



*Burke*

Financial Statements  
August 31, 2021

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**BURKE CENTER**  
Certificate of Board Approval  
Year Ended August 31, 2021

I, Col. Howard Daniel Jr., Board Chair of the Board of Trustees of Burke Center, do hereby certify that this accompanying audit report for fiscal year ended August 31, 2021, from Eide Bailly LLP was reviewed and accepted at a meeting of the Board of Trustees held on the 25<sup>th</sup> day of January, 2022.



Col. Howard Daniel Jr.  
Chair, Board of Trustees

**BURKE CENTER**  
Listing of Officials  
August 31, 2021

**Board of Trustees**

Col. Howard Daniel Jr., US Army Ret.	Chair
Randy George	Vice-Chair
David Cozadd	Secretary
Frances Scoggins	Treasurer
Lois Ball	Trustee
John Howard	Trustee
Jim McReynolds	Trustee
Judge Doug Page	Trustee
Sondra Williams	Trustee

**Leadership**

Melanie Taylor	Chief Executive Officer
David Baker	Chief Financial Officer
James Smith, Ed. D.	Chief Clinical Officer
Mark Janes, M.D.	Medical Director



## Independent Auditor's Report

To the Board of Trustees  
Burke Center  
Lufkin, Texas

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Burke Center (the Center), as of and for the year ended August 31, 2021, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, 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 business-type activities, each major fund, and the aggregate remaining fund information of the Center, as of August 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Change in Accounting Principle**

As discussed in Notes 3 and 18 to the financial statements, the Center has adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, which has resulted in a restatement of the net position of the custodial fund as of September 1, 2020. Our opinions are not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6–12 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 inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *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 supplementary schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying Schedule of Expenditures of State and Federal Awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the State of Texas Single Audit Circular and is not a required part of the financial statements.

The schedule of expenditures of state and federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 audit standards generally accepted in the United State of America. In our opinion, the schedule of expenditures of the state and federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued a report dated January 18, 2022 on our consideration of the 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  
January 18, 2022



As management of Burke Center (the Center), we offer readers of the accompanying report this narrative overview and analysis of the financial activities of the Center for the fiscal year ended August 31, 2021.

### Financial Highlights

- The assets of the Center exceeded its liabilities at the close of the most recent fiscal year by \$32,851,607 (net position). This compares to the previous year when assets exceeded liabilities by \$30,837,019. The Center's total net position (government-wide) increased by \$2,014,588.
- As of the close of the current fiscal year, the Center's governmental fund reported ending fund balances of \$13,672,334, an increase of \$1,338,697.
- As of the close of the current fiscal year, the Center's business-type activity, East Texas Behavioral Resources, Inc. (ETBR), reported an ending net position of \$16,942,637, an increase of \$388,050.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$0 or 0 percent of General Fund Expenditures. \$10,222,165 was assigned for policy reserve which represents 25.8% of General Fund expenditures excluding capital outlay.

### 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 basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains required supplementary information and supplementary information in addition to the basic financial statements.

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

The *Statement of Net Position* (Exhibit A-1) presents information on all of the Center's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as an indicator of how the financial position of the Center is changing.

The *Statement of Activities* (Exhibit A-2) presents information showing how the Center's net position changed during the year. Changes in net position are reported upon occurrence of the underlying event giving rise to the change, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some transactions that will not result in cash flows until future fiscal periods. One such example is earned but unused vacation leave, which is expensed at the time it is accrued, but the cash flow occurs at the time the leave is taken.

In the Statement of Net Position and Statement of Activities, the Center combines its *governmental activities*. Most of the Center's basic services are reported here, including the Mental Health Adult Program, Mental Health Child Program, Mental Health Crisis Program, Intellectual & Developmental Disabilities Program, Early Childhood Intervention, Other Activities, and General Administration.

The government-wide financial statements can be found as noted in the table of contents of this report.

**Fund Financial Statements.** The fund financial statements provide detailed information about the most significant funds -not the Center as a whole. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Center, as do 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 three categories: governmental funds, proprietary 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, governmental fund financial statements focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which requires the recognition of revenue when earned, only so long as the funds are collectible within the period or soon enough afterwards to be used to pay liabilities of the current period.

The governmental fund financial statements provide a detailed short-term view of the Center's general government operations and the basic services it provides. Governmental fund information helps you determine the amount of financial resources that can be spent in the near future to finance the Center's programs.

The Center has one governmental fund - the general fund. The general fund is the main operating fund of the Center. All resources that are not required to be are reported in another fund are reported here.

The Center adopts an annual revenue and appropriations budget for its general fund. Subsequent to adoption, amendments approved by the governing body are reflected in a revised budget. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget as noted in the table of contents in this report.

The basic governmental fund financial statements are noted in the table of contents of this report.

**Proprietary Funds.** The Center maintains one type of proprietary fund. The *enterprise fund* is used to account primarily for the lease of facilities by ETBR to the Center. The accounting principles for the proprietary fund are the same as those used for the government- wide financial statements described above.

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of the Center's consumers. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support Center programs. The fiduciary fund financial statements are noted in the table of contents of this report.

**Notes to the Basic 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 basic financial statements are noted in the table of contents of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents supplementary information that is required by the Texas Health and Human Services Commission's Guidelines for Annual Compliance Audit of Community MHMR Centers. Such information is noted in the table of contents of this report.

### Government-Wide Financial Analysis

As mentioned earlier, net position may, over time, serve as a useful indicator of a government's financial position. The Center's assets exceeded liabilities by \$32,851,607 at the close of the most recent fiscal year. This is a \$2,014,588 increase over last year's net position of \$30,837,019.

The largest portion of the Center's net position (53.5%) represents its net investment in capital assets (e.g., land, buildings and improvements, furniture and equipment, and vehicles). The remaining balance of the Center's net position (46.5%) represents the unrestricted financial resources available for future operations.

Statement of Net Position  
Government-Wide

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 17,400,286	\$ 15,853,720	\$ 2,590,310	\$ 1,802,850	\$ 19,990,596	\$ 17,656,570
Capital assets, net	3,208,154	3,038,162	16,545,343	17,147,700	19,753,497	20,185,862
<b>Total assets</b>	<b>20,608,440</b>	<b>18,891,882</b>	<b>19,135,653</b>	<b>18,950,550</b>	<b>39,744,093</b>	<b>37,842,432</b>
Current and other liabilities	3,727,952	3,520,083	438	12,630	3,728,390	3,532,713
Long-term liabilities	971,518	1,089,367	2,192,578	2,383,333	3,164,096	3,472,700
<b>Total liabilities</b>	<b>4,699,470</b>	<b>4,609,450</b>	<b>2,193,016</b>	<b>2,395,963</b>	<b>6,892,486</b>	<b>7,005,413</b>
Net investment in capital assets	3,208,154	3,038,162	14,352,765	14,764,367	17,560,919	17,802,529
Unrestricted	12,700,816	11,244,270	2,589,872	1,790,220	15,290,688	13,034,490
<b>Total net position</b>	<b>\$ 15,908,970</b>	<b>\$ 14,282,432</b>	<b>\$ 16,942,637</b>	<b>\$ 16,554,587</b>	<b>\$ 32,851,607</b>	<b>\$ 30,837,019</b>

Governmental activities increased the Center's net position by \$1,626,538, and the business-type activities increased the Center's net position by \$388,050. Key elements of this increase are as follows:

Statement of Activities Government-Wide						
	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 22,426,517	\$ 24,475,895	\$ 1,429,464	\$ 1,429,465	\$ 23,855,981	\$ 25,905,360
Operating grants and contributions	19,115,225	18,056,359	-	-	19,115,225	18,056,359
General revenues						
Unrestricted investment earnings	28,902	62,805	1,265	2,785	30,167	65,590
Gain on sale of assets	160,955	90,431	-	-	160,955	90,431
Total revenues	<u>41,731,599</u>	<u>42,685,490</u>	<u>1,430,729</u>	<u>1,432,250</u>	<u>43,162,328</u>	<u>44,117,740</u>
<b>Expenses</b>						
Mental Health Adult	9,567,811	9,426,930	-	-	9,567,811	9,426,930
Mental Health Child	3,816,938	3,794,838	-	-	3,816,938	3,794,838
Mental Health Crisis	4,137,665	4,475,043	-	-	4,137,665	4,475,043
Intellectual & Developmental Disabilities	9,048,157	9,580,935	-	-	9,048,157	9,580,935
Early Childhood Intervention	2,229,252	2,155,546	-	-	2,229,252	2,155,546
Other Activities	6,953,122	5,611,054	-	-	6,953,122	5,611,054
Administration	4,352,116	4,121,456	-	-	4,352,116	4,121,456
ETBR	-	-	1,042,679	1,303,983	1,042,679	1,303,983
Total expenses	<u>40,105,061</u>	<u>39,165,802</u>	<u>1,042,679</u>	<u>1,303,983</u>	<u>41,147,740</u>	<u>40,469,785</u>
Change in net position	1,626,538	3,519,688	388,050	128,267	2,014,588	3,647,955
Net position, beginning	<u>14,282,432</u>	<u>10,762,744</u>	<u>16,554,587</u>	<u>16,426,320</u>	<u>30,837,019</u>	<u>27,189,064</u>
Net position, ending	<u>\$ 15,908,970</u>	<u>\$ 14,282,432</u>	<u>\$ 16,942,637</u>	<u>\$ 16,554,587</u>	<u>\$ 32,851,607</u>	<u>\$ 30,837,019</u>

## **Fund Financial Analysis**

### *Governmental Funds*

The focus of 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. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As the Center completed the year, its governmental funds reported a fund balance of \$13,672,334, which is an increase of \$1,338,697 from last year's total of \$12,333,637. Approximately, five percent of the total fund balance or \$730,780 is considered nonspendable because it is not in spendable form. Ninety-five percent or \$12,941,554 has been assigned, meaning there are limitations resulting from its intended use. The assigned uses include \$1,405,750 for program sustainability, \$291,561 for technology advances, \$317,290 for vehicles, \$704,788 for health insurance and \$10,222,165 towards the fund balance policy reserve.

The General Fund is the chief operating fund of the Center. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$0 while total fund balance was \$13,672,334. 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 represents 0 percent of total General Fund expenditures. However, fund balance policy reserve represents 25.8% of total General Fund expenditures excluding capital outlay.

### *Proprietary Funds*

The Center's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the ETBR fund at the end of the current fiscal year amounted to \$2,589,872 while total net position reached \$16,942,637, an increase of \$388,050 from prior year total net position of \$16,554,587.

## **General Fund Budgetary Highlights**

The Center uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Center's budget is controlled at the program level with management authorized to make transfers of budgeted amounts within and among programs. The Board approves the financial plan for revenues and expenditures in all funds. Appropriations lapse at the end of the fiscal year.

The budget was amended multiple times during the year. Differences between the original budget and the final budget were insignificant.

Differences between the actual results and the final budget were an increase in revenues of \$2,347,951 and an increase in expenditures of \$1,199,517.

#### Revenues

- Increase of \$1,684,242 in local revenues due primarily to an increase of \$671,724 in miscellaneous revenue. Miscellaneous revenue consists of various non-budgeted items, i.e. in-kind donations and forfeiture revenue. Increase in ICF-MR of \$675,026 due to filled vacancies in the current year.
- Increase of \$810,655 in federal program revenue due primarily to an increase of \$221,575 in Systems of Care Services, an increase of \$331,547 in SAMHSA-CCBHC, and an increase of \$384,320 in Provider Relief Funds.

#### Expenditures

- Expenditures exceeded budget primarily due to capital outlay expenditures of \$818,621.

#### Capital Assets

The Center's investment in capital assets for its governmental and business-type activities as of August 31, 2021 is \$19,753,497 net of accumulated depreciation. This investment in capital assets includes land, buildings and improvements, furniture and equipment, and vehicles. The net decrease in the Center's investment in capital assets for the current fiscal year was \$432,365.

	Capital Assets (net of accumulated depreciation)					
	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ -	\$ -	\$ 2,166,534	\$ 2,096,534	\$ 2,166,534	\$ 2,096,534
Construction in progress	2,114,189	2,052,268	23,400	-	2,137,589	2,052,268
Buildings	-	-	22,738,601	22,694,681	22,738,601	22,694,681
Leasehold improvements	119,895	119,895	-	-	119,895	119,895
Furniture, equipment, and vehicles	4,915,021	4,773,358	-	-	4,915,021	4,773,358
Less accumulated depreciation	<u>(3,940,951)</u>	<u>(3,907,359)</u>	<u>(8,383,192)</u>	<u>(7,643,515)</u>	<u>(12,324,143)</u>	<u>(11,550,874)</u>
Total capital assets, net	<u>\$ 3,208,154</u>	<u>\$ 3,038,162</u>	<u>\$ 16,545,343</u>	<u>\$ 17,147,700</u>	<u>\$ 19,753,497</u>	<u>\$ 20,185,862</u>

### Long-term Obligations

A summary of outstanding obligations at year end follows:

	Long-Term Obligations					
	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Notes Payable	\$ -	\$ -	\$ 2,192,578	\$ 2,383,333	\$ 2,192,578	\$ 2,383,333
Compensated Absences	971,518	1,089,367	-	-	971,518	1,089,367
<b>Total long-term obligations</b>	<b>\$ 971,518</b>	<b>\$ 1,089,367</b>	<b>\$ 2,192,578</b>	<b>\$ 2,383,333</b>	<b>\$ 3,164,096</b>	<b>\$ 3,472,700</b>

### Economic Factors and Next Year's Budgets and Rates

Burke had an average of 440 employees with a total turnover rate of 26.6% for the year which is an increase from 2020 of 9.64%. This increase is due to higher turnover rate with Support Staff, Residential Assistants and bachelor level clinical positions.

