



Burke

Financial Statements
August 31, 2022

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BURKE CENTER
Certificate of Board Approval
Year Ended August 31, 2022

I, Randy George., Interim Board Chair of the Board of Trustees of Burke Center, do hereby certify that this accompanying audit report for fiscal year ended August 31, 2022, from Eide Bailly LLP was reviewed and approved at a meeting of the Board of Trustees held on the 31th day of January, 2023.

Randy George
Interim Chair, Board of Trustees

BURKE CENTER
Listing of Officials
August 31, 2022

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 Audit of the Financial Statements

Opinions

We have audited 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, 2022, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Center, as of August 31, 2022, 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.

Basis for Opinions

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

Adoption of New Accounting Standard

As discussed in Note 3 to the financial statements, the Center has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ended August 31, 2022. Accordingly, a restatement has been made to the governmental activities net position as of September 1, 2021, to restate beginning net position. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Center's internal control. Accordingly, no such opinion is expressed.⁵
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Center’s ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2023 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, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

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

Abilene, Texas
January 20, 2023

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, 2022.

Financial Highlights

- The assets of the Center exceeded its liabilities at the close of the most recent fiscal year by \$33,797,726 (net position). This compares to the previous year when assets exceeded liabilities by \$32,851,607. The Center's total net position (government-wide) increased by \$946,119.
- As of the close of the current fiscal year, the Center's governmental fund reported ending fund balances of \$14,666,890, an increase of \$994,556.
- 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 \$17,293,083, an increase of \$350,466.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$0 or 0 percent of General Fund Expenditures. \$11,008,992 was assigned for policy reserve which represents 26.8% of General Fund expenditures excluding capital outlay and debt service.

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 \$33,797,726 at the close of the most recent fiscal year. This is a \$946,119 increase over last year's net position of \$32,851,607.

The largest portion of the Center's net position (50.2%) represents its net investment in capital assets (e.g., land, buildings and improvements, furniture and equipment, vehicles, and right to use leased assets). The remaining balance of the Center's net position (49.8%) represents the unrestricted financial resources available for future operations. The Center adopted the provisions of GASB 87, *Leases*, at September 1, 2021.

Statement of Net Position
Government-Wide

	Governmental Activities		Business-Type Activities		Total	
	2022	2021, restated	2022	2021	2022	2021
Current and other assets	\$ 19,683,432	\$ 17,400,286	\$ 3,158,984	\$ 2,590,310	\$ 22,842,416	\$ 19,990,596
Capital assets, net	2,960,852	3,473,466	16,201,774	16,545,343	19,162,626	20,018,809
Total assets	22,644,284	20,873,752	19,360,758	19,135,653	42,005,042	40,009,405
Current and other liabilities	5,016,542	3,727,952	25,490	438	5,042,032	3,728,390
Long-term liabilities	1,123,099	1,236,830	2,042,185	2,192,578	3,165,284	3,429,408
Total liabilities	6,139,641	4,964,782	2,067,675	2,193,016	8,207,316	7,157,798
Net investment in capital assets	2,801,113	3,208,154	14,159,589	14,352,765	16,960,702	17,560,919
Unrestricted	13,703,530	12,700,816	3,133,494	2,589,872	16,837,024	15,290,688
Total net position	\$ 16,504,643	\$ 15,908,970	\$ 17,293,083	\$ 16,942,637	\$ 33,797,726	\$ 32,851,607

Governmental activities increased the Center's net position by \$595,673, and the business-type activities increased the Center's net position by \$350,446. Key elements of this increase are as follows:

Statement of Activities Government-Wide						
	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues						
Program revenues						
Charges for services	\$ 21,177,834	\$ 22,426,517	\$ 1,429,464	\$ 1,429,464	\$ 22,607,298	\$ 23,855,981
Operating grants and contributions	21,095,605	19,115,225	-	-	21,095,605	19,115,225
General revenues						
Unrestricted investment earnings	35,733	28,902	12	1,265	35,745	30,167
Gain on sale of assets	95,230	160,955	40,000	-	135,230	160,955
Total revenues	<u>42,404,402</u>	<u>41,731,599</u>	<u>1,469,476</u>	<u>1,430,729</u>	<u>43,873,878</u>	<u>43,162,328</u>
Expenses						
Mental Health Adult	10,028,742	9,567,811	-	-	10,028,742	9,567,811
Mental Health Child	4,180,932	3,816,938	-	-	4,180,932	3,816,938
Mental Health Crisis	6,497,240	4,137,665	-	-	6,497,240	4,137,665
Intellectual & Developmental Disabilities	11,869,200	9,048,157	-	-	11,869,200	9,048,157
Early Childhood Intervention	2,365,714	2,229,252	-	-	2,365,714	2,229,252
Other Activities	1,870,047	6,953,122	-	-	1,870,047	6,953,122
Administration	4,991,913	4,352,116	-	-	4,991,913	4,352,116
Interest	4,941	-	-	-	4,941	-
ETBR	-	-	1,119,030	1,042,679	1,119,030	1,042,679
Total expenses	<u>41,808,729</u>	<u>40,105,061</u>	<u>1,119,030</u>	<u>1,042,679</u>	<u>42,927,759</u>	<u>41,147,740</u>
Change in net position	595,673	1,626,538	350,446	388,050	946,119	2,014,588
Net position, beginning	<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>
Net position, ending	<u>\$ 16,504,643</u>	<u>\$ 15,908,970</u>	<u>\$ 17,293,083</u>	<u>\$ 16,942,637</u>	<u>\$ 33,797,726</u>	<u>\$ 32,851,607</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 \$14,666,890, which is an increase of \$994,556 from last year's total of \$13,672,334. Approximately, four percent of the total fund balance or \$613,281 is considered nonspendable because it is not in spendable form. Ninety-six percent or \$14,053,609 has been assigned, meaning there are limitations resulting from its intended use. The assigned uses include \$1,405,750 for program sustainability, \$261,304 for technology advances, \$672,775 for vehicles, \$704,788 for health insurance and \$11,008,992 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 \$14,666,980. 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 26.9% of total General Fund expenditures excluding capital outlay and debt service.

