texas	Dental Services	3,410
Nora Mosely, DDS	Beaumont, Texas	Dental Services	850
OCARC	Orange, Texas	Consumer Training	43,025
Orange County	Orange, Texas	Law Services	61,305
Recreation Education Complex	Beaumont, Texas	Day Hab Services	81,428
Robert E. Wiggins DDS	Port Arthur, Texas	Dental Services	585
Robert L. Smith, DDS	Beaumont, Texas	Dental Services	15,022
Ronda G. Green, DDS	Baytown, Texas	Dental Services	589
S.K. Jackson Therapy	Beaumont, Texas	Occupational Therapist	250
Silsbee Family Dentistry	Silsbee, Texas	Dental Services	666
Southeast Texas Endodontics	Beaumont, Texas	Dental Services	1,271
SE Texas Oral Maxillofacial Surgery & Dental	Beaumont, Texas	Dental Services	1,077
Spanish Language	Beaumont, Texas	Interpreting	1,065
St. Giles Living Center	Beaumont, Texas	Day Hab Services	2,642
Tara Reed	Beaumont, Texas	Dietician	9,384
Tejas Behavioral Health	Round Rock, Texas	Day Hab Services	8,750
The Hughen Center	Port Arthur, Texas	Day Hab Services	412
TWG Investments	Wichita Falls, Texas	Crisis Services Management	510,800
Twin City Dental	Port Arthur, Texas	Dental Services	1,295
UTMB	Houston, Texas	Medical Services	37,808
Vertical Communications, Inc	Dallas, Texas	Computer Consultation	5,842
Vina Lu, D.M.D., P.C.	Port Arthur, Texas	Dental Services	2,213
Walter E. Landisch, DDS	Orange, Texas	Dental Services	161
Weaver and Jaynes Dentistry, PLLC	Beaumont, Texas	Dental Services	32,355
West End Dental Group, PLLC	Nederland, Texas	Dental Services	220

SPINDLETOP CENTER
SCHEDULE OF LEGAL SERVICES (UNAUDITED)
YEAR ENDED AUGUST 31, 2019

Name	City	Type of Service	Amount
Baker, Donelson, Bearman, Caldwell & Berkowitz, PC	Houston, Texas	Legal Services	$ 8,251
Calvert Eaves Clarke & Stelly, L.L.P.	Beaumont, Texas	Legal Services	$ 1,092

SINGLE AUDIT SECTION

EideBailly

CPAs & BUSINESS ADVISORS

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

To the Board of Directors
Spindletop Center
Beaumont, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, the major fund, and the aggregate remaining fund information of Spindletop Center ("the Center"), as of and for the year ended August 31, 2019, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements and have issued our report thereon dated December 12, 2019.

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

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

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

What inspires you, inspires us. | eidebailly.com

400 Pine St., Ste. 600 | Abilene, TX 79601-5190 | T 325.672.4000 | TF 800.588.2525 | F 325.672.7049 | EOE

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Center's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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.

Ede Bailly LLP

Abilene, Texas
December 12, 2019

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

To the Board of Directors
Spindletop Center
Beaumont, Texas

Report on Compliance for Each Major Federal and State Program

We have audited Spindletop Center's (the Center) compliance with the types of compliance requirements described in the *OMB Compliance Supplement,* State of Texas *Single Audit Circular* (TSAC) and *Guidelines for Annual Financial and Compliance Audits of Community Mental Health and Mental Retardation Centers* that could have a direct and material effect on each of the Center's major federal and state programs for the year ended August 31, 2019. The Center's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

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

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

Opinion on Each Major Federal and State Program
In our opinion, the Center complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended August 31, 2019.