Regarding the Future:

The health care industry continues to change in significant ways at the federal, state, and local level. The Medicaid 1115 Transformation Waiver has significantly changed the financial landscape of the Center and allowed us to provide enhance services to current consumers and to new consumers. This current waiver has ended but several changes relative to the 1115 waiver are developing, and there remains some uncertainty around specific renewal wavier modifications. However, additions of the Directed Payment Program and Charity Care Program are favorable to closely preserve current funding levels. Additionally, Burke has been proactive in managing events related to the COVID -19 virus. Virtual visits for clients, restructured programs as well as care and precautions for clients and staff continue to be effective in mitigating the impact of this unprecedented challenge. Burke management staff will continue to work with state legislatures and leaders on an 1115 Transformation Waiver redesign and similar financial needs. Additionally, Burke was certified as a CCBHC provider in October 2016, and continues to maintain that certification while working to develop broader program implementation. Burke has been providing award winning services that specialize in personal, professional and compassionate care for each and every client for over 40 years and will continue to this trend no matter what changes the future brings.

### Request for Information

This financial report is designed to provide a general overview of Center's finances and accountability of the money it receives. If you have questions about this report or need additional financial information, contact Burke Center, Business Services, 2003 South Medford, Lufkin, Texas 75901.

Burke Center  
Statement of Net Position (Exhibit A-1)  
August 31, 2021

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 11,203,267	\$ 2,479,042	\$ 13,682,309
Investments	737,161	111,268	848,429
Accounts receivable, net	3,797,749	-	3,797,749
Deposits	3,250	-	3,250
Deposit IGT DPP	931,329	-	931,329
Prepaid expenses	727,530	-	727,530
Capital assets, net			
Nondepreciable	2,114,189	2,189,934	4,304,123
Depreciable	1,093,965	14,355,409	15,449,374
Total assets	<u>20,608,440</u>	<u>19,135,653</u>	<u>39,744,093</u>
<b>Liabilities</b>			
Accounts payable	1,612,091	438	1,612,529
Accrued liabilities	1,180,906	-	1,180,906
Unearned revenue	365,769	-	365,769
Due to other governments	569,186	-	569,186
Noncurrent liabilities			
Compensated absences	971,518	-	971,518
Notes payable - due in one year	-	147,698	147,698
Notes payable - due in more than one year	-	2,044,880	2,044,880
Total liabilities	<u>4,699,470</u>	<u>2,193,016</u>	<u>6,892,486</u>
<b>Net Position</b>			
Net investment in capital assets	3,208,154	14,352,765	17,560,919
Unrestricted	12,700,816	2,589,872	15,290,688
Total net position	<u>\$ 15,908,970</u>	<u>\$ 16,942,637</u>	<u>\$ 32,851,607</u>



Function / Programs	Expenses		
	Expenses	Administration Allocation	Expenses After Allocation of Administration
Governmental Activities			
Adult Mental Health	\$ 9,567,811	\$ 1,164,666	\$ 10,732,477
Children's Mental Health	3,816,938	464,626	4,281,564
Crisis Mental Health	4,137,665	503,668	4,641,333
Intellectual & Developmental Disabilities	9,048,157	1,101,409	10,149,566
Early Childhood Intervention	2,229,252	271,361	2,500,613
Other Activities	6,953,122	846,386	7,799,508
Administration	4,352,116	(4,352,116)	-
Total governmental activities	40,105,061	-	40,105,061
Business-type Activities			
ETBR	1,042,679	-	1,042,679
Total	\$ 41,147,740	\$ -	\$ 41,147,740

Burke Center  
Statement of Activities (Exhibit A-2)  
Year Ended August 31, 2021

Program Revenues			Net (Expense) Revenue and Changes in Net Position		
Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
\$ 5,093,786	\$ 9,062,206	\$ -	\$ 3,423,515	\$ -	\$ 3,423,515
2,689,788	1,263,404	-	(328,372)	-	(328,372)
1,537,575	4,768,709	-	1,664,951	-	1,664,951
10,414,318	1,412,175	-	1,676,927	-	1,676,927
1,172,145	1,196,869	-	(131,599)	-	(131,599)
1,518,905	1,411,862	-	(4,868,741)	-	(4,868,741)
-	-	-	-	-	-
<u>22,426,517</u>	<u>19,115,225</u>	<u>-</u>	<u>1,436,681</u>	<u>-</u>	<u>1,436,681</u>
<u>1,429,464</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>386,785</u>	<u>386,785</u>
<u>\$ 23,855,981</u>	<u>\$ 19,115,225</u>	<u>\$ -</u>	<u>1,436,681</u>	<u>386,785</u>	<u>1,823,466</u>
General Revenues					
			28,902	1,265	30,167
			160,955	-	160,955
			<u>189,857</u>	<u>1,265</u>	<u>191,122</u>
Change in Net Position			1,626,538	388,050	2,014,588
Net Position - Beginning			<u>14,282,432</u>	<u>16,554,587</u>	<u>30,837,019</u>
Net Position - Ending			<u>\$ 15,908,970</u>	<u>\$ 16,942,637</u>	<u>\$ 32,851,607</u>

Burke Center  
Balance Sheet – Governmental Funds (Exhibit B-1)  
August 31, 2021

	<u>General Fund</u>	<u>Total Governmental Fund</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 11,203,267	\$ 11,203,267
Investments	737,161	737,161
Accounts receivable, net	3,797,749	3,797,749
Deposits	3,250	3,250
Deposit IGT DPP	931,329	931,329
Prepaid expenses	727,530	727,530
	<u>                    </u>	<u>                    </u>
Total assets	<u>\$ 17,400,286</u>	<u>\$ 17,400,286</u>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ 1,612,091	\$ 1,612,091
Accrued liabilities	1,180,906	1,180,906
Unearned revenue	365,769	365,769
Due to other governments	569,186	569,186
	<u>                    </u>	<u>                    </u>
Total liabilities	<u>3,727,952</u>	<u>3,727,952</u>
<b>Fund Balances</b>		
<b>Nonspendable</b>		
Deposits	3,250	3,250
Prepaid expenses	727,530	727,530
<b>Assigned</b>		
Program sustainability	1,405,750	1,405,750
Technology advances	291,561	291,561
Vehicles	317,290	317,290
Health insurance	704,788	704,788
Policy reserve	10,222,165	10,222,165
<b>Unassigned</b>		
	<u>-</u>	<u>-</u>
Total fund balances	<u>13,672,334</u>	<u>13,672,334</u>
	<u>\$ 17,400,286</u>	<u>\$ 17,400,286</u>

Total Fund Balances of Governmental Funds	\$ 13,672,334
Amounts reported for <i>governmental activities</i> in the statement of net position (Exhibit A-1) are different because	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.	3,208,154
Long-term liabilities, such as accrued compensated absences, are not due and payable in the current period and therefore are not reported in the governmental funds.	<u>(971,518)</u>
Net Position of Governmental Activities	<u><u>\$ 15,908,970</u></u>

Burke Center

Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds (Exhibit B-3)  
Year Ended August 31, 2021

	General Fund	Total Governmental Fund
<b>Revenues</b>		
Local funds	\$ 23,212,524	\$ 23,212,524
State programs	12,784,401	12,784,401
Federal programs	5,544,817	5,544,817
Investment earnings	28,902	28,902
	<u>41,570,644</u>	<u>41,570,644</u>
<b>Expenditures</b>		
Current		
Adult Mental Health	9,500,500	9,500,500
Children's Mental Health	3,801,034	3,801,034
Mental Health Crisis	4,120,237	4,120,237
Intellectual & Developmental Disabilities	8,791,178	8,791,178
Early Childhood Intervention	2,161,911	2,161,911
Other Activities	6,973,874	6,973,874
Central Administration	4,254,855	4,254,855
Capital outlay	818,621	818,621
	<u>40,422,210</u>	<u>40,422,210</u>
<b>Other Financing Sources</b>		
Proceeds from sale of assets	190,263	190,263
	<u>190,263</u>	<u>190,263</u>
Net Change in Fund Balance	1,338,697	1,338,697
Fund Balance, September 1	<u>12,333,637</u>	<u>12,333,637</u>
Fund Balance, August 31	<u><u>\$ 13,672,334</u></u>	<u><u>\$ 13,672,334</u></u>

**Burke Center**  
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of  
 Governmental Funds to the Statement of Activities (Exhibit B-4)  
 Year Ended August 31, 2021

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Net Change in Fund Balances - Total Governmental Funds \$ 1,338,697

Amounts reported for governmental activities in the statement of activities are different because

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated and depreciated over their useful lives. Thus, net position is increased by the amount by which capital outlays (\$818,621) exceeded depreciation (\$619,321) in the current period. 199,300

Payment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the net decrease in accrued compensated absences. 117,849

In the statement of activities, only the gain or loss on the disposition of assets is reported, whereas in the governmental funds, only the proceeds for the sale, if any, increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the assets retired. (29,308)

Change in Net Position of Governmental Activities (Exhibit A-2) \$ 1,626,538

Burke Center

Statement of Revenues, Expenditures and Changes in  
Fund Balance Budget and Actual - General Fund (Exhibit B-5)  
Year Ended August 31, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>LOCAL REVENUES</b>				
County Governments	\$ 338,122	\$ 338,122	\$ 338,358	\$ 236
Patient fees	2,065,039	2,065,039	2,398,970	333,931
Medicare	146,870	146,870	194,002	47,132
Medicaid	2,756,980	2,756,980	2,161,916	(595,064)
Medicaid 1115 Waiver	6,695,603	6,695,614	7,148,923	453,309
ICF-MR	3,010,367	3,010,367	3,685,393	675,026
HCS	3,808,918	3,808,918	3,964,479	155,561
TXHML	55,234	55,234	41,470	(13,764)
Texas Department of Transportation	832,053	832,053	798,253	(33,800)
Texas Rehabilitation Commission	38,664	38,664	28,615	(10,049)
Miscellaneous	1,780,421	1,780,421	2,452,145	671,724
Total local revenues	21,528,271	21,528,282	23,212,524	1,684,242
<b>STATE PROGRAM REVENUES</b>				
General Revenue - Mental Health	7,067,533	7,067,533	7,141,955	74,422
General Revenue - Developmental Disabilities	1,214,394	1,214,394	968,566	(245,828)
Crisis Services	2,435,377	2,435,377	2,435,377	-
Veterans Services	170,000	170,000	155,369	(14,631)
Supportive Housing	160,831	160,831	153,850	(6,981)
CLOIP	242,492	242,492	242,492	-
Mental Health First Aid	28,600	28,600	28,600	-
Early Childhood Intervention	638,130	638,130	546,281	(91,849)
HB 13 Community MH Grant	336,106	336,106	401,599	65,493
TCOOMMI	447,778	447,778	376,488	(71,290)
Substance Abuse - OSAR	177,307	177,307	160,493	(16,814)
TDCJ Rider 39	-	-	25,640	25,640
OBRA	4,200	4,200	147,691	143,491
Total state program revenues	12,922,748	12,922,748	12,784,401	(138,347)
<b>FEDERAL PROGRAM REVENUES</b>				
Mental Health Block Grant	615,211	615,211	682,955	67,744
Social Services Block Grant	53,596	53,596	53,596	-
Title XX Block Grant	32,485	32,485	32,485	-
Child TANF to Title XX	153,685	153,685	153,645	(40)
Enhanced Community Coordination	38,908	38,908	11,457	(27,451)
TBRA - Home	228,886	228,886	172,853	(56,033)
Substance Abuse - OSAR	547,937	547,937	495,977	(51,960)
System of Care	210,000	210,000	250,179	40,179
SAMHSA - CCBHC	703,902	703,902	1,035,449	331,547
CARES Act Provider Relief Funds	-	-	384,320	384,320
COVID19 Disaster Crisis Counseling Service	-	-	221,575	221,575
Early Childhood Intervention	586,473	586,473	502,059	(84,414)
Medicaid Administrative Claiming	995,489	995,489	953,250	(42,239)
EI Medicaid Administrative Claiming	96,535	96,535	148,529	51,994
Other Federal	46,104	46,104	76,436	30,332
First Episode Psychosis	424,951	424,951	370,052	(54,899)
Total federal program revenues	4,734,162	4,734,162	5,544,817	810,655
Investment Earnings	37,501	37,501	28,902	(8,599)
Total revenues	\$ 39,222,682	\$ 39,222,693	\$ 41,570,644	\$ 2,347,951

Burke Center

Statement of Revenues, Expenditures and Changes in  
Fund Balance Budget and Actual - General Fund (Exhibit B-5)  
Year Ended August 31, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>EXPENDITURES</b>				
Current				
Personnel	\$ 20,883,963	\$ 20,883,963	\$ 20,567,272	\$ 316,691
Fringe benefits	5,295,851	5,295,851	5,761,780	(465,929)
Travel	91,819	91,819	152,759	(60,940)
Contract and consultant services	5,887,463	5,301,974	4,692,421	609,553
Building and occupancy	1,871,471	1,871,471	1,908,552	(37,081)
Utilities	697,053	697,053	754,617	(57,564)
Furniture and equipment	257,609	257,609	362,483	(104,874)
Vehicle costs	561,185	561,185	290,127	271,058
Pharmaceutical expense	514,653	514,653	498,076	16,577
Other direct client expenses	2,376,447	2,376,447	2,513,544	(137,097)
Supplies, dues and miscellaneous	785,168	1,370,668	2,101,958	(731,290)
Total current expenditures	<u>39,222,682</u>	<u>39,222,693</u>	<u>39,603,589</u>	<u>(380,896)</u>
Capital outlay	-	-	818,621	(818,621)
Total expenditures	<u>39,222,682</u>	<u>39,222,693</u>	<u>40,422,210</u>	<u>(1,199,517)</u>
<b>OTHER FINANCING SOURCES</b>				
Proceeds from sale of assets	-	-	190,263	190,263
Total other financing sources	<u>-</u>	<u>-</u>	<u>190,263</u>	<u>190,263</u>
Net Change in Fund Balance	-	-	1,338,697	1,338,697
Fund Balance, September 1	<u>12,333,637</u>	<u>12,333,637</u>	<u>12,333,637</u>	<u>-</u>
Fund Balance, August 31	<u>\$ 12,333,637</u>	<u>\$ 12,333,637</u>	<u>\$ 13,672,334</u>	<u>\$ 1,338,697</u>