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 \$3,133,494 while total net position reached \$17,293,083, an increase of \$350,446 from prior year total net position of \$16,942,637.

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 \$2,094,215 and an increase in expenditures of \$1,204,406.

Revenues

- Increase of \$724,508 in local revenues due primarily to an increase of \$1,496,169 in Patient Fees.
- Increase of \$1,857,979 in federal program revenue due primarily to an increase of \$230,117 in Medicaid Administrative Claiming, an increase of \$436,480 in Other Federal, and an increase of \$1,215,750 in Provider Relief Funds & ARPA.

Expenditures

- Expenditures exceeded budget primarily due to Personnel expenditures increase of \$1,457,068.

Capital Assets

The Center's investment in capital assets for its governmental and business-type activities as of August 31, 2022 is \$19,162,626 net of accumulated depreciation. This investment in capital assets includes land, buildings and improvements, furniture and equipment, vehicles, and right to use leased assets. The net decrease in the Center's investment in capital assets for the current fiscal year was \$856,183.

	Capital Assets (net of accumulated depreciation/amortization)					
	Governmental Activities		Business-Type Activities		Total	
	2022	2021, restated	2022	2021	2022	2021
Land	\$ -	\$ -	\$ 2,166,534	\$ 2,166,534	\$ 2,166,534	\$ 2,166,534
Construction in progress	2,114,189	2,114,189	224,230	23,400	2,338,419	2,137,589
Buildings	-	-	22,939,048	22,738,601	22,939,048	22,738,601
Leasehold improvements	119,895	119,895	-	-	119,895	119,895
Furniture, equipment, and vehicles	4,853,378	4,915,021	-	-	4,853,378	4,915,021
Right to use leased assets	283,264	265,312	-	-	283,264	265,312
Less accumulated depreciation/amortization	(4,409,874)	(3,940,951)	(9,128,038)	(8,383,192)	(13,537,912)	(12,324,143)
Total capital assets, net	\$ 2,960,852	\$ 3,473,466	\$ 16,201,774	\$ 16,545,343	\$ 19,162,626	\$ 20,018,809

Long-term Obligations

A summary of outstanding obligations at year end follows:

	Long-Term Obligations					
	Governmental Activities		Business-Type Activities		Total	
	2022	2021, restated	2022	2021	2022	2021
Notes Payable	\$ -	\$ -	\$ 2,042,185	\$ 2,192,578	\$ 2,042,185	\$ 2,192,578
Leases Payable	159,739	265,312	-	-	159,739	265,312
Compensated Absences	963,360	971,518	-	-	963,360	971,518
Total long-term obligations	<u>\$ 1,123,099</u>	<u>\$ 1,236,830</u>	<u>\$ 2,042,185</u>	<u>\$ 2,192,578</u>	<u>\$ 3,165,284</u>	<u>\$ 3,429,408</u>

Economic Factors and Next Year's Budgets and Rates

Burke had an average of 434 employees with a total turnover rate of 26.5%, with a total of 115 separations for the FY 2022. This increase is due to higher turnover rate across many positions.

Regarding the Future:

The COVID-19 pandemic continues to change how our health care industry operates at the federal, state, and local level. The pandemic has provided Burke the opportunities to provide services via tele medicine in areas previously only allowed for psychiatry. This gives us greater flexibility and helps resolve transportation issues with consumers. However, Burke has had a workforce shortage greater than at any time in history. At the same time, we are seeing a 30% increase in crisis needs across our region. The effect of increased crisis needs affects not only Burke, but also our local stakeholders in law enforcement and emergency rooms. We have increased our communication efforts with stakeholders and will work diligently with local legislators to address the workforce shortage issues and Burke needs in both mental health and developmental disabilities. Burke also has new funding streams that we anticipate will replace most, if not all, the Medicaid 1115 Transformation dollars that ended in August 2022. Burke staff continue to work tirelessly to ensure our consumer needs are met in our usual mantra to ensure personal, professional, and compassionate care is provided.