Report on Internal Control over Compliance

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

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

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

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

Ede Bailly LLP

Abilene, Texas
December 12, 2019

SCHEDULE OF EXPENDITURES OF

FEDERAL AND STATE AWARDS

SPINDLETOP CENTER
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDING AUGUST 31, 2019

Grant/Contract		Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
Federal Awards				
U.S. Department of Housing and Urban Development (HUD)				
Passed through the Texas Department of Community Planning & Development				
Continuum of Care Program - Permanent Housing Supporting Housing in Southeast Texas		14.267	TX0410L6E071601	$ 28,527
Passed through the Texas Department of Housing and Community Affairs				
Home Investments Partnership Program		14.239	1002746	6,432
Total U. S. Department of Housing and Urban Development				**34,959**
U.S. Department of Education				
Passed through the Texas Health and Human Services Commission				
Special Education - Grants to State – Special Education Cluster		84.027	538-13-7777-0000000000088	70,920
Special Education - Grants for Infants and Families with Disabilities		84.181	538-13-7777-0000000000088	1,574,275
Total U. S. Department of Education				**1,645,195**
U. S. Department of Health and Human Services				
Passed through Texas Health and Human Services Commission				
Local Mental Health Authority & Local Intellectual & Developmental Disabilities Authority				
Medical Assistance Program (Medicaid Title XIX) – Medicaid Cluster	*	93.778	529-09-0032-00059	643,364
Total LMHA & LIDDA				**643,364**
Local Mental Health Authority				
Temporary Assistance for Needy Families (TANF) – TANF Cluster	##	93.558	529-17-0038-00031-A01	257,834
Title XX - Social Services Block Grant		93.667	529-17-0038-00031-A01	110,263
Mental Health Block Grant	**	93.958	529-17-0038-00031-A01	902,743
Mental Health Block Grant – Substance Abuse	**	93.958	2016-048311-003-(SA/TCO)	16,353
Block Grants for Prevention and Treatment of Substance Abuse	#	93.959	2016-048311-003-(SA/TCO)	84,759
Block Grants for Prevention and Treatment of Substance Abuse	#	93.959	2016-048393-003 (SA/TRA)	106,688
Recovery Support Services - SAPT	#	93.959	2016-048395-003 (SA/RSS)	193,051
Recovery Support Services - TTOR		93.788	2016-048395-003 (SA/RSS)	65,899
Youth Recovery Community Services	#	93.959	2016-048485-003 (YRC)	155,626
Projects for Assistance in Transition from Homelessness (PATH)		93.150	2016-048131-001	258,402
Total Local Mental Health Authority				**2,151,618**
Local Intellectual & Developmental Disabilities Authority				
Money Follows the Person (Medicare Title XVIII)		93.791	529-18-0050-00001	87,378
Total Local Intellectual & Developmental Disabilities Authority				**87,378**
Early Childhood Intervention				
Temporary Assistance for Needy Families – TANF Cluster	##	93.558	538-13-7777-0000000000088	286,240
Medical Assistance Program (Medicaid Title XIX) – Medicaid Cluster	*	93.778	529-11-0040-00001	144,802
Total Early Childhood Intervention				**431,042**
Total U.S. Department of Health and Human Services				**3,313,402**
Total Expenditures of Federal Awards				**$ 4,993,556**

TANF Cluster - ## Total expenditures for CFDA 93.558 is	$ 544,074
Medicaid Cluster - * Total expenditures for CFDA 93.778 is	$ 788,168
** Total expenditures for CFDA 93.958 is	$ 919,096
# Total expenditures for CFDA 93.959 is	$ 540,124

SPINDLETOP CENTER
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDING AUGUST 31, 2019
(Continued)