Burke Center  
Statement of Net Position - Proprietary Fund (Exhibit C-1)  
August 31, 2021

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	ETBR Business-Type Activities Enterprise Fund
<b>Assets</b>	
Current Assets	
Cash and cash equivalents	\$ 2,479,042
Investments	<u>111,268</u>
Total current assets	<u>2,590,310</u>
Noncurrent Assets	
Capital assets, net	
Nondepreciable	2,189,934
Depreciable	<u>14,355,409</u>
Total noncurrent assets	<u>16,545,343</u>
Total assets	<u>19,135,653</u>
<b>Liabilities</b>	
Current Liabilities	
Accounts payable	438
Notes payable - current	<u>147,698</u>
Total current liabilities	<u>148,136</u>
Noncurrent Liabilities	
Notes payable - noncurrent	<u>2,044,880</u>
Total liabilities	<u>2,193,016</u>
<b>Net Position</b>	
Net investment in capital assets	14,352,765
Unrestricted	<u>2,589,872</u>
Total net position	<u><u>\$ 16,942,637</u></u>

**Burke Center**  
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Fund (Exhibit C-2)  
Year Ended August 31, 2021

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	ETBR Business-Type Activities Enterprise Fund
Operating Revenues	
Rent income	<u>\$ 1,429,464</u>
Operating Expenses	
Depreciation	739,677
Repairs and maintenance	152,813
Other operating expenses	<u>60,348</u>
Total operating expenses	<u>952,838</u>
Operating Income	<u>476,626</u>
Nonoperating Revenues (Expenses)	
Investment earnings	1,265
Interest expense	<u>(89,841)</u>
Total nonoperating revenues (expenses)	<u>(88,576)</u>
Change in Net Position	388,050
Net Position - Beginning	<u>16,554,587</u>
Net Position - Ending	<u><u>\$ 16,942,637</u></u>

Burke Center  
Statement of Cash Flows - Proprietary Fund (Exhibit C-3)  
Year Ended August 31, 2021

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	ETBR Business-Type Activities <u>Enterprise Fund</u>
Cash Flows from Operating Activities	
Cash received from customers and users	\$ 1,429,464
Cash paid to suppliers	<u>(225,353)</u>
Net cash provided by operating activities	<u>1,204,111</u>
Cash Flows from Capital and Related Financing Activities	
Acquisition of capital assets	(137,320)
Principal payments on notes payable	(190,755)
Interest paid on notes payable	<u>(89,841)</u>
Net cash used by capital and related financing activities	<u>(417,916)</u>
Net Change in Cash and Cash Equivalents	786,195
Cash and Cash Equivalents - Beginning	<u>1,692,847</u>
Cash and Cash Equivalents - Ending	<u><u>\$ 2,479,042</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating income	\$ 476,626
Adjustments to reconcile operating income to net cash provided by operating activities	
Accounts payable	(12,192)
Depreciation	<u>739,677</u>
Net cash provided by operating activities	<u><u>\$ 1,204,111</u></u>

Burke Center  
Statement of Fiduciary Net Position - Fiduciary Fund (Exhibit D-1)  
August 31, 2021

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	<u>Custodial Fund</u>
Assets	
Cash and cash equivalents	<u>\$ 8,616</u>
Total assets	<u>8,616</u>
Net position	
Restricted for consumers	<u>8,616</u>
Total net position	<u><u>\$ 8,616</u></u>

**Burke Center**  
Statement of Changes in Fiduciary Net Position - Fiduciary Fund (Exhibit D-2)  
Year Ended August 31, 2021

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	<u>Custodial Fund</u>
Additions	
Contributions from consumers	<u>\$ 13,747</u>
Total additions	<u>13,747</u>
Deductions	
Distributions to consumers	<u>12,258</u>
Total deductions	<u>12,258</u>
Net change in net position	1,489
Net position, beginning as restated	<u>7,127</u>
Net position, ending	<u><u>\$ 8,616</u></u>

**Note 1 - Reporting Entity**

Burke Center (the 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 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 provides community-based mental health, developmental disability and addiction treatment services in Angelina, Houston, Jasper, Nacogdoches, Newton, Polk, Sabine, San Augustine, San Jacinto, Shelby, Trinity and Tyler Counties.

The Center receives funding from local, state and federal governmental sources and must comply with the requirements of these funding source entities.

In determining the financial reporting entity, the Center complies with the provisions of Government Accounting Standards Board Statement No. 14 and 39, as amended, which requires inclusion of all component units of which the Center appoints a voting majority of the units' board and the Center is either able to impose its will on the unit, or a financial benefit-relationship or burden-relationship exists. After considering the above, there are no other agencies, organizations, or activities meeting the criteria to be included in the financial reporting entity except for East Texas Behavioral Resources, Inc. (ETBR), which is accounted for as a proprietary fund. ETBR is a blended component unit of Burke Center for financial reporting purposes. It is a nonprofit corporation whose primary activity is to lease facilities to the Center.

**Note 2 - Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to consumers or responsible third parties who purchase, use, or directly benefit from services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues. Administrative expenses are allocated among the Center's programs, based on each program's proportionate share of total expenses.

Fund financial statements are provided for governmental, proprietary, and fiduciary funds. The major individual governmental funds are reported in separate columns.

### **Note 3 - Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenue to be available if they are collected within 120 days of the end of the current fiscal period, except for Medicaid 1115 waiver revenue which is considered available if collected within 60 days after year end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

Grant revenues are recognized only as grant expenditures are incurred to the extent that the expenditures are allowable and eligible for reimbursement. Grant revenue, patient fees and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Center.

The Center allocates indirect expenses primarily comprised of central governmental services to operating functions and programs benefiting from those services. Central services include overall management, accounting, financial reporting, payroll, procurement contracting and oversight cash management, personnel services, and other central administrative services. Allocations are charged to programs based on use of central services determined by various allocation methodologies.

Operating income reported in proprietary fund financial statements include revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for the Center's Enterprise Fund, ETBR, is rent revenue. Principal operating expenses include administrative expenses and depreciation on capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

The Center reports the following major governmental funds:

The general fund is the Center's primary operating fund and accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Center also reports the following major proprietary fund:

The ETBR fund is used to account primarily for the lease of facilities by ETBR to the Center.

When both restricted and unrestricted resources are available for use, it is the Center's policy to use restricted resources first, then unrestricted resources as they are needed. Additionally, the Center would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

#### **Implementation of GASB Statement No. 84**

As of September 1, 2020, the Center adopted GASB Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement will enhance consistency and comparability by establishing specific criteria for identifying activities that should be reported as fiduciary activities. Greater consistency and comparability enhance the value provided by the information reported in financial statements for assessing government accountability and stewardship. The impact to the Center resulted in a reclassification of agency funds to custodial funds that resulted in a restatement of net position of custodial funds. The effect of the implementation of this standard on beginning net position is disclosed in Note 18.

#### **Note 4 - Assets, Liabilities and Net Position or Equity**

##### **Cash and cash equivalents**

For purposes of the statement of cash flows, cash equivalents include amounts in demand deposits as well as short-term investments (certificates of deposit and money market funds) with a maturity date of three months or less when acquired by the Center.

##### **Investments**

Investments in certificates of deposit are stated at amortized cost.

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 has no recurring fair value measurements as of August 31, 2021 as the Center's investments in certificates of deposit are not measured at fair value but rather are stated at amortized cost.

##### **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.

Accounts receivable from patients and insurance companies for services rendered are reduced by the amount of such billings deemed by management to be ultimately uncollectible. The Center provides for an amount of uncollectible patient fees using the reserve method based on past history.



The carrying amount of patient and client receivables is reduced by a valuation allowance that reflects management's estimate of amounts that will not be collected from patients and third-party payors. Management reviews patient and client receivables by payor class and applies percentages to determine estimated amounts that will not be collected from third parties under contractual agreements and amounts that will not be collected from patients due to bad debts. Management considers historical cash collections, write off and recovery information in determining the estimated bad debt provision. The allowance for uncollectible accounts in the General Fund as of August 31, 2021, is \$1,030,717.

### **Grant Receivables**

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

### **Revenue**

#### *Net Patient and Client Service Revenue*

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

#### *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.

#### *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.

### **Intergovernmental Transfer (IGT)**

The Center has enrolled in the Directed Payment Program (DPP) for Behavioral Health Services and as required, sends the Texas Health and Human Services Commission (HHSC) intergovernmental transfers (IGT) in order to leverage federal funding. These deposits are reported in the statement of net position and the general fund balance sheet.

### **Prepaid Expenses**

Certain payments to vendors reflect costs that benefit future reporting periods and are reported as prepaid expenses in both government-wide and fund financial statements.

### **Capital Assets**

Capital assets, which include property, plant and equipment, are reported in the government-wide and proprietary fund financial statements. Capital assets are defined by the Center as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Property, plant, and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Building and improvements	10 – 40 years
Furniture and equipment	3 – 20 years
Vehicles	3 – 5 years

### **Compensated Absences**

The Center accounts for expenditures related to sick pay when such payments are made to employees as amounts do not vest beyond the end of each fiscal year. The Center accounts for all material liabilities and expenditures related to vacation pay during the fiscal year in which such benefits accrue. Employees may carry forward at the fiscal year end a balance equal to two years vacation benefits accrual. No payment for unused sick leave is made at termination.

### **Long-term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

### **Deferred Inflows of Resources**

In addition to liabilities, the governmental funds balance sheet at times will report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) in the governmental funds until that time. The Center does not have any items that qualify for reporting in this category.

**Fund Balance**

In the fund financial statements, governmental funds reported the following classifications of fund balance:

*Nonspendable* - includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. All amounts reported as Nonspendable at August 31, 2021 are nonspendable in form. The Center has not reported any amounts that 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 governments.

*Assigned* - includes general fund amounts constrained for a specific purpose by a governing board or by an official that has been delegated authority to assign amounts.

*Unassigned* - includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund.

The Center has adopted a set of financial policies to guide the financial operation of the Center. Included in the policies are guidelines for accumulating and maintaining an operating position in the General Fund such that annual expenditures shall not exceed annual resources, including fund balances. At August 31, 2021, the Center has accumulated the following amounts in support of this policy:

Fund	Policy Amount	Fund Total
Governmental Funds		
General Fund - 90 days operations - 25%	\$ 10,105,553	\$ 10,222,165

**Source of Funds**

Some funds from federal and other state sources represent fee for service reimbursements, as well as project grants. The funds that are specifically for the individual patient service reimbursements are reported as local funds.

**Tax-Exempt Status**

The Center and ETBR qualify as tax-exempt organizations under Section 501(c)3 of the Internal Revenue Code.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Note 5 - Stewardship, Compliance, and Accountability**

The Center's annual budget for the General Fund is prepared based on estimated expenditures provided on a unit basis summarized by program category. The budget is submitted to the Executive Director and the Board of Trustees. The budget must have the Board of Trustees' approval and that of HHSC.

Contract/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 which is consistent with generally accepted accounting principles for a governmental fund. The Center's revenues exceeded final budget in the General Fund by \$2,347,951 and expenditures exceeded final budget by \$1,199,517 in the General Fund. The overage created by the increase in revenues not budgeted was used to fund the expenditures not budgeted.

**Note 6 - Deposits and Investments**

**Cash and time deposits**

*Custodial credit risk* – The Center's cash deposits were fully secured at August 31, 2021 by federal deposit insurance and by pledged securities held by the Center's agent in the Center's name except at one financial institution. Such total collateralization and insurance coverage is required by the Rules of the Commissioner of the Health and Human Services Commission (HHSC) and the Board of Trustees of the Center. The Center has \$2,267,512 in cash deposits at one financial institution at August 31, 2021 that were not fully collateralized.

**Investments**

At August 31, 2021, the Center had the following investments and maturities:

Type of Investments	Maturity	Amortized Cost
Certificates of deposit - non-negotiable	April 2022 - June 2022	\$ 848,429
		<u>\$ 848,429</u>

In addition to the above investments, the Center maintained \$1,824,191 in an interest bearing money market. This amount is included in the cash and cash equivalents caption of the financial statements.

*Interest rate risk* – This is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the Center manages its exposure to declines in fair values by limiting the maximum allowable stated maturity of any individual investment owned by the Center to two years unless approved by the Board of Trustees.

*Credit risk* – This is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. At August 31, 2021, the Center invested in non-negotiable certificates of deposit.

*Concentration of credit risk* – This is the risk that of loss attributed to the magnitude of the Center's investment in a single issuer. The Center's investment policy does not place a limit on the amount that can be invested in a single issuer. As of August 31, 2021, all of the Center's investments consisted of non-negotiable certificates of deposit.