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, 2022

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 12,636,986	\$ 3,158,984	\$ 15,795,970
Accounts receivable, net	4,155,983	-	4,155,983
Deposits	3,250	-	3,250
Deposit IGT DPP	2,277,182	-	2,277,182
Prepaid expenses	610,031	-	610,031
Capital assets, net			
Nondepreciable	2,114,189	2,390,764	4,504,953
Depreciable	636,465	13,811,010	14,447,475
Right to use leased assets	210,198	-	210,198
	<u>22,644,284</u>	<u>19,360,758</u>	<u>42,005,042</u>
Liabilities			
Accounts payable	2,164,079	25,490	2,189,569
Accrued liabilities	1,529,050	-	1,529,050
IGT Reserve	346,156	-	346,156
Unearned revenue	498,638	-	498,638
Due to other governments	478,619	-	478,619
Noncurrent liabilities			
Compensated absences	963,360	-	963,360
Leases payable - due in one year	113,258	-	113,258
Leases payable - due in more than one year	46,481	-	46,481
Notes payable - due in one year	-	169,685	169,685
Notes payable - due in more than one year	-	1,872,500	1,872,500
	<u>6,139,641</u>	<u>2,067,675</u>	<u>8,207,316</u>
Net Position			
Net investment in capital assets	2,801,113	14,159,589	16,960,702
Unrestricted	13,703,530	3,133,494	16,837,024
	<u>\$ 16,504,643</u>	<u>\$ 17,293,083</u>	<u>\$ 33,797,726</u>

Function / Programs	Expenses		
	Expenses	Administration Allocation	Expenses After Allocation of Administration
Governmental Activities			
Adult Mental Health	\$ 10,028,742	\$ 1,359,958	\$ 11,388,700
Children's Mental Health	4,180,932	566,960	4,747,892
Crisis Mental Health	6,497,240	881,065	7,378,305
Intellectual & Developmental Disabilities	11,869,200	1,609,535	13,478,735
Early Childhood Intervention	2,365,714	320,805	2,686,519
Other Activities	1,870,047	253,590	2,123,637
Administration	4,991,913	(4,991,913)	-
Interest on Long-Term Debt	4,941	-	4,941
Total governmental activities	41,808,729	-	41,808,729
Business-type Activities			
ETBR	1,119,030	-	1,119,030
Total	\$ 42,927,759	\$ -	\$ 42,927,759

Burke Center
Statement of Activities (Exhibit A-2)
Year Ended August 31, 2022

Charges for Services	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
\$ 5,786,808	\$ 9,238,423	\$ -	\$ 3,636,531	\$ -	\$ 3,636,531
2,541,687	1,284,363	-	(921,842)	-	(921,842)
1,701,996	5,121,243	-	(555,066)	-	(555,066)
8,857,300	2,365,447	-	(2,255,988)	-	(2,255,988)
1,184,346	1,436,796	-	(65,377)	-	(65,377)
1,105,697	1,649,333	-	631,393	-	631,393
-	-	-	-	-	-
-	-	-	(4,941)	-	(4,941)
<u>21,177,834</u>	<u>21,095,605</u>	<u>-</u>	<u>464,710</u>	<u>-</u>	<u>464,710</u>
<u>1,429,464</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>310,434</u>	<u>310,434</u>
<u>\$ 22,607,298</u>	<u>\$ 21,095,605</u>	<u>\$ -</u>	<u>464,710</u>	<u>310,434</u>	<u>775,144</u>
General Revenues					
			35,733	12	35,745
			95,230	40,000	135,230
			<u>130,963</u>	<u>40,012</u>	<u>170,975</u>
Change in Net Position			595,673	350,446	946,119
Net Position - Beginning			<u>15,908,970</u>	<u>16,942,637</u>	<u>32,851,607</u>
Net Position - Ending			<u>\$ 16,504,643</u>	<u>\$ 17,293,083</u>	<u>\$ 33,797,726</u>

Burke Center
Balance Sheet – Governmental Funds (Exhibit B-1)
August 31, 2022

	<u>General Fund</u>	<u>Total Governmental Fund</u>
Assets		
Cash and cash equivalents	\$ 12,636,986	\$ 12,636,986
Accounts receivable, net	4,155,983	4,155,983
Deposits	3,250	3,250
Deposit IGT DPP	2,277,182	2,277,182
Prepaid expenses	610,031	610,031
	<u>610,031</u>	<u>610,031</u>
Total assets	<u>\$ 19,683,432</u>	<u>\$ 19,683,432</u>
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 2,164,079	\$ 2,164,079
Accrued liabilities	1,529,050	1,529,050
IGT Reserve	346,156	346,156
Unearned revenue	498,638	498,638
Due to other governments	478,619	478,619
	<u>478,619</u>	<u>478,619</u>
Total liabilities	<u>5,016,542</u>	<u>5,016,542</u>
Fund Balances		
Nonspendable		
Deposits	3,250	3,250
Prepaid expenses	610,031	610,031
Assigned		
Program sustainability	1,405,750	1,405,750
Technology advances	261,304	261,304
Vehicles	672,775	672,775
Health insurance	704,788	704,788
Policy reserve	11,008,992	11,008,992
Unassigned	-	-
	<u>-</u>	<u>-</u>
Total fund balances	<u>14,666,890</u>	<u>14,666,890</u>
	<u>\$ 19,683,432</u>	<u>\$ 19,683,432</u>