Grant/Contract	Grantor's Number		Expenditures
State Awards			
Texas Health and Human Services Commission			
Local Mental Health Authority			
General Revenue - Mental Health Adult	529-17-0038-00031B-A01		4,324,458
General Revenue - Mental Health Children	529-17-0038-00031B-A01		1,230,585
General Revenue - Crisis	529-17-0038-00031B-A01		520,762
Mental Health First Aid	529-17-0038-00031B-A05		11,000
Psychiatric Emergency Service Centers	529-17-0038-00031B-A06		2,451,806
Private Psychiatric Beds	529-17-0038-00031B-A07		2,168,100
Supportive Housing Project	529-17-0038-00031B-A10		209,154
Veteran Support Services	529-17-0038-00031B-A11		55,801
Treatment Co-occurring Psychiatric & Substance Use Disorders	2016-048311-003 (SA/TCO)		34,808
Adult Residential and Outpatient Services	2016-048393-003 (SA/TRA)		22,290
Youth Recovery Community Services	2016-048485-003 (SA/YRC)		29,171
Projects for Assistance in Transition from Homelessness (PATH)	2016-048131-001B		7,992
Mental Health Grant Program for Justice-Involved Individuals – Rural	HHS000134400020 (MH/SB292)		208,216
Mental Health Grant Program for Justice-Involved Individuals – Urban	HHS000135400001 (MH/SB292)		207,430
Coordinated Specialty Care (CSC)	HHS000335800001		94,161
Total Local Mental Health Authority			**11,575,734**
Local Intellectual and Developmental Disabilities Authority			
General Revenue - IDD	529-18-0050-00001		3,238,517
Permanency Planning	529-18-0050-00001		15,565
Enhanced Community Coordination	529-18-0050-00001		90,647
IDD Crisis Intervention Specialist & Crisis Respite	529-18-0050-00001		206,202
Nursing Facility PASRR Service Coordination	529-18-0050-00001		98,895
OBRA (PASRR)	529-18-0050-00001		50,721
Total Local Intellectual and Developmental Disabilities Authority			**3,700,547**
Early Childhood Intervention			
Early Childhood Intervention	538-13-7777-0000000000088	*	419,147
Respite	538-13-7777-0000000000088		8,988
Total Local Intellectual and Developmental Disabilities Authority			**428,135**
Total Expenditures of State Awards			**$ 15,704,416**
Total Expenditures of Federal and State Awards			**$ 20,697,972**

* $89,774 of ECI expenses were approved by HHSC and encumbered at August 31, 2019 for vehicle purchase. For GAAP the expense will be recorded in FY 20 when the vehicles transfer title to the Center.

SPINDLETOP CENTER
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
AUGUST 31, 2019

1. GENERAL

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

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

2. BASIS OF ACCOUNTING

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

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

3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

Certain state programs have been excluded from the Schedule of Expenditures of Federal and State Awards by specific request of the funding agency. State programs excluded from the schedule are the Texas Rehabilitation Commission program, the Texas Correctional Office on Offenders with Medical or Mental Impairments program, the Texas Department of Transportation and the Texas Department of Criminal Justice program. These state programs excluded from the accompanying schedule are not considered financial assistance as defined in the *State of Texas Single Audit Circular*.

4. PROGRAM OR AWARD AMOUNTS

Amounts include contract/award amounts plus any additional reimbursement monies received in fiscal year 2019.

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, 2019.

SPINDLETOP CENTER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2019

Section I – Summary of Auditor's Results

FINANCIAL STATEMENTS

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

FEDERAL AND STATE AWARDS

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

Identification of major programs:

Name of Federal Program	CFDA Number
Medical Assistance Program (Medicaid Title XIX)	93.778
Special Education - Grants for Infants and 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 Behavioral Health Adult	N/A
General Revenue Intellectual and Developmental Disabilities	N/A
General Revenue Private Psychiatric Beds	N/A
General Revenue Psychiatric Emergency Service Center	N/A
Dollar threshold used to distinguish between type A and type B programs for state awards:	$471,132
Auditee qualified as a low-risk auditee?	No

Section II – Financial Statement Findings

The audit disclosed no findings required to be reported.

Section III – Federal Award Findings and Questioned Costs

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

SPINDLETOP CENTER

Mailing Address:
PO BOX 3846
BEAUMONT, TX
77704-3846
Physical Address:
655 S. 8th STREET
BEAUMONT, TX
77701
Tel (409) 784-5400
fax (409) 833-8041
*www.*Spindletopcenter.org

Holly Borel
Chief Executive Officer

Jefferson County Board Members
Gladdie Fowler
Dolores Sennette
Shirley Adams
Frank Coffin, Jr.
Rebecca Ford

Orange County Board Members
Gus Harris
Mike Marion

Hardin County Board Member
Gaye Lokey

Chambers County Board Member
Brian C. Hawthorne

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

Equal Employment Opportunity
Affirmative Action Employer

SPINDLETOP CENTER
SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED AUGUST 31, 2018

Finding 2018-001

Initial Fiscal Year Finding Occurred: 2018

Finding Summary: The Center discovered that an employee entered and was paid for 40 hours of overtime during one week rather than 40 hours of regular time.

Status: Resolved – The Center implemented tighter controls over timecard approval.