**Note 7 - Accounts Receivable**

Accounts receivable and receivables from other governments are for reimbursement of expenditures and fees for service provided under various programs and grants. The Center has an allowance of \$1,030,717 related to its outstanding receivables at August 31, 2021. A summary of these receivables in the governmental activities as of August 31, 2021 are as follows:

	General Fund
Local Funds	
ALUs	\$ 160,281
Fees and other local	1,134,654
Medicare and Medicaid	1,223,180
HCS	163,247
TxHml	3,470
Title XIX - ICFMR	377,755
TXDOT	109,690
State Funds	
OBRA	71,141
Mental Health First Aid	35,205
TDCJ Rider 39	7,579
TCOOMMI	77,884
Federal Funds	
Care Navigator	50,601
Medicaid Administrative Claiming - ECI	76,239
Medicaid Administrative Claiming - HHSC	635,869
Money Follows the Person (ECC)	1,755
Mental Health Block Grant	139,613
First Episode Psychosis	83,381
OSAR	103,974
Systems of Care	75,000
CCBHC	277,831
TBRA - Home	20,117
Allowance for Uncollectible	(1,030,717)
	\$ 3,797,749

**Note 8 - Capital Assets**

Capital asset activity is recorded in the government-wide financial statements. A summary of changes in capital asset balances for the year ended August 31, 2021, is as follows:

	Balance September 1, 2020	Additions	Retirements	Balance August 31, 2021
<b>Governmental Activities</b>				
Nondepreciable assets				
Construction in progress	\$ 2,052,268	\$ 88,880	\$ (26,959)	\$ 2,114,189
Depreciable assets				
Buildings and improvements	119,895	-	-	119,895
Furniture and equipment	1,574,010	27,065	-	1,601,075
Vehicles	3,199,348	729,635	(615,037)	3,313,946
Total depreciable assets	<u>4,893,253</u>	<u>756,700</u>	<u>(615,037)</u>	<u>5,034,916</u>
Less accumulated depreciation				
Buildings and improvements	97,647	4,291	-	101,938
Furniture and equipment	1,389,752	76,720	-	1,466,472
Vehicles	2,419,960	538,310	(585,729)	2,372,541
Total accumulated depreciation	<u>3,907,359</u>	<u>619,321</u>	<u>(585,729)</u>	<u>3,940,951</u>
Total capital assets	<u>\$ 3,038,162</u>	<u>\$ 226,259</u>	<u>\$ (56,267)</u>	<u>\$ 3,208,154</u>
<b>Business-type Activities</b>				
Nondepreciable assets				
Land	\$ 2,096,534	\$ 70,000	\$ -	\$ 2,166,534
Construction in progress	-	23,400	-	23,400
Total nondepreciable assets	<u>2,096,534</u>	<u>93,400</u>	<u>-</u>	<u>2,189,934</u>
Depreciable assets				
Buildings and improvements	<u>22,694,681</u>	<u>43,920</u>	<u>-</u>	<u>22,738,601</u>
Less accumulated depreciation				
Buildings and improvements	<u>7,643,515</u>	<u>739,677</u>	<u>-</u>	<u>8,383,192</u>
Total capital assets	<u>\$ 17,147,700</u>	<u>\$ (602,357)</u>	<u>\$ -</u>	<u>\$ 16,545,343</u>

In the government-wide financial statements, depreciation expense of \$619,321 was charged to the Center's programs as follows:

Governmental Activities	
Mental Health Adult	\$ 95,582
Mental Health Child	27,215
Mental Health Crisis	29,689
Intellectual & Developmental Disabilities	283,139
Early Childhood Intervention	73,774
Administration	<u>109,922</u>
Total depreciation expense	<u><u>\$ 619,321</u></u>

**Note 9 - Long-Term Debt**

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

	Balance September 1, 2020	Additions	Retirements	Balance August 31, 2021	Due Within One Year
Governmental Activities					
Compensated absences	\$ 1,089,367	\$ 971,518	\$ (1,089,367)	\$ 971,518	\$ -
Business-Type Activities					
Notes payable	<u>2,383,333</u>	<u>-</u>	<u>(190,755)</u>	<u>2,192,578</u>	<u>147,698</u>
Total long-term debt	<u><u>\$ 3,472,700</u></u>	<u><u>\$ 971,518</u></u>	<u><u>\$ (1,280,122)</u></u>	<u><u>\$ 3,164,096</u></u>	<u><u>\$ 147,698</u></u>

A note to Southside Bank was executed in fiscal year 2018. The carrying interest rate is 3.9% and the note matures in August 2025 with monthly principal and interest payments in the amount of \$19,216. The note is collateralized by land and building and has a balance of \$2,192,578 at August 31, 2021.

The following are debt service requirements for notes payable to maturity:

<u>Years Ending August 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 147,698	\$ 82,898	\$ 230,596
2023	153,563	77,033	230,596
2024	159,663	70,936	230,599
2025	<u>1,731,654</u>	<u>64,597</u>	<u>1,796,251</u>
	<u>\$ 2,192,578</u>	<u>\$ 295,464</u>	<u>\$ 2,488,042</u>

Total interest expense for the year was \$89,841 recorded in business-type activities.

#### **Note 10 - Lease Obligations**

The Center leases buildings and facilities currently utilized in its operations under short-term operating leases. The Center also leases various copy machines and equipment on a month-to-month basis. Total rent expenditures of these leases, including month-to-month rentals, was \$1,448,306 for the year ended August 31, 2021; of this amount, \$1,365,198 was paid to ETBR. The Center has no significant long-term leases.

#### **Note 11 - Retirement Plan**

The Center contributes to the Burke Center Employees' Retirement Plan (the Plan), a defined contribution retirement plan. The Plan is administrated by American United Life Insurance Company (AUL)/One America Financial Partners, Inc. of Indianapolis, Indiana. Benefits terms, including contribution requirements, for the Plan is established and may be amended by the Center. The Center is required to contribute 8% of salaried employee compensation and 7.5% of hourly employee compensation. For the year ended August 31, 2021, the Center contributed \$1,634,742 for salaried employee. In addition, the Center matches the employees' contributions up to 6%. For the year ended August 31, 2021, the Center matched \$608,953 for salaried employees.

Hourly employees are immediately vested in the Center's contribution while salaried employees become vested in the Center's contributions based on the vesting schedule in the plan document. Nonvested contributions are forfeited upon termination of employment. For the year ended August 31, 2021, forfeitures totaled \$747,973.



**Note 12 - Self-Insured Plans**

The Center is self-insured for losses related to group medical insurance. The Center has accrued an estimated undiscounted liability for claims unpaid and incurred, but not reported, based on historical claims experience in the amount of \$260,597. The Center has stop loss coverage for claims in excess of \$100,000 deductible per participant and in the aggregate of \$4,113,738. The Center has entered agreements with BlueCross BlueShield of Texas and Lincoln National Life Insurance Company as third-party administrators of its employee medical benefit plan. Administrative fees, including premiums for stop loss and prescription drugs, were \$1,218,667 for the year ended August 31, 2021. Among other things, under the agreement, the administrator would (1) determine the entitlement to plan benefits as to any request for benefits in accordance with the Plan and the administrator benefit cost control standards and procedures and practices applicable to benefits under the Plan, and (2) issue a check in payment of such benefits which would be paid from the Center's bank account.

	2021	2020
Unpaid claims, beginning of year	\$ 320,067	\$ 310,781
Incurred claims (including IBNR)	5,860,328	2,749,563
Claim payments	(5,919,798)	(2,740,277)
Unpaid claims, end of year	\$ 260,597	\$ 320,067

**Note 13 - Economic Dependence**

The Center receives a substantial portion of its revenue in the form of annual performance contracts with HHSC to provide mental health and/or IDD services to its service area. The Center is economically dependent on the continuation of these contracts. At August 31, 2021, these contracts have been continued through August 31, 2022.

The following table shows the Center's concentration of revenues greater than 10% of total revenue in the General Fund:

	Amount	Percent
General Revenue - State only	\$ 8,110,521	19.51%
Medicaid 1115 Waiver	7,148,923	17.20%

**Note 14 - 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, doctors' malpractice and natural disasters. The Center's workers compensation, property, liability and automobile physical damage losses are covered under a partially self-funded insurance pool managed by the Texas Council Risk Management Fund. Under these policies, the Center could be assessed for additional premiums if losses exceed specified amounts.

Center management believes that the financial statements contain reasonable estimates for any liability related to such claims. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding the maximum amounts to be paid by the pool in any of the past three fiscal years.

#### **Note 15 - Commitments and Contingencies**

The Center has participated in a number of federal and state assisted grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives and regulatory authorities. The purpose of these audits is to ensure compliance with conditions relating to the granting of funds and other reimbursement regulations. The Center's management believes that any liability for reimbursement which may arise as a result of these audits is not believed to be material to the financial position of the Center. The Center is subject to certain penalties in the event that performance targets are not met.

#### **Note 16 - 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 \$2,617,565 during the year ending August 31, 2021.

#### **Note 17 - Medicaid 1115 Waiver**

The State of Texas has been 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 are designed to improve Texas' health care delivery system, including access to care, quality of care, and health outcomes. Texas has 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 Center 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.

On January 15, 2021, the Centers for Medicare and Medicaid Services approved an extension of the 1115 Waiver in Texas through September 30, 2030. A portion of the extension includes an initial \$500,000,000 Public Health Providers Charity Care Pool (PHP-CCP) which includes publicly owned and operated community mental health clinics in participation. The PHP-CCP, along with the Directed Payment Program for Behavioral Health Services by Health and Human Services Commission, gives a path to provide financial stability through the transition of the 1115 Waiver.

CMS approved the Directed Payment Program – Behavioral Health on November 15, 2021 for the period of September 1, 2021 through August 31, 2022. Reporting for this payment initiative began December 2021 and will cover the first six months of calendar year 2022. The Center will report twice a year to earn DPP-BH funds. The revenue will be recognized after review and approval by CMS. As a result, the DPP-BH funds will not be expenditure-reimbursement type funds. The Center has enrolled in the program and, as of August 31, 2021, has sent HHSC one intergovernmental transfer (IGT) in the amount of \$931,329 in order to leverage federal funding. This amount can be found on the Statement of Net Position and the General Fund Balance Sheet. The Center reported a second IGT in December 2021. Reporting as a participation condition of the program also began in December 2021.

**Note 18 - Adoption of New Standard**

As of September 1, 2020, the Center adopted GASB Statement No. 84, *Fiduciary Activities* (GASB 84). The impact to the Center resulted in a reclassification of agency funds to custodial funds that resulted in a restatement of amounts previously reported as agency fund liabilities to opening net position of custodial funds. Additionally, the Center has reported a Statement of Changes in Fiduciary Net Position that reflects the activity for MH and IDD consumer income such as from social security, family allowances, and job income collected by the Center on behalf of the consumers and subsequently remitted to the appropriate entity or individual. The following table describes the effects of the implementation of GASB 84 on beginning net position.

	Custodial Fund
Net position at September 1, 2020, as previously reported	\$ -
Reclassification of agency fund to custodial fund	7,127
Net position at September 1, 2020, as restated	\$ 7,127



Supplementary Information  
August 31, 2021

**Burke Center**

Fund Source	Total Revenue	Total Mental Health Adult Expenditures	Total Mental Health Child Expenditures
<b>Objects of Expense</b>			
Personnel	\$ 18,055,313	\$ 4,442,289	\$ 2,322,862
Fringe benefits	5,120,226	1,260,976	706,782
Professional and consultant services	5,252,346	409,273	319,631
Training and travel	151,127	20,759	9,550
Debt service	-	-	-
Capital outlay	676,398	83,507	3,881
Non-capitalized equipment	191,875	60,619	10,924
Pharmaceutical expense	557,660	423,726	3,086
Pharmaceutical expense-PAP	2,617,565	2,617,565	-
Other operating expense	10,061,503	1,029,813	457,389
Allocation of general administration to strategies	4,172,544	835,715	436,839
Allocation of authority administration to strategies	275,511	75,405	39,417
	<b>\$ 47,132,068</b>	<b>\$ 11,259,647</b>	<b>\$ 4,310,361</b>
<b>Method of Finance</b>			
General Revenue - MH	\$ 5,412,468	\$ 3,914,094	\$ 1,498,374
GR Match for Medicaid Services	352,503	220,631	84,460
General Revenue - Other	1,458,842	-	-
General Revenue - Crisis	2,435,377	-	-
General Revenue - Transitional Services	54,235	-	-
General Revenue - Ongoing Services	111,749	-	-
General Revenue - Project Private Beds	1,563,503	-	-
General Revenue - IDD	-	-	-
OBRA	-	-	-
Medicaid Waiver and ICF-MR Earnings	7,691,342	-	-
TANF to Title XX	32,485	-	32,485
Title XX - Social Services Block Grant	82,286	55,543	-
Mental Health Block Grant	591,726	439,653	152,073
Temporary Assistance for Needy Families	124,955	-	124,955
Medicaid 1115 Transformation Waiver	7,148,922	2,002,216	-
Other State and Federal Funds	2,957,252	1,142,605	437,406
Substance Abuse	656,470	-	-
Early Childhood Intervention	1,048,340	-	-
Texas Department of Transportation	798,253	-	-
TCOOMMI	376,489	-	-
Other State Agencies	1,531,602	-	-
Required local match	1,567,061	315,223	119,859
Additional local funds	12,474,905	3,169,682	1,860,749
	<b>\$ 48,470,765</b>	<b>\$ 11,259,647</b>	<b>\$ 4,310,361</b>
<b>Total expended sources</b>	<b>\$ 48,470,765</b>	<b>\$ 11,259,647</b>	<b>\$ 4,310,361</b>