Total Fund Balances of Governmental Funds	\$ 14,666,890
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.	2,960,852
Long-term liabilities, such as accrued compensated absences, and leases payable are not due and payable in the current period and therefore are not reported in the governmental funds.	<u>(1,123,099)</u>
Net Position of Governmental Activities	<u><u>\$ 16,504,643</u></u>

Burke Center

Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds (Exhibit B-3)
Year Ended August 31, 2022

	General Fund	Total Governmental Fund
Revenues		
Local funds	\$ 21,860,751	\$ 21,860,751
State programs	13,478,015	13,478,015
Federal programs	6,934,671	6,934,671
Investment earnings	35,733	35,733
	<u>42,309,170</u>	<u>42,309,170</u>
Expenditures		
Current		
Adult Mental Health	9,923,502	9,923,502
Children's Mental Health	4,162,540	4,162,540
Mental Health Crisis	6,460,298	6,460,298
Intellectual & Developmental Disabilities	11,536,652	11,536,652
Early Childhood Intervention	2,307,066	2,307,066
Other Activities	1,870,418	1,870,418
Central Administration	4,877,009	4,877,009
Debt service		
Principle	123,525	123,525
Interest	4,941	4,941
Capital outlay	161,845	161,845
	<u>41,427,796</u>	<u>41,427,796</u>
Other Financing Sources		
Proceeds from leases	17,952	17,952
Proceeds from sale of assets	95,230	95,230
	<u>113,182</u>	<u>113,182</u>
Net Change in Fund Balance	994,556	994,556
Fund Balance, September 1	<u>13,672,334</u>	<u>13,672,334</u>
Fund Balance, August 31	<u>\$ 14,666,890</u>	<u>\$ 14,666,890</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, 2022

Net Change in Fund Balances - Total Governmental Funds	\$ 994,556
<p>Amounts reported for governmental activities in the statement of activities are different because</p>	
<p>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 (\$161,845) exceeded depreciation and amortization (\$674,459) in the current period.</p>	(512,614)
<p>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.</p>	8,158
<p>The repayment of the principal on long-term debt consumes current resources and is reported as an expenditure in governmental funds. This transaction reduces long-term liabilities in the statement of net position.</p>	123,525
<p>Governmental funds report debt proceeds as financing sources when debt is first issued, whereas they are reported as long-term liabilities in the statement of net position. The net effect of reclassing debt proceeds is to decrease net position.</p>	(17,952)
<p>Change in Net Position of Governmental Activities (Exhibit A-2)</p>	<hr style="border: 1px solid black;"/> <u>\$ 595,673</u>

Burke Center

Statement of Revenues, Expenditures and Changes in
Fund Balance Budget and Actual - General Fund (Exhibit B-5)
Year Ended August 31, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
LOCAL REVENUES				
County Governments	\$ 338,122	\$ 338,122	\$ 338,358	\$ 236
Patient fees	2,333,085	2,333,085	3,829,254	1,496,169
Medicare	155,925	155,925	101,180	(54,745)
Medicaid	1,340,960	1,340,960	1,196,973	(143,987)
Medicaid 1115 Waiver	4,486,778	4,486,778	5,091,878	605,100
Directed Payment Program	1,682,730	1,682,730	1,802,485	119,755
ICF-MR	3,421,811	3,421,811	3,129,039	(292,772)
HCS	4,057,620	4,057,620	3,604,453	(453,167)
TXHML	139,400	139,400	67,348	(72,052)
Texas Department of Transportation	869,291	869,291	816,069	(53,222)
Texas Rehabilitation Commission	38,664	38,664	19,746	(18,918)
Miscellaneous	2,271,857	2,271,857	1,863,968	(407,889)
Total local revenues	21,136,243	21,136,243	21,860,751	724,508
STATE PROGRAM REVENUES				
General Revenue - Mental Health	7,088,519	7,088,519	7,146,706	58,187
General Revenue - Developmental Disabilities	1,136,773	1,136,773	1,136,773	-
Crisis Services	2,435,377	2,435,377	2,435,377	-
Veterans Services	170,000	170,000	168,410	(1,590)
Supportive Housing	160,831	160,831	116,239	(44,592)
CLOIP	242,492	242,492	242,492	-
Mental Health First Aid	15,400	15,400	15,400	-
Early Childhood Intervention	744,756	744,756	655,501	(89,255)
HB 13 Community MH Grant	373,128	373,128	412,330	39,202
TCOOMMI	482,772	482,772	414,316	(68,456)
Substance Abuse - OSAR	148,900	148,900	148,579	(321)
TDCJ Rider 39	-	-	11,697	11,697
OBRA	950,412	950,412	574,195	(376,217)
Total state program revenues	13,949,360	13,949,360	13,478,015	(471,345)
FEDERAL PROGRAM REVENUES				
Mental Health Block Grant	615,211	615,211	641,339	26,128
Social Services Block Grant	82,286	82,286	53,596	(28,690)
Title XX Block Grant	32,485	32,485	32,485	-
Child TANF to Title XX	124,995	124,995	153,645	28,650
Enhanced Community Coordination	14,708	14,708	4,452	(10,256)
TBRA - Home	228,886	228,886	89,215	(139,671)
Substance Abuse - OSAR	725,600	725,600	724,036	(1,564)
System of Care	-	-	38,388	38,388
SAMHSA - CCBHC	982,968	982,968	957,776	(25,192)
Provider Relief Funds & ARPA	-	-	1,215,750	1,215,750
Early Childhood Intervention	701,773	701,773	617,669	(84,104)
Medicaid Administrative Claiming	995,489	995,489	1,225,606	230,117
EI Medicaid Administrative Claiming	100,000	100,000	163,626	63,626
Other Federal	47,340	47,340	483,820	436,480
First Episode Psychosis	424,951	424,951	533,268	108,317
Total federal program revenues	5,076,692	5,076,692	6,934,671	1,857,979
Investment Earnings	52,660	52,660	35,733	(16,927)
Total revenues	\$ 40,214,955	\$ 40,214,955	\$ 42,309,170	\$ 2,094,215