Burke Center

Schedule of Revenue and Expenditures by Source of Funds – General Fund

August 31, 2021

Total Mental Health Crisis Expenditures	Total Community Hospital	Total Intellectual & Developmental Disabilities Expenditures	Total Other Services Expenditures	Total Center Expenditures	Excess Revenue over Expenditures
\$ 2,458,084	\$ -	\$ 4,296,824	\$ 4,535,254	\$ 18,055,313	\$ -
703,778		1,210,580	1,238,110	5,120,226	-
362,827	1,962,507	1,495,089	703,019	5,252,346	-
9,578	-	36,243	74,997	151,127	-
-	-	-	-	-	-
73,633	-	268,519	246,858	676,398	-
18,101	-	59,370	42,861	191,875	-
45,449	-	-	85,399	557,660	-
-	-	-	-	2,617,565	-
551,610	-	2,072,540	5,950,151	10,061,503	-
481,342	223,685	1,075,868	1,119,095	4,172,544	-
43,431	20,183	97,075	-	275,511	-
<u>\$ 4,747,833</u>	<u>\$ 2,206,375</u>	<u>\$ 10,612,108</u>	<u>\$ 13,995,744</u>	<u>\$ 47,132,068</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ 5,412,468	\$ -
47,412	-	-	-	352,503	-
-	-	-	1,458,842	1,458,842	-
2,435,377	-	-	-	2,435,377	-
54,235	-	-	-	54,235	-
111,749	-	-	-	111,749	-
-	1,563,503	-	-	1,563,503	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	7,691,342	-	7,691,342	-
-	-	-	-	32,485	-
26,743	-	-	-	82,286	-
-	-	-	-	591,726	-
-	-	-	-	124,955	-
-	-	-	5,146,706	7,148,922	-
423,311	-	649,300	304,630	2,957,252	-
-	-	-	656,470	656,470	-
-	-	-	1,048,340	1,048,340	-
-	-	-	798,253	798,253	-
-	-	-	376,489	376,489	-
-	-	1,358,749	172,853	1,531,602	-
1,066,573	-	65,406	-	1,567,061	-
582,433	642,872	847,311	4,033,161	11,136,208	1,338,697
<u>\$ 4,747,833</u>	<u>\$ 2,206,375</u>	<u>\$ 10,612,108</u>	<u>\$ 13,995,744</u>	<u>\$ 47,132,068</u>	<u>\$ 1,338,697</u>

Burke Center  
Reconciliation of Total Revenues to Fourth Quarter Financial Report  
August 31, 2021

	Revenues			Audited Financial Statements
	Care Report III	Additions	Deletions	
<b>Local Revenues</b>				
County governments	\$ 338,358	\$ -	\$ -	\$ 338,358
Patient fees	3,100,343	-	(701,373) b	2,398,970
Medicaid and medicare	1,589,116	766,798 b	4 c	2,355,918
Medicaid 1115 waiver	7,148,922	1 c	-	7,148,923
ICF-MR	3,685,392	1 c	-	3,685,393
HCS	3,964,479	-	-	3,964,479
TX-HML	41,471	-	(1) c	41,470
Texas Department of Transportation	798,253	-	-	798,253
Texas Rehabilitation Commission	-	28,615 a	-	28,615
Local contributions and other income	8,493,070	-	(6,040,925) d/g	2,452,145
Pharmaceutical expense (PAP only)	2,617,565	-	(2,617,565) e	-
<b>Total local revenues</b>	<b>31,776,969</b>	<b>795,415</b>	<b>(9,359,860)</b>	<b>23,212,524</b>
<b>State Program Revenues</b>				
General Revenue - Mental Health	7,636,081	-	(494,126) a/f	7,141,955
General Revenue - Developmental Disabilities	968,566	-	-	968,566
Crisis Services	2,435,377	-	-	2,435,377
Veterans Services	155,369	-	-	155,369
Supportive Housing	157,567	-	(3,717) g	153,850
Mental Health First Aid	-	28,600 f	-	28,600
CLOIP	242,492	-	-	242,492
Early Childhood Intervention	1,048,340	-	(502,059) g	546,281
HB 13	401,599	-	-	401,599
TCOOMMI	376,489	-	(1) c	376,488
OSAR	656,470	-	(495,977) g	160,493
TDCJ Rider 39	-	25,640 f	-	25,640
OBRA	147,691	-	-	147,691
<b>Total state program revenues</b>	<b>14,226,041</b>	<b>54,240</b>	<b>(1,495,880)</b>	<b>12,784,401</b>
<b>Federal Program Revenues</b>				
Mental Health Block Grant	591,726	91,229 g	-	682,955
Social Services Block Grant - Title XX	82,286	-	(28,690) f	53,596
Title XX Block Grant	32,485	-	-	32,485
Child TANF to Title XX	124,955	28,690 f	-	153,645
Enhanced Community Coordination	11,457	-	-	11,457
TBRA	172,853	-	-	172,853
Substance Abuse	-	495,977 g	-	495,977
Systems of Care	250,180	-	(1) c	250,179
Early Childhood Intervention	-	502,059 g	-	502,059
Medicaid Administrative Claiming	953,250	-	-	953,250
Medicaid Administrative Claiming - ECI	148,529	-	-	148,529
Other federal	100,034	1,675,217 g	(57,471) g	1,717,780
First Episode Psychosis	-	370,052 f	-	370,052
<b>Total federal program revenues</b>	<b>2,467,755</b>	<b>3,163,224</b>	<b>(86,162)</b>	<b>5,544,817</b>
Investment Earnings	-	28,902 d	-	28,902
<b>Total revenues</b>	<b>\$ 48,470,765</b>	<b>\$ 4,041,781</b>	<b>\$ (10,941,902)</b>	<b>\$ 41,570,644</b>

**Burke Center**  
**Reconciliation of Total Expenditures to Fourth Quarter Financial Report**  
**August 31, 2021**

Function	Expenditures			Audited Financial Statements
	Care Report III	Additions	Deletions	
Personnel	\$ 20,567,272	\$ -	\$ -	\$ 20,567,272
Employee Benefits	5,761,779	1 c	-	5,761,780
Training and Travel	180,366	-	(27,607) h	152,759
Professional and Consultant Services	5,442,068	-	(749,647) h	4,692,421
Building and Occupancy	-	1,908,552 h	-	1,908,552
Capital Outlay	818,515	106 h	-	818,621
Utilities	-	754,617 h	-	754,617
Non-Capitalized Equipment	234,815	1,147,429 h	(729,634) h	652,610
Pharmaceutical Expense	564,816	-	(66,740) h	498,076
Pharmaceutical Expense (Pap Only)	2,617,565	-	(2,617,565) e	-
Other Operating Expense	10,944,872	843,997 h/c	(7,173,367) d/h	4,615,502
<b>Total expenditures</b>	<b>\$ 47,132,068</b>	<b>\$ 4,654,702</b>	<b>\$ (11,364,560)</b>	<b>\$ 40,422,210</b>

- (a) Reclassify to report General Revenue Match
- (b) Reclassify Medicare Revenue
- (c) Rounding
- (d) Reclassify for DSRIP and other revenue
- (e) Free medicine used, not recorded for financial statement purposes
- (f) Reclassify General Revenue
- (g) Reclassify federal and state program revenue
- (h) Reclassify Expenditures



Burke Center  
Schedule of Indirect Costs  
August 31, 2021

	Total Costs	Non - allowable Costs	Depreciation	Total Adjusted Costs	Direct Costs	Indirect Costs
Personnel	\$ 20,567,271	\$ -	\$ -	\$ 20,567,271	\$ 18,050,471	\$ 2,516,800
Fringe Benefits	5,761,780	-	-	5,761,780	5,123,708	638,072
Capital Outlay	818,621	(818,621)	-	-	-	-
Depreciation	-	-	619,321	619,321	509,399	109,922
Debt Service	-	-	-	-	-	-
Other Operating Expenses	17,366,831	(5,522,267)	-	11,844,564	11,537,186	307,378
<b>Total expenses</b>	<b>\$ 44,514,503</b>	<b>\$ (6,340,888)</b>	<b>\$ 619,321</b>	<b>\$ 38,792,936</b>	<b>\$ 35,220,764</b>	<b>\$ 3,572,172</b>
Indirect Costs						3,572,172
Direct Costs						35,220,764
Indirect Cost Rate						10.14%

Burke Center  
Schedule of Leases in Effect  
August 31, 2021

Lessor	Location	Terms	Monthly Amount
East Texas Behavioral Resources, Inc.	ALU - Cherry 2308 Cherry St. Lufkin, TX 75901	9/01/20 - 8/31/21	\$ 1,357
East Texas Behavioral Resources, Inc.	ALU - Freeman 3224 Freeman Lufkin, TX 75901	9/01/20 - 8/31/21	2,206
East Texas Behavioral Resources, Inc.	ALU - Oleta 1204 Oleta Lufkin, TX 75904	9/01/20 - 8/31/21	1,559
East Texas Behavioral Resources, Inc.	ALU - Oscar Berry Rd. 776 North FM 1194 Lufkin, TX 75904	9/01/20 - 8/31/21	989
East Texas Behavioral Resources, Inc.	ALU - Rushwood 1004 Rushwood Lufkin, TX 75904	9/01/20 - 8/31/21	1,680
East Texas Behavioral Resources, Inc.	ALU - Shadylake 111 Lakewind Lufkin, TX 75901	9/01/20 - 8/31/21	1,112
East Texas Behavioral Resources, Inc.	ALU - Whitehouse 305 Whitehouse Lufkin, TX 75901	9/01/20 - 8/31/21	1,005
East Texas Behavioral Resources, Inc.	Angelina Burke Industries 2215 North John Redditt Dr. Lufkin, TX 75904	9/01/20 - 8/31/21	4,347
East Texas Behavioral Resources, Inc.	Angelina MH 1522 West Frank Ave. Lufkin, TX 75904	9/01/20 - 8/31/21	21,219
East Texas Behavioral Resources, Inc.	Business Services 2003 South Medford Dr. Lufkin, TX 75901	9/01/20 - 8/31/21	3,732
East Texas Behavioral Resources, Inc.	Business Management 2003 South Medford Dr. Lufkin, TX 75901	9/01/20 - 8/31/21	1,099

Burke Center  
Schedule of Leases in Effect  
August 31, 2021

Lessor	Location	Terms	Monthly Amount
East Texas Behavioral Resources, Inc.	Central Administration 2001 S. Medford Dr. Lufkin, TX 75901	9/01/20 - 8/31/21	\$ 5,030
East Texas Behavioral Resources, Inc.	Cunningham Group Home 1010 Cunningham Lufkin, TX 75901	9/01/20 - 8/31/21	1,423
East Texas Behavioral Resources, Inc.	DD Authority Services 1915 Old Mill Road Lufkin, TX 75904	9/01/20 - 8/31/21	5,488
East Texas Behavioral Resources, Inc.	DD Provider Services 2105 North John Redditt Dr. Lufkin, TX 75902	9/01/20 - 8/31/21	3,711
East Texas Behavioral Resources, Inc.	Diboll Group Home 200 Stubblefield Dr. Diboll, TX 75941	9/01/20 - 8/31/21	1,568
J & G Development, LLC P. O. Box 1724 Livingston, TX 77351	ECI - Livingston 300 Bypass Lane, Suite 201 Livingston, TX 77351	9/01/20 - 8/31/21	3,449
East Texas Behavioral Resources, Inc.	ECI - Lufkin 2211 N. John Redditt Dr. Lufkin, TX 75904	9/01/20 - 8/31/21	2,663
East Texas Behavioral Resources, Inc.	Fairweather Lodge 2019 Pearl St. Nacogdoches, TX 75961	9/01/20 - 8/31/21	824
East Texas Behavioral Resources, Inc.	Houston Co. MH 1401 W. Austin Crockett, TX 75835	9/01/20 - 8/31/21	1,219
East Texas Behavioral Resources, Inc.	Jasper MH 1250 Marvin Hancock Dr. Jasper, TX 75951	9/01/20 - 8/31/21	3,115
East Texas Behavioral Resources, Inc.	Kirbyville Burke Industries 910 S. Margaret Kirbyville, TX 75956	9/01/20 - 8/31/21	2,472

Burke Center  
Schedule of Leases in Effect  
August 31, 2021

Lessor	Location	Terms	Monthly Amount
East Texas Behavioral Resources, Inc.	Kirbyville Group Home 703 W. Martin Luther King Dr. Kirbyville, TX 75956	9/01/20 - 8/31/21	\$ 1,527
East Texas Behavioral Resources, Inc.	Lotus Lane Cottages 1802 Lotus Lane Lufkin, TX 75904	9/01/20 - 8/31/21	825
East Texas Behavioral Resources, Inc.	MCOT 5002 Lotus Lane Lufkin, TX 75904	9/01/20 - 8/31/21	1,302
East Texas Behavioral Resources, Inc.	Nacogdoches MH 3824 N. University Dr. Nacogdoches, TX 75961	9/01/20 - 8/31/21	21,177
East Texas Behavioral Resources, Inc.	Nacogdoches Burke Industries 1718 S. University Dr. Nacogdoches, TX 75961	9/01/20 - 8/31/21	2,966
East Texas Behavioral Resources, Inc.	Nacogdoches Group Home 2712 S.E. Stallings Dr. Nacogdoches, TX 75961	9/01/20 - 8/31/21	2,779
East Texas Behavioral Resources, Inc.	Newton Group Home 700 McMahan Newton, TX 75966	9/01/20 - 8/31/21	1,525
East Texas Behavioral Resources, Inc.	Pineland Group Home 707 S. Temple St. Pineland, TX 75968	9/01/20 - 8/31/21	1,568
East Texas Behavioral Resources, Inc.	Polk County MH 1100 Ogletree Dr. Livingston, TX 77351	9/01/20 - 8/31/21	6,035