Burke Center

Statement of Revenues, Expenditures and Changes in
Fund Balance Budget and Actual - General Fund (Exhibit B-5)
Year Ended August 31, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
EXPENDITURES				
Current				
Personnel	\$ 19,714,626	\$ 19,714,626	\$ 21,171,694	\$ (1,457,068)
Fringe benefits	5,111,096	5,111,096	5,969,926	(858,830)
Travel	301,023	301,023	306,874	(5,851)
Contract and consultant services	5,554,861	5,554,861	5,055,343	499,518
Building and occupancy	1,884,389	1,884,389	1,904,695	(20,306)
Utilities	764,528	764,528	761,620	2,908
Furniture and equipment	256,649	256,649	339,739	(83,090)
Vehicle costs	735,605	735,605	460,803	274,802
Pharmaceutical expense	559,058	559,058	457,568	101,490
Other direct client expenses	3,362,616	3,362,616	2,810,875	551,741
Supplies, dues and miscellaneous	1,968,939	1,968,939	1,898,348	70,591
Total current expenditures	<u>40,213,390</u>	<u>40,213,390</u>	<u>41,137,485</u>	<u>(924,095)</u>
Debt service				
Principle	-	-	123,525	(123,525)
Interest	-	-	4,941	(4,941)
Capital outlay	10,000	10,000	161,845	(151,845)
Total expenditures	<u>40,223,390</u>	<u>40,223,390</u>	<u>41,427,796</u>	<u>(1,204,406)</u>
OTHER FINANCING SOURCES				
Proceeds from leases	-	-	17,952	17,952
Proceeds from sale of assets	-	-	95,230	95,230
Total other financing sources	<u>-</u>	<u>-</u>	<u>113,182</u>	<u>113,182</u>
Net Change in Fund Balance	(8,435)	(8,435)	994,556	1,002,991
Fund Balance, September 1	<u>13,672,334</u>	<u>13,672,334</u>	<u>13,672,334</u>	<u>-</u>
Fund Balance, August 31	<u>\$ 13,663,899</u>	<u>\$ 13,663,899</u>	<u>\$ 14,666,890</u>	<u>\$ 1,002,991</u>

Burke Center
Statement of Net Position - Proprietary Fund (Exhibit C-1)
August 31, 2022

	<u>ETBR Business-Type Activities Enterprise Fund</u>
Assets	
Current Assets	
Cash and cash equivalents	\$ 3,158,984
Total current assets	<u>3,158,984</u>
Noncurrent Assets	
Capital assets, net	
Nondepreciable	2,390,764
Depreciable	<u>13,811,010</u>
Total noncurrent assets	<u>16,201,774</u>
Total assets	<u>19,360,758</u>
Liabilities	
Current Liabilities	
Accounts payable	25,490
Notes payable - current	<u>169,685</u>
Total current liabilities	<u>195,175</u>
Noncurrent Liabilities	
Notes payable - noncurrent	<u>1,872,500</u>
Total liabilities	<u>2,067,675</u>
Net Position	
Net investment in capital assets	14,159,589
Unrestricted	<u>3,133,494</u>
Total net position	<u>\$ 17,293,083</u>

Burke Center
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Fund (Exhibit C-2)
Year Ended August 31, 2022

	ETBR Business-Type Activities Enterprise Fund
Operating Revenues	
Rent income	\$ 1,429,464
Operating Expenses	
Depreciation	744,846
Repairs and maintenance	218,520
Other operating expenses	81,478
Total operating expenses	1,044,844
Operating Income	384,620
Nonoperating Revenues (Expenses)	
Gain on sales of assets	40,000
Investment earnings	12
Interest expense	(74,186)
Total nonoperating revenues (expenses)	(34,174)
Change in Net Position	350,446
Net Position - Beginning	16,942,637
Net Position - Ending	\$ 17,293,083