Burke Center  
Schedule of Leases in Effect  
August 31, 2021

Lessor	Location	Terms	Monthly Amount
East Texas Behavioral Resources, Inc.	San Augustine Burke Industries 583 El Camino Crossing San Augustine, TX 75972	9/01/20 - 8/31/21	\$ 4,532
T & B Investments, LLC 233 Hurst Street, Suite B Center, TX 75935	Shelby MH 233 Hurst Street, Suite B Center, TX 75935	9/01/20 - 8/31/21	500
Klement Investments P. O. Box 996 Gainesville, TX 76241	Veterans' Program 3003 North Medford Dr. Lufkin, TX 75901	9/01/20 - 8/31/21	700
East Texas Behavioral Resources, Inc.	West Bay Group Home 46 West Bay Dr. Jasper, TX 75951	9/01/20 - 8/31/21	1,712
Tyler County Hospital 110 West Bluff Woodville, TX 75979	Woodville MH 110 West Bluff Woodville, TX 75979	9/01/20 - 8/31/21	2,085
Bob & Janice McKnight 4611 NW Stallings Nacogdoches, Texas	Cornerstone 4611 NW Stallings Nacogdoches, Texas	9/01/20 - 8/31/21	2,750
Sabine County Hospital	2301 Worth Street Hemphill, Texas	9/01/20 - 8/31/21	10
A-1 Self Storage 1701 Feagin Drive Lufkin, Texas	Human Resources 1701 Feagin Drive Lufkin, Texas	9/01/20 - 8/31/21	130
A-1 Self Storage 1701 Feagin Drive Lufkin, Texas	Human Resources 1701 Feagin Drive Lufkin, Texas	9/01/20 - 8/31/21	145

**Burke Center**  
Schedule of Space Occupied in a State-Owned Facility  
August 31, 2021

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Location	Building Utilization	Cost	
		Monthly	Annual
No State Owned Facilities Occupied			

**Burke Center**  
Schedule of Insurance in Force  
August 31, 2021

<u>Insurer</u>	<u>Policy Period</u>	<u>Coverage</u>	<u>Deductible/ Annual Coverage</u>
Texas Council Risk Management Fund	9/1/2020-8/31/2021	General liability	Limit \$1,000,000 per occurrence; \$1,000,000 aggregate \$1,000 deductible
Texas Council Risk Management Fund	9/1/2020-8/31/2021	Professional liability	Limit \$1,000,000 per claim; \$3,000,000 aggregate; \$10,000 deductible
Texas Council Risk Management Fund	9/1/2020-8/31/2021	Automobile liability	Limit \$1,000,000 per \$1,000 deductible
Texas Council Risk Management Fund	9/1/2020-8/31/2021	Mobile equipment and automobile physical damage	Actual cash value
Texas Council Risk Management Fund	9/1/2020-8/31/2021	Errors and omissions	Limit \$1,000,000; \$1,000,000 aggregate \$5,000 deductible
Texas Council Risk Management Fund	9/1/2020-8/31/2021	Workers' compensation	Statutory
<b>East Texas Behavioral Resources, Inc.</b>			
Texas Council Risk Management Fund	9/1/2020-8/31/2021	Property (real and personal)	Blanket Limit \$52,276,911 each occurrence \$2,500 deductible

Burke Center  
Schedule of Bond Coverage  
August 31, 2021

Surety Company	Scope of Coverage	Bond Amount
The Travelers Companies, Inc.	Crime Coverage Employee Dishonesty 9/1/2020 - 9/1/2021 \$10,000 deductible per occurrence  Employee Theft ERISA (No deductible) Forgery or Alteration Computer Fraud Funds Transfer Fraud \$10,000 deductible per occurrence	\$ 1,000,000
The Travelers Companies, Inc.	On Premises/In Transit 9/1/2020 - 9/1/2021 \$5,000 deductible per occurrence	100,000
The Travelers Companies, Inc.	Money Orders and Counterfeit Money 9/1/2020 - 9/1/2021 \$500 deductible per occurrence	50,000
The Travelers Companies, Inc.	Claim Expense 9/1/2020 - 9/1/2021 No deductible	25,000
Beazley Group	Information Security and Privacy Insurance with Breach Response Services Coverage 9/1/2020 - 9/1/2021 \$0 Retention  Policy Aggregate Limit of Liability	3,000,000
	Additional Breach Response \$25,000 Retention	3,000,000



Surety Company	Scope of Coverage	Bond Amount
Beazley Group	<b>First Party Loss</b>	
	Business Interruption Loss	
	Resulting from Security Breach	\$ 3,000,000
	Resulting from System Failure	3,000,000
	Dependent Business Loss	
	Resulting from Dependent Security Breach	100,000
	Resulting from Dependent System Failure	100,000
	Cyber Extortion Loss	3,000,000
Data Recovery Loss	3,000,000	
Beazley Group	<b>Liability</b>	
	Data and Network Liability	3,000,000
	Regulatory Defense & Penalties	3,000,000
	Payment Card Liabilities & Costs	3,000,000
Media Liability	3,000,000	
Beazley Group	<b>eCrime</b>	
	Fraudulent Instruction	100,000
	Funds Transfer Fraud	100,000
Telephone Fraud	100,000	
Beazley Group	Criminal Reward	50,000
Beazley Group	Consequential Reputational Loss	150,000
Beazley Group	<b>Breach Response</b>	
	Notified Individuals	250,000
	Legal, Forensic & Public Relations/Crisis Management	in the aggregate 2,000,000
	Retention: \$10,000 but \$5,000 for legal	in the aggregate

Burke Center  
Schedule of Professional and Consulting Fees  
August 31, 2021

Name	City	Type of Service	Amount
1 ELEVEN LAWN SERVICE	KIRBYVILLE, TX	LANDSCAPING AND LAWN SVCS	\$ 14,425
A GIRL CREATIVE DESIGN STUDIO	DENVER, CO	SOFTWARE MAINTENANCE & SUPPORT	4,950
ADAPTIVE INSIGHTS, INC	PASADENA, CA	SOFTWARE MAINTENANCE & SUPPORT	30,363
ADVANCE INNOVATIVE SOLUTIONS, INC	LOMBARD, IL	SOFTWARE MAINTENANCE & SUPPORT	1,010
ALCOLHOL DRUG AND ABUSE COUNCIL	LUFKIN, TX	DETOX SVCS	596,791
ALEMAN ROBIN	MONTGOMERY, TX	MONTGOMERY, TX	983
ALEXANDER LANKFORD & HIERS	LUFKIN, TX	AUDIT AND TAX PROFESSIONAL	6,425
ANDERSON LEANNE M	LUFKIN, TX	DIETITIAN SVCS	2,040
ANGELINA DIAGNOSTIC RAD ASSOC	HOUSTON, TX	RADIOLOGY XRAY SVCS	971
ANGELINA EYE CENTER, INC.	LUFKIN, TX	EYE CARE PROFESSIONAL SVCS	869
ANGELINA FAMILY MEDICINE	LUFKIN, TX	PHYSICIAN CONSULT	900
ASPIRE BEHAVIORAL HEALTH	CONROE, TX	PSYCHIATRIC INPATIENT SVCS	292,070
AUSTIN MILLISA	LUFKIN, TX	FOSTER CARE	37,208
AWP	NORTH CANTON, OHIO	VEHICLE RENTAL SVC	15,408
AYENI OLAYINKA M , MD PLLC	SPRING, TX	PHYSICIAN CONSULT	1,182
BAGWELL RHONDA	KIRBYVILLE, TX	FOSTER CARE	18,732
BASHAM BOBBY	POLLOK, TX	FOSTER CARE	18,575
BAYLOR ST LUKES MEDICAL GROUP	DALLAS, TX	LABORATORY SVCS	1,407
BEAN EDWIN	JASPER, TX	COMPANION/HOST CARE	18,575
BEHAVIORAL HEALTH SPECIALISTS, PLLC	SHENANDOAH, TX	PHYSICIAN CONSULT	23,369
BEST FRIENDS COMMUNITY SERVICE	GRAPELAND, TX	DAY HAB/RESPITE	125,881
BOGANY TEVRA	LUFKIN, TX	FOSTER CARE	16,047
BUCKINGHAM JUDY	NACOGDOCHES, TX	PHYSICIAN CONSULT	1,356
BURTON SONYA	CALL, TX	FOSTER CARE	21,029
BYRD ELIZABETH	CROCKETT, TX	FOSTER CARE	19,319
CABEM TECHNOLOGIES, LLC	FRANKLIN, MA	SOFTWARE MAINTENANCE & SUPPORT	5,505
CAMMACK GUY CLEVELAND	LUFKIN, TX	FOSTER CARE	18,575
CARASOFT TECHNOLOGY CORP	RESTON, VA	SOFTWARE MAINTENANCE & SUPPORT	3,974
CARR MARILYN	TRINITY, TX	FOSTER CARE	22,229
CERNER CORPORATION	ST LOUIS, MO	SOFTWARE MAINTENANCE & SUPPORT	87,604
CHA BEHAVIORAL HEALTHCARE, P.A.	SPRING, TX	PHYSICIAN CONSULT	24,017
CHATHAM BOBBY SR	KIRBYVILLE, TX	FOSTER CARE	38,214
CHONG FERNANDO	LUFKIN, TX	FOSTER CARE	19,477
CISCO SYSTEMS CAPITAL CORPORATION	PHILADELPHIA, PA	SOFTWARE MAINTENANCE & SUPPORT	7,006
CLINICAL PATHOLOGY LABS, INC	AUSTIN, TX	LABORATORY SVCS	53,944
COLBERT RANDY DELL	HUNTINGTON, TX	FOSTER CARE	17,243
CRAWFORD VERNELL	LUFKIN, TX	FOSTER CARE	21,333
CROWELL JANIS	ZAVALLA, TEXAS	FOSTER CARE	18,575
CYNERGY TECHNOLOGY	TYLER, TX	SOFTWARE MAINTENANCE & SUPPORT	3,883
DANIEL VINNIE L	LUFKIN, TX	FOSTER CARE	15,165
DATIS HR CLOUD, INC	CINCINNATI, OH	HR/PAYROLL PROFESSIONAL SVCS	140,108
DAVIS ADVANCED TECHNOLOGIES,	HUNTINGTON, TX	CONSULTING	2,425
DAVIS BRYAN MD	NACOGDOCHES, TX	LABORATORY SVCS	5,700
DELCAMBRE BOBBIE	NEWTON, TX	COMPANION/HOST CARE	22,229
DHATT AJINDER	HOUSTON, TX	PHYSICIAN CONSULT	1,708
DIAGNOSTIC DENTAL	NACOGDOCHES, TX	DENTAL SVCS	14,360
DIXON DARLENE	SAN AUGUSTINE, TX	FOSTER CARE	8,976
DRIVESTRIKE	SALT LAKE CITY, UT	SOFTWARE MAINTENANCE & SUPPORT	2,775
EAST TEXAS BEHAVIORAL HEALTHCARE NETWORK	LUFKIN, TX	PHYSICIAN CONSULT	725,968
EAST TEXAS FOOT ASSOCIATES	LUFKIN, TX	PEDIATRY PHYSICIAN CONSULT	907
EIDE BAILLY LLP	ABILENE, TX	AUDIT AND TAX PROFESSIONAL	39,500
ENLOW SUMMER	NACOGDOCHES, TX	PHYSICIAN CONSULT	1,217
EQUINE ELEMENT	JASPER, TX	IDD PROGRAMS/VOC SVCS	3,098
FAITH WHATLEY-TORRES LICENSED BEHAVIOR ANA	LIVINGSTON, TX	ECI CONTRACT SVCS	1,169
FAMILY PSYCHIATRY OF THE WOODLANDS	BELFAST, ME	PHYSICIAN CONSULT	5,694