Burke Center
Statement of Cash Flows - Proprietary Fund (Exhibit C-3)
Year Ended August 31, 2022

	ETBR Business-Type Activities Enterprise Fund
Cash Flows from Operating Activities	
Cash received from customers and users	\$ 1,429,464
Cash paid to suppliers	<u>(274,946)</u>
Net cash provided by operating activities	<u>1,154,518</u>
Cash Flows from Capital and Related Financing Activities	
Acquisition of capital assets	(401,277)
Proceeds from the sale of capital assets	40,000
Principal payments on notes payable	(150,393)
Interest paid on notes payable	<u>(74,186)</u>
Net cash used by capital and related financing activities	<u>(585,856)</u>
Cash Flows from Investing Activities	
Investment earnings	<u>111,280</u>
Net cash provided by investing activities	<u>111,280</u>
Net Change in Cash and Cash Equivalents	679,942
Cash and Cash Equivalents - Beginning	<u>2,479,042</u>
Cash and Cash Equivalents - Ending	<u><u>\$ 3,158,984</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating income	\$ 384,620
Adjustments to reconcile operating income to net cash provided by operating activities	
Accounts payable	25,052
Depreciation	<u>744,846</u>
Net cash provided by operating activities	<u><u>\$ 1,154,518</u></u>

Burke Center
Statement of Fiduciary Net Position - Fiduciary Fund (Exhibit D-1)
August 31, 2022

	Custodial Fund
Assets	
Cash and cash equivalents	\$ 3,139
Total assets	<u>3,139</u>
Net position	
Restricted for consumers	<u>3,139</u>
Total net position	<u><u>\$ 3,139</u></u>

Burke Center
Statement of Changes in Fiduciary Net Position - Fiduciary Fund (Exhibit D-2)
Year Ended August 31, 2022

	<u>Custodial Fund</u>
Additions	
Contributions from consumers	<u>\$ 10,586</u>
Total additions	<u>10,586</u>
Deductions	
Distributions to consumers	<u>16,063</u>
Total deductions	<u>16,063</u>
Net change in net position	(5,477)
Net position, beginning	<u>8,616</u>
Net position, ending	<u><u>\$ 3,139</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.

Net position of the government-wide financial statement consists of two components, net investment in capital assets and unrestricted.

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. 87

As of September 1, 2021 the Center adopted GASB Statement No. 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The standard requires recognition of certain right to use leased assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. There was no effect on beginning net position. The additional disclosures required by this standard are included in Notes 8, 9, and 10.

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 and Fair Value

The Center categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Center has no recurring fair value measurements as of August 31, 2022 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, 2022, is \$1,078,175.

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 of August 31, 2022, has sent HHSC three intergovernmental transfer (IGT) in the amount of \$3,335,468 in order to leverage federal funding. As DPP payments are received, the applicable amount of IGT prepaid is recognized as an expense. As of August 31, 2022, the outstanding prepaid IGT balance is \$2,277,182, which is 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

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

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 and component unit financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond discounts and premiums are capitalized and amortized over the terms of the respective bonds using a method that approximates the effective interest method.

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

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

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, 2022 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, 2022, 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%	\$ 10,356,949	\$ 11,008,992

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 \$2,094,215 and expenditures exceeded final budget by \$1,204,406 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, 2022 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 \$3,178,731 in cash deposits at one financial institution at August 31, 2022 that were not fully collateralized.

At August 31, 2022, , the Center maintained \$2,573,179 in an interest bearing money market.

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.

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.

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 \$1,078,175 related to its outstanding receivables at August 31, 2022. A summary of these receivables in the governmental activities as of August 31, 2022 are as follows:

	General Fund
Local Funds	
ALUs	\$ 144,243
Fees and other local	1,535,246
Medicare and Medicaid	645,316
Directed Payment Plan	103,250
HCS	191,035
TxHml	7,676
Title XIX - ICFMR	390,694
TXDOT	86,231
State Funds	
OBRA	123,829
Mental Health First Aid	37,221
HB13	87,568
TCOOMMI	73,378
Federal Funds	
ECI	147,267
Medicaid Administrative Claiming - ECI	122,349
Medicaid Administrative Claiming - HHSC	973,323
Mental Health Block Grant	140,585
First Episode Psychosis	141,070
OSAR	84,211
Systems of Care	2,212
TBRA - Home	1,554
TANF-PEAF	70,438
HR133	59,396
Other	66,066
Allowance for Uncollectible	(1,078,175)
	\$ 4,155,983

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, 2022, is as follows:

	Balance September 1, 2021, restated	Additions	Retirements	Balance August 31, 2022
Governmental Activities				
Nondepreciable assets				
Construction in progress	\$ 2,114,189	\$ -	\$ -	\$ 2,114,189
Depreciable assets				
Buildings and improvements	119,895	-	-	119,895
Furniture and equipment	1,601,075	10,913	-	1,611,988
Vehicles	3,313,946	132,980	(205,536)	3,241,390
Total depreciable assets	<u>5,034,916</u>	<u>143,893</u>	<u>(205,536)</u>	<u>4,973,273</u>
Less accumulated depreciation				
Buildings and improvements	101,938	4,291	-	106,229
Furniture and equipment	1,466,472	59,336	-	1,525,808
Vehicles	2,372,541	537,766	(205,536)	2,704,771
Total accumulated depreciation	<u>3,940,951</u>	<u>601,393</u>	<u>(205,536)</u>	<u>4,336,808</u>
Net capital assets	<u>3,208,154</u>	<u>(457,500)</u>	<u>-</u>	<u>2,750,654</u>
Right to use leased assets being amortized				
Buildings	105,155	17,952	-	123,107
Furniture and equipment	160,157	-	-	160,157
Total right to use leased assets being amortized	<u>265,312</u>	<u>17,952</u>	<u>-</u>	<u>283,264</u>
Less accumulated amortization				
Buildings	-	41,035	-	41,035
Equipment	-	32,031	-	32,031
Total accumulated amortization	<u>-</u>	<u>73,066</u>	<u>-</u>	<u>73,066</u>
Net right to use leased assets	<u>265,312</u>	<u>(55,114)</u>	<u>-</u>	<u>210,198</u>
Total capital assets, net	<u>\$ 3,473,466</u>	<u>\$ (512,614)</u>	<u>\$ -</u>	<u>\$ 2,960,852</u>

	Balance September 1, 2021	Additions	Retirements	Balance August 31, 2022
Business-type Activities				
Nondepreciable assets				
Land	\$ 2,166,534	\$ -	\$ -	\$ 2,166,534
Construction in progress	23,400	200,830	-	224,230
Total nondepreciable assets	2,189,934	200,830	-	2,390,764
Depreciable assets				
Buildings and improvements	22,738,601	200,447	-	22,939,048
Less accumulated depreciation				
Buildings and improvements	8,383,192	744,846	-	9,128,038
Total capital assets	\$ 16,545,343	\$ (343,569)	\$ -	\$ 16,201,774

In the government-wide financial statements, depreciation and amortization expense of \$674,459 was charged to the Center's programs as follows:

Governmental Activities	
Mental Health Adult	\$ 107,206
Mental Health Child	19,217
Mental Health Crisis	38,223
Intellectual & Developmental Disabilities	334,836
Early Childhood Intervention	59,106
Administration	115,871
Total depreciation/amortization expense	\$ 674,459

Note 9 - Leases

The Center has entered into various agreements to lease copiers beginning on dates ranging from September 2017 to April 2021. Under the terms of the leases, the Center pays monthly fees ranging from \$29 to \$3,085. The leases terminate ranging from September 2022 to April 2026.

The Center has entered into various agreements to lease building space beginning on dates ranging from August 2020 to July 2022. Under the terms of the leases, the Center pays monthly fees ranging from \$500 to \$2,750. The leases terminate ranging from August 2023 to June 2024.

At August 31, 2022, the Center has recorded a right to use asset, net of accumulated amortization, of \$210,198 and a lease liability of \$159,739 related to these agreements. The lease liability was valued using a discount rate of 4.00% as determined by management based on the Center's incremental borrowing rate. During the fiscal year, the Center recorded \$73,066 in amortization expense and \$4,941 in interest expense for the right to use the assets.

Note 10 - Long-Term Debt

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

	Balance September 1, 2021	Additions	Retirements	Balance August 31, 2022	Due Within One Year
Governmental Activities					
Leases payable	\$ 265,312	\$ 17,952	\$ (123,525)	\$ 159,739	\$ 113,258
Compensated absences	971,518	963,360	(971,518)	963,360	-
Business-Type Activities					
Notes payable	2,192,578	-	(150,393)	2,042,185	169,685
Total long-term debt	<u>\$ 3,429,408</u>	<u>\$ 981,312</u>	<u>\$ (1,245,436)</u>	<u>\$ 3,165,284</u>	<u>\$ 282,943</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 was refinanced in January of 2022 at a rate of 3.1% but the payments remained \$19,216. The maturity was extended to January 26, 2032. The note is collateralized by land and building and has a balance of \$2,042,185 at August 31, 2022.

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

Years Ending August 31	Principal	Interest	Total
2023	\$ 169,685	\$ 60,910	\$ 230,595
2024	175,021	55,575	230,596
2025	180,524	50,071	230,595
2026	186,201	44,395	230,596
2027	192,056	38,540	230,596
2028-2032	1,138,698	95,342	1,234,040
	<u>\$ 2,042,185</u>	<u>\$ 344,833</u>	<u>\$ 2,387,018</u>

Total interest expense for the year was \$74,186 recorded in business-type activities.