Burke Center  
Schedule of Professional and Consulting Fees  
August 31, 2021

Name	City	Type of Service	Amount
FLAIR DATA SYSTEMS, INC	PLANO, TX	SOFTWARE MAINTENANCE & SUPPORT	\$ 9,728
GARCIA JANET ARACELI	LUFKIN, TX	DAY HAB/VOC TRN	22,225
GARDNER MARILYN	LUFKIN, TX	COMPANION/HOST CARE	19,872
GATEWAY COMMUNITY PARTNERS, IN	JACKSONVILLE, TX	IDD PROGRAMS/VOC SVCS	24,650
GRAY MARY	COLDSRING, TX	FOSTER CARE	20,703
HAGLUND LAW FIRM	LUFKIN, TX	LEGAL PROFESSIONAL	8,556
HAMMONDS LINDA	BUNA, TX	FOSTER CARE	25,254
HARRIS CENTER	HOUSTON, TX	CRISIS LINE	55,936
HEARNE-PARKS MONICA	POINTBLANK, TX	FOSTER CARE	18,219
HEARTLAND PHYSICIANS ASSOCIATES PLLC	THE WOODLANDS, TX	PHYSICIAN CONSULT	20,789
HESTER WILLIAM RAY	BUNA, TX	FOSTER CARE	21,011
HILL RHONDA JOY	ONALASKA, TX	FOSTER CARE	19,201
HOOT KELLY	POINTBLANK, TX	FOSTER CARE	18,575
HOPKINS GEORGIA	CROCKETT, TX	FOSTER CARE	17,243
HOSPITAL DOCS PA	MONTGOMERY, TX	PHYSICIAN CONSULT	15,286
HUBER DEBBIE	LUFKIN, TX	FOSTER CARE	31,667
ICENTRIX CORP	SALEM, NH	SOFTWARE MAINTENANCE & SUPPORT	4,600
INSPIRATION VILLAGE	TRINITY, TX	DAY HAB/VOC TRN	22,250
INTERPRETING TRAINING AND CONS	NACOGDOCHES, TX	INTERPRETING SERVICES	653
IRIS TELEHEALTH MEDICAL GROUP, PA	AUSTIN, TX	TELEPSYCHIATRY SVCS	243,512
JACKSON KIMBERLY ROSE	LUFKIN, TX	FOSTER CARE	7,786
JAMES HILLIARD & SONS LNDSCPNG	LUFKIN, TX	LAWN CARE SVCS	11,791
JEANNIE'S INTERPRETER SERVICES	LUFKIN, TX	INTERPRETING SERVICES	720
JOB CHERI	LIVINGSTON, TX	FOSTER CARE	19,146
JOHNSON LISA	LUFKIN, TX	FOSTER CARE	14,314
JONES GAYLENE	HUNTINGTON, TX	FOSTER CARE	18,575
JONES KIMLA D	LUFKIN, TX	FOSTER CARE	21,697
JORDAN FAMILY DENTISTRY	LUFKIN, TX	DENTAL SVCS	635
KINGWOOD PINES HOSPITAL	KINGWOOD, TX	PSYCHIATRIC HOSPITAL	685,910
KIRSCH THOMAS	SHELBYVILLE, TX	FOSTER CARE	7,855
KNOWBE4 INC.	CLEARWATER, FL	SOFTWARE MAINTENANCE & SUPPORT	8,330
KUNDLER MARC WILLIS	AUSTIN, TX	PHYSICIAN CONSULT	15,000
LIFESIZE, INC.	AUSTIN, TX	SOFTWARE MAINTENANCE & SUPPORT	34,151
LUCAS PSYCHIATRIC ASSOCIATES	THE WOODLANDS, TX	PHYSICIAN CONSULT	7,380
MASTERWORD SERVICES, INC.	HOUSTON, TX	INTERPRETING SERVICES	13,831
MATHEWS-JOHNSON BRIDGET	LUFKIN, TX	FOSTER CARE	52,969
MCCARY ROSE	LUFKIN, TX	FOSTER CARE	31,192
MCLAUGHLIN JANICE J	LUFKIN, TX	FOSTER CARE	5,811
MCMAHON SHARRON	BUNA, TX	DAY HAB CARE	3,771
MEDICAL BEHAVIORAL HOSPITAL OF CLEAR LAKE	MISHAWAKA, IN	HOSPITAL	15,475
MEDIVISTA MEDIA LLC	GAINESVILLE, GA	PUBLIC RELATIONS/ADVERTISING	10,764
MEMORIAL HEALTH SYSTEMS	LUFKIN, TX	LABORATORY SVCS	12,233
MORELAND CARMEN	LUFKIN, TX	DIETITIAN SVCS	9,596
MRI SOFTWARE LLC	CHICAGO, IL	SOFTWARE MAINTENANCE & SUPPORT	2,122
MUNKEBY JOSH S	MESQUITE, TX	CONSULTING	1,140
MYSTRENGTH, INC.	DENVER, CO	SOFTWARE MAINTENANCE & SUPPORT	14,000
NETSMART TECHNOLOGIES INC	PHILADELPHIA, PA	SOFTWARE MAINTENANCE & SUPPORT	119,267
NETSMART TECHNOLOGIES INC	PHILADELPHIA, PA	BILLING COLLECTION SERVICES	111,393
NIXON HOME CARE, INC.	HOUSTON, TX	DAY HAB CARE	5,382
OAK CREEK CENTER	LUFKIN, TX	HCS AND TXHML/IDD PROGRAMS	23,994
ODYSSEY SOFTWARE GROUP, INC.	WEXFORD, PA	SOFTWARE MAINTENANCE & SUPPORT	17,595
ODYSSEY SOFTWARE GROUP, INC.	WEXFORD, PA	SOFTWARE MAINTENANCE & SUPPORT	2,300
PADDIE BILLY	CENTER, TX	FOSTER CARE	19,113
PALESTINE REGIONAL MED CENTER	ATLANTA, GA	HOSPITAL	27,200
PARKER RHONDA	GROVETON, TX	FOSTER CARE	25,254

Burke Center  
Schedule of Professional and Consulting Fees  
August 31, 2021

Name	City	Type of Service	Amount
PENNINGTON JOHN	CLEVELAND, TX	FOSTER CARE	\$ 17,243
PETERS TINA LEE	HUNTINGTON, TX	FOSTER CARE	58,931
POLING TINA CONLEY	POLLOK, TX	FOSTER CARE	34,485
PROCTOR JR ROBERT E	LUFKIN, TX	FOSTER CARE	17,243
PSYCHIATRY OF TEXAS, PLLC	HOUSTON, TX	PSYCHIATRIC CONSULTS	20,735
RAINEY LENA JEAN	LUFKIN, TX	FOSTER CARE	37,961
RAJ BHARATH G.	KINGWOOD, TX	PSYCHIATRIC CONSULTS	1,029
REED LOWANDA	LUFKIN, TX	FOSTER CARE	18,879
REESOR JOYCE	LUFKIN, TX	FOSTER CARE	18,575
RELIAS, LLC	CHICAGO, IL	SOFTWARE MAINTENANCE & SUPPORT	21,844
RICHARDSON GLENDA	LUFKIN, TX	LAUNDRY SVCS	13,371
RUSSELL PSYCHIATRY, PLLC	COLLEYVILLE, TX	PSYCHIATRIC CONSULTS	20,490
SCHULTZ AMY	LUFKIN, TX	FOSTER CARE	20,353
SHEPHERD DAPHNE	LUFKIN, TX	FOSTER CARE	18,575
SNIDER GERALD	HUNTINGTON, TX	FOSTER CARE	18,575
SPINDLETOP CENTER	BEAUMONT, TX	CONSULTING	1,978
SSA TECHNOLOGY	SANTA CLARA, UT	SOFTWARE MAINTENANCE & SUPPORT	3,220
SUN BEHAVIORAL HOUSTON	HOUSTON, TX	HOSPITAL	8,400
SUTTON TAMMIE	SAN AUGUSTINE, TX	FOSTER CARE	21,541
SWINDLE MELISSA	CENTER, TX	FOSTER CARE	8,602
TASKMASTER PRO TECHNOLOGIES	ABILENE, TX	SOFTWARE MAINTENANCE & SUPPORT	32,326
TCOOMMI Service Providers	LUFKIN, TX	GRANT SERVICES CONSULTING	53,413
TEJAS BEHAVIORAL HEALTH MGMT	ROUND ROCK, TX	CONSULTING	2,100
THIBODEAUX SUSAN D.	VIDOR, TX	FOSTER CARE	18,575
TOMPKINS JERRY H	SAN AUGUSTINE, TX	FOSTER CARE	37,150
TONI FALCO DRYSDALE DIETICIAN SERVICES, LLC	PINEHURST, TX	DIETITIAN SVCS	1,733
TORRES FERNANDO	MONTGOMERY, TX	PHYSICIAN CONSULT	1,614
TRAHAN CRYSTAL	KEMAH, TX	CONSULTING	720
TRI COUNTY BEHAVIORAL HEALTHCA	CONROE, TX	DAY HAB	3,139
TRIANGLE LAWN SPECIALISTS, LLC	NEDERLAND, TX	LAWN CARE SVCS	1,440
TX INSTITUTE FOR KIDNEY & ENDOCRINE	LUFKIN, TX	PHYSICIAN CONSULT	647
TX SPECIALTY PHYSICIANS	MEXIA, TX	PHYSICIAN CONSULT	2,228
VAR TECHNOLOGY FINANCE	DES MOINES, IA	SOFTWARE MAINTENANCE & SUPPORT	3,530
VICKERY LAWN SVC LLC	LIVINGSTON, TX	LANDSCAPING AND LAWN SVCS	2,640
VISIONALITY	RICHARDSON, TX	SOFTWARE MAINTENANCE & SUPPORT	5,339
WALKER PATRICIA	CORRIGAN, TX	CRISIS RESPITE	1,500
WALLACE LUCIOUS	CROCKETT, TX	FOSTER CARE	17,073
WESTPARK SPRINGS LLC	RICHMOND, TX	HOSPITAL	183,150
WHITE KATHY	NACOGDOCHES, TX	FOSTER CARE	20,103
WILSON PATRICIA H	LUFKIN, TX	FOSTER CARE	17,243
WISE ALBERT J	LIVINGSTON, TX	FOSTER CARE	17,243
WOODLAND HEIGHTS MEDICAL 2184	LUFKIN, TX	EMERGENCY SVCS/FOOD SVCS	34,366
WOODLAND SPRINGS	CONROE, TX	HOSPITAL	573,650
YBARRA ELIZABETH ANN	CENTER, TX	FOSTER CARE	18,575
YORK CHARLEEN	BUNA, TX	FOSTER CARE	18,575
ZEAGLER VIRGINIA	LUFKIN, TX	FOSTER CARE	17,243

Burke Center  
Schedule of Professional and Consulting Fees \$50,000 or More  
August 31, 2021

Name	Type of Service	Amount
EAST TEXAS BEHAVIORAL HEALTHCARE NETWORK 2001 S MEDFORD DRIVE LUFKIN TEXAS 75901	PHYSICIAN CONSULT	\$ 725,968
KINGWOOD PINES HOSPITAL 2001 LADBROOK DRIVE KINGWOOD TEXAS 77339	PSYCHIATRIC HOSPITAL	685,910
ALCOLHOL DRUG AND ABUSE COUNCIL PO BOX 384 LUFKIN TEXAS 75902	DETOX SERVICES	596,791
WOODLAND SPRINGS LLC 15860 OLD CONROE ROAD CONROE TEXAS 77384	PSYCHIATRIC HOSPITAL	573,650
ASPIRE BEHAVIORAL HEALTH 2006 S LOOP 336 W SUITE 500 CONROE TEXAS 77304	PSYCHIATRIC HOSPITAL	292,070
IRIS TELEHEALTH MEDICAL GROUP, PA 114 W 7TH STREET SUITE 900 AUSTIN TEXAS 78701	TELEPSYCHIATRY SERVICES	243,512
WESTPARK SPRINGS LLC 6902 S PEEK ROAD RICHMOND TEXAS 77407	PSYCHIATRIC HOSPITAL	183,150
DATIS HR CLOUD, INC PO BOX 715019 SUITE 1550 CINCINATTI OHIO 45271	HR/PAYROLL PROFESSIONAL SERVICES	140,108
BEST FRIENDS COMMUNITY SERVICE PO BOX 156 GRAPELAND TEXAS 75844	DAY HAB/RESPITE	125,881
NETSMART TECHNOLOGIES INC PO BOX 823519 PHILADELPHIA PENNSYLVANIA 19182	SOFTWARE MAINTENANCE & SUPPORT	119,267
NETSMART TECHNOLOGIES INC PO BOX 823519 PHILADELPHIA PENNSYLVANIA 19182	BILLING COLLECTION SERVICES	111,393
CERNER CORPORATION PO BOX 959156 ST LOUIS MISSOURI 63195	SOFTWARE MAINTENANCE & SUPPORT	87,604

Burke Center  
Schedule of Professional and Consulting Fees \$50,000 or More  
August 31, 2021

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Name	Type of Service	Amount
PETERS TINA LEE 668 DANNY READ ROAD HUNTINGTON TEXAS 75949	FOSTER CARE	\$ 58,931
HARRIS CENTER PO BOX 25381 HOUSTON TEXAS 77265	CRISIS LINE	55,936
CLINICAL PATHOLOGY LABS INC PO BOX 141669 AUSTIN TEXAS 78714	LABORATORY SERVICES	53,944
MATHEWS-JOHNSON BRIDGET 912 ROWE AVE LUFKIN TEXAS 75904	FOSTER CARE	52,969

Burke Center  
Schedule of Legal Services  
August 31, 2021

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Name	City	Type of Service	Amount
Haglund Law Firm	Lufkin, TX	Legal Service	\$ 8,556
Lewis Brisbois Bisgaard & Smith, LLP	Dallas, TX	Legal Service	2,036

	General Fund (Audited)	ETBHN Fund (Unaudited)	Total Combined Funds (Unaudited)
<b>Assets</b>			
Cash and cash equivalents	\$ 11,203,267	\$ 2,399,467	\$ 13,602,734
Investments	737,161	1,240,664	1,977,825
Accounts receivable, net	3,797,749	1,036,697	4,834,446
Inventory	-	8,584,897	8,584,897
Deposits	3,250	-	3,250
Deposit IGT DPP	931,329	-	931,329
Prepaid expenses	727,530	-	727,530
	<u>\$ 17,400,286</u>	<u>\$ 13,261,725</u>	<u>\$ 30,662,011</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 1,612,091	\$ 25,004	\$ 1,637,095
Accrued liabilities	1,180,906	-	1,180,906
Unearned revenue	365,769	-	365,769
Due to other governments	569,186	-	569,186
Inventory held for others	-	8,339,124	8,339,124
	<u>3,727,952</u>	<u>8,364,128</u>	<u>12,092,080</u>
<b>Deferred Inflows of Resources</b>			
Unavailable revenue	-	4,897,597	4,897,597
	<u>-</u>	<u>4,897,597</u>	<u>4,897,597</u>
<b>Fund Balances</b>			
<b>Nonspendable</b>			
Deposits	3,250	-	3,250
Prepaid expenses	727,530	-	727,530
<b>Assigned</b>			
Program sustainability	1,405,750	-	1,405,750
Technology advances	291,561	-	291,561
Vehicles	317,290	-	317,290
Health insurance	704,788	-	704,788
Policy reserve	10,222,165	-	10,222,165
Unassigned	-	-	-
	<u>13,672,334</u>	<u>-</u>	<u>13,672,334</u>
<b>Total fund balances</b>	<u>\$ 17,400,286</u>	<u>\$ 13,261,725</u>	<u>\$ 30,662,011</u>



Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds and East Texas  
Behavioral Health Network (Exhibit E-2)  
August 31, 2021

	General Fund (Audited)	ETBHN Fund (Unaudited)	Total Combined Funds (Unaudited)
<b>Revenues</b>			
Local funds	\$ 23,212,524	\$ 12,158,618	\$ 35,371,142
State programs	12,784,401	-	12,784,401
Federal programs	5,544,817	-	5,544,817
Investment earnings	28,902	13,745	42,647
Total revenues	<u>41,570,644</u>	<u>12,172,363</u>	<u>53,743,007</u>
<b>Expenditures</b>			
<b>Current</b>			
Adult Mental Health	9,500,500	-	9,500,500
Children's Mental Health	3,801,034	-	3,801,034
Mental Health Crisis	4,120,237	-	4,120,237
Intellectual & Developmental Disabilities	8,791,178	-	8,791,178
Early Childhood Intervention	2,161,911	-	2,161,911
Other Activities	6,973,874	-	6,973,874
Central Administration	4,254,855	-	4,254,855
ETBHN		12,172,363	12,172,363
Capital outlay	818,621	-	818,621
Total expenditures	<u>40,422,210</u>	<u>12,172,363</u>	<u>52,594,573</u>
<b>Other Financing Sources</b>			
Proceeds from sale of assets	190,263	-	190,263
Net Change in Fund Balance	1,338,697	-	1,338,697
Fund Balance, September 1	<u>12,333,637</u>	<u>-</u>	<u>12,333,637</u>
Fund Balance, August 31	<u><u>\$ 13,672,334</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 13,672,334</u></u>

**Notes:**

Burke is the contracted fiscal intermediary for East Texas Behavioral Health Resources (ETBHN). ETBHN engaged Eide Bailly to conduct an agreed upon procedures engagement for ETBHN Fiscal Year 2021 transactions. ETBHN is a network cooperative organized under Chapter 791 of the Government Code - Interlocal Agency comprised of 11 different Local Mental Health Authorities in the state and is governed by the Regional Oversight Committee which is comprised of the CEO of each member center. Burke is responsible to manage and direct the financial affairs of ETBHN at the direction of the Regional Oversight Committee. In addition to basic accounting services, Burke provides ETBHN certain business supports such as Human Resources, Payroll and Insurance coverage. Relevant financial statements including ETBHN activities are included in the Supplemental Information section of this report as they do not meet the criteria under GASB to include as a component unit.



Single Audit Section  
August 31, 2021  
**Burke Center**



**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***

The Board of Trustees  
Burke Center  
Lufkin, Texas

We have audited, in accordance with the 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 business-type activities, each major fund and aggregate remaining fund information of Burke Center (the Center), as of and for the year ended August 31, 2021, and the related notes to the financial statements, which collectively comprise the Center’s basic financial statements, and have issued our report thereon dated January 18, 2022.

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

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

**Purpose of this Report**

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

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

Abilene, Texas  
January 18, 2022



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

The Board of Trustees  
Burke Center  
Lufkin, Texas

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

We have audited Burke Center’s (the Center) compliance with the types of compliance requirements described in the *OMB Compliance Supplement, State of Texas Single Audit Circular (TSAC)* and *Guidelines for Annual Financial and Compliance Audits of Community Mental Health and Mental Retardation Centers* that could have a direct and material effect on each of the Center’s major federal and state programs for the year ended August 31, 2021. The Center’s major federal and state programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

**Management’s Responsibility**

Management is responsible for compliance with federal statutes, regulations, and 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* (Audit Guidelines). Those standards, the Uniform Guidance, TSAC, and the Audit Guidelines require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Center’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

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

### **Report on Internal Control Over Compliance**

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

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

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

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



Abilene, Texas  
January 18, 2022

Burke Center  
Schedule of Expenditures of State and Federal Awards  
Year Ended August 31, 2021

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Pass-through Entity Identifying Number	Expenditures
<b>STATE AWARDS</b>		
Texas Health and Human Services Commission		
LMHA		
General Revenue - Mental Health Adult	HHS000526600001	\$ 4,894,411
General Revenue - Mental Health Child	HHS000526600001	518,057
MH Transition	HHS000526600001	54,235
Crisis Services	HHS000526600001	340,078
Veterans Services	HHS000526600001	155,369
Supportive Housing	HHS000526600001	153,850
Psychiatric Emergency Service Centers	HHS000526600001	2,095,299
MH Intensive	HHS000526600001	111,749
Mental Health First Aid	HHS000180000001	28,600
Private Psychiatric Beds	HHS000526600001	1,486,736
COVID-19 HHSC Inpatient Care	HHS000808200019	76,767
HB 13 Community Mental Health Grant Program	HHS000149700008	401,599
TDCJ Rider 39	HHS000740900007	25,640
Substance Abuse	HHS000782500014	160,493
Total LMHA		<u>10,502,883</u>
LIDDA		
General Revenue - IDD	HHS000612700001	817,578
Community Living Options Information Process	HHS000612700001	242,492
Permanency Planning	HHS000612700001	11,541
IDD Crisis	HHS000612700001	139,447
PASSR/OBRA - Day Hab	HHS000612700001	147,691
Total LIDDA		<u>1,358,749</u>
ECI		
Early Childhood Intervention Comprehensive Services	HHS000640200008	545,201
Early Childhood Intervention Respite Services	HHS000640200008	1,080
Total ECI		<u>546,281</u>
Total State Awards		<u>\$ 12,407,913</u>

Schedule of Expenditures of State and Federal Awards  
Year Ended August 31, 2021

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal Financial Assistance Listing	Pass-through Entity Identifying Number	Expenditures
<b>FEDERAL AWARDS</b>			
U.S. Department of Homeland Security			
Passed through Texas Health and Human Services Commission			
COVID-19 Disaster Crisis Counseling Service	97.032	HHS000434500019	\$ 221,575
Total U.S. Department Homeland Security			<u>221,575</u>
U.S. Department of Education			
Passed through Texas Health and Human Services Commission			
Special Education - Grants for Infants and Families with Disabilities (IDEA, Part C)	84.181	HHS000640200008	365,685
Special Education - Grants to States (IDEA, Part B) - Special Education (IDEA) Cluster	84.027	HHS000640200008	<u>63,720</u>
Total U.S. Department of Education			<u>429,405</u>
U.S. Department of Health and Human Services			
Direct Program			
Cooperative Agreements for Expansion and Sustainability of the Comprehensive Community MH Services for Children with Serious Emotional Disturbances			
	93.104	HHS000327300001	250,179
Passed through Texas Health and Human Services Commission			
Medicaid Administrative Claiming (Medicaid; Title XIX)	93.778	529-09-0032-00053	953,250
Medicaid Administrative Claiming (Medicaid; Title XIX)	93.778	529-11-0040-00006	<u>148,529</u>
Subtotal of CFDA # 93.778 Medicaid Cluster			1,101,779
Temporary Assistance for Needy Families (TANF)	93.558	HHS000526600001	153,645
Temporary Assistance for Needy Families (TANF)	93.558	HHS000640200008	<u>72,654</u>
Subtotal of CFDA # 93.558			226,299
Mental Health Block Grant	93.958	HHS000526600001	591,726
Mental Health Block Grant - Supportive Housing	93.958	HHS000526600001	3,717
Mental Health Block Grant - MHFA	93.958	HHS000180000001	87,512
First Episode Psychosis	93.958	2016-049426-001	<u>370,052</u>
Subtotal of CFDA # 93.958			1,053,007
Social Services Block Grant	93.667	HHS000526600001	53,596
Title XX - Social Services Block Grant	93.667	HHS000526600001	<u>32,485</u>
Subtotal of CFDA # 93.667			86,081
Tablet Job Coach	93.791	HHSC00794700001	13,195
Apprenticeship Employment	93.791	HHS000790900001	20,678
Enhanced Community Coordination Demonstration	93.791	HHS000191200002	<u>11,457</u>
Subtotal of CFDA # 93.791			45,330
Substance Abuse/OSR	93.959	HHS000782500014	430,977
Substance Abuse/OSR	93.788	HHS000782500014	65,000
CCBHC Expansion Grant	93.829	1H79SM083180-01	1,035,449
COVID-19 Provider Relief Funds	93.498	N/A	<u>20,966</u>
Total U.S. Department of Health and Human Services			<u>4,315,067</u>

See Notes to Schedule of Expenditures of State and Federal Awards



Burke Center  
Schedule of Expenditures of State and Federal Awards  
Year Ended August 31, 2021

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal Financial Assistance Listing	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Housing and Urban Development			
Passed through Texas Department of Housing and Community Affairs			
Home Investment Partnerships Program	14.239	2018-0007	172,853
Passed through Deep East Texas Council of Governments			
Section 8 Housing Choice Vouchers			
Housing Voucher Cluster	14.871	TX24512V0	42,563
Total U.S. Department of Housing and Urban Development			215,416
Total Federal Financial Assistance			5,181,463
Total Federal and State Awards			\$ 17,589,376

**Note 1 - Basis of Presentation**

The accompanying schedule of expenditures of state and federal awards (the schedule) includes the state and federal award activity of the Burke Center (the Center) under programs of the federal and state governments for the year August 31, 2021. The information is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, Audit Requirements for Federal Awards* (Uniform Guidance) and *State of Texas Single Audit Circular* (TSAC). Because the schedule 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.

**Note 2 - Summary of Significant Accounting Policies**

Expenditures reported in the schedule are reported on the modified accrual basis of accounting. 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.

**Note 3 - Indirect Cost Rate**

The Center has elected to use the 10% de minimis cost rate allowed under the Uniform Guidance for its federal awards.

**Note 4 - Relationship to Basic Financial Statements**

Certain state and federal programs have been excluded from the Schedule of Expenditures of State and Federal Awards, including monies received under vendor contract for Title XIX ICF/MR, Title XIX HCS/MR, and other Medicaid/Medicare funding earned from providing patient services. The state and federal monies excluded from the Schedule of Expenditures of State and Federal Awards are not considered financial assistance as defined in the Uniform Guidance and are included in total local revenues in the basic financial statements.

Texas Correctional Office on Offenders with Medical or Mental Impairments (TCOOMMI) has been excluded from the Schedule of Expenditures of State and Federal Awards as these monies are considered contracts, not state awards.

**Note 5 - Provider Relief Funds**

The Center received amounts from the U.S. Department of Health and Human Services (HHS) through the Provider Relief Fund (PRF) program (Federal Financial Assistance Listing/CFDA #93.498) during the years ended August 31, 2020 and 2021. The Center incurred eligible expenditures and, therefore, recognized revenues totaling \$57,659 and \$384,320 for the years ended August 31, 2020 and 2021, respectively, on the financial statements. In accordance with the OMB Compliance Supplement Addendum, the PRF expenditures recognized on the schedule are based on the reporting to HHS for the calendar year ending December 31, 2020, as required under the PRF program. \$20,966 was recognized on the schedule with represents the amount received and expended prior to June 30, 2020.

**Note 6 - Donated Personal Protective Equipment (PPE)**

Nonmonetary assistance of PPE received during the emergency period of the COVID-19 pandemic was \$318,066 and is based on the estimated fair market value of the PPE received. The donated PPE was generally provided by donors without information about compliance or reporting requirements associated with federal financial assisting listings or CFDA numbers. The donated PPE is not included in the schedule of expenditure of federal awards.

**Note 7 - State Award Guidelines**

State awards are subject to HHSC's Guidelines for Annual Financial and Compliance Audits of Community MHMR Centers (21st Revision) as well as the Office of the Governor's State of Texas Single Audit Circular. Such guidelines are consistent with those required under the Single Audit Act of 1996, the Uniform Guidance and Government Auditing Standards, issued by the Comptroller General of the United States.

**Note 8 - Federal/State Split Funding**

The Early Childhood Intervention Program and certain Substance Abuse programs were administered with both pass-through federal funds and state funds. The Schedule of Expenditures of State and Federal Awards has been prepared reflecting the allocation provided by the pass-through state agencies.

**Note 9 - Subrecipients**

The Center does not pass any of their state or federal funding to subrecipients.

**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

**State and Federal 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	<u>CFDA Number</u>
CCBHC Expansion Grant	93.829
Mental Health Block Grant	93.958
Dollar threshold used to distinguish between type A and type B programs:	\$ 750,000
Name of State Program	
Behavioral Health - General Revenue	
Mental Health Adult	N/A
Mental Health Child	N/A
Crisis Services	N/A
Psychiatric Emergency Services Centers	N/A
Private Psychiatric Beds	N/A
General Revenue - IDD	N/A
Dollar threshold used to distinguish between type A and type B programs:	\$ 372,237
Auditee qualified as low-risk auditee?	Yes

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**Section II – Financial Statement Findings**

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The audit disclosed no findings required to be reported.

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

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



To the Board of Trustees and Management of  
Burke Center  
Lufkin, Texas

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Burke Center (the Center) as of and for the year ended August 31, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the Center's internal control over financial reporting (internal control) as a basis for designing our auditing procedures 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 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 reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- *Reasonably possible*. The chance of the future event or events occurring is more than remote but less than likely.
- *Probable*. The future event or events are likely to occur.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. 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.

This communication is intended solely for the information and use of management, the Board of Trustees, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Eide Bailly LLP".

Abilene, Texas  
January 18, 2022