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

<u>Years Ending August 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 113,258	\$ 9,241	\$ 122,499
2024	30,500	3,809	34,309
2025	13,465	2,287	15,752
2026	2,516	545	3,061
	<u>\$ 159,739</u>	<u>\$ 15,882</u>	<u>\$ 175,621</u>

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, 2022, the Center contributed \$1,683,822 for salaried employee. In addition, the Center matches the employees' contributions up to 6%. For the year ended August 31, 2022, the Center matched \$642,018 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, 2022, forfeitures totaled \$1,108,924.

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 \$282,047. The Center has stop loss coverage for claims in excess of \$125,000 deductible per participant and in the aggregate of \$4,299,643. 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 \$1,405,334 for the year ended August 31, 2022. 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.

	2022	2021
Unpaid claims, beginning of year	\$ 260,597	\$ 320,067
Incurred claims (including IBNR)	3,454,828	5,860,328
Claim payments	(3,433,378)	(5,919,798)
Unpaid claims, end of year	\$ 282,047	\$ 260,597

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, 2022, these contracts have been continued through August 31, 2024.

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	\$ 8,283,479	19.58%
Medicaid 1115 Waiver	5,091,878	12.03%

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 \$2,820,073 during the year ending August 31, 2022.

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, originally did not include any funding.

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. Payments for this initiative began in January of 2022 and were paid in arrears for the periods back to September 2021 through January 2022. Payments were then received monthly going forward. Reporting for DPP is twice a year. The DPP funds are not expenditure-reimbursement type funds. As of August 31, 2022, the Center has sent HHSC three intergovernmental transfers (IGT) in the amount of \$3,335,468, in order to leverage federal funding. These payments are recorded as DPP IGT deposit. As DPP payments are received, the applicable amount of IGT prepaid amount is recognized as an expense. As of August 31, 2022, the outstanding prepaid IGT balance is \$2,277,182. This amount can be found on the Statement of Net Position and the General Fund Balance Sheet.

The Center recorded revenue of \$1,802,485 in the year ended August 31, 2022. The Center has also recorded an IGT reserve of \$346,156 for any IGT settle up the will occur related to this funding.



Statistical Section
August 31, 2022
Burke Center

Fund Source	Total Revenue	Total Mental Health Adult Expenditures	Total Mental Health Child Expenditures
Objects of Expense			
Personnel	\$18,389,965	\$4,239,376	\$2,516,334
Fringe benefits	4,558,708	1,261,049	792,785
Professional and consultant services	5,471,707	285,373	227,257
Training and travel	254,005	37,873	19,938
Debt service	-	-	-
Capital outlay	132,981	29,663	-
Non-capitalized equipment	177,850	35,830	21,659
Pharmaceutical expense	481,783	360,646	6,154
Pharmaceutical expense-PAP	2,820,073	-	-
Other operating expense	6,289,113	1,303,032	480,617
Allocation of general administration to strategies	4,568,915	922,790	519,726
Allocation of authority administration to strategies	325,263	79,683	44,878
Total expenditures	\$ 43,470,363	\$ 8,555,315	\$ 4,629,348
Method of Finance			
General Revenue - MH	\$5,374,328	\$3,487,316	\$1,887,012
GR Match for Medicaid Services	931	605	326
General Revenue - Other	1,375,034	-	-
General Revenue - Crisis	2,435,377	-	-
General Revenue - Transitional Services	54,235	-	-
General Revenue - Ongoing Services	111,749	-	-
General Revenue - Project Private Beds	1,606,395	-	-
General Revenue - IDD	1,953,461	-	-
OBRA	-	-	-
Medicaid Waiver and ICF-MR Earnings	6,800,839	-	-
TANF to Title XX	-	-	-
Title XX - Social Services Block Grant	-	-	-
Mental Health Block Grant	550,340	408,903	141,437
Temporary Assistance for Needy Families	153,645	-	153,645
Medicaid 1115 Transformation Waiver	5,092,727	651,906	-
Other State and Federal Funds	4,971,562	1,130,929	611,955
Substance Abuse	872,615	-	-
Early Childhood Intervention	1,273,170	-	-
Texas Department of Transportation	816,069	-	-
TCOOMMI	414,316	-	-
Other State Agencies	100,912	-	-
Required local match	1,516,539	276,104	150,957
Additional local funds	8,990,669	2,599,552	1,684,016
Total expended sources	\$ 44,464,913	\$ 8,555,315	\$ 4,629,348

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

August 31, 2022

Total Mental Health Crisis Expenditures	Total Community Hospital	Total Intellectual & Developmental Disabilities Expenditures	Total Other Services Expenditures	Total Center Expenditures	Excess Revenue over Expenditures
\$2,558,177		\$4,603,368	\$4,472,710	\$18,389,965	\$ -
792,778		631,704	1,080,392	4,558,708	-
380,894	1,664,260	1,944,574	969,349	5,471,707	-
16,225		66,780	113,189	254,005	-
-	-	-	-	-	-
-		73,656	29,662	132,981	-
13,916		56,945	49,500	177,850	-
41,657			73,326	481,783	-
-		2,820,073	-	2,820,073	-
594,744		1,897,565	2,013,155	6,289,113	-
563,030	213,039	1,548,217	802,113	4,568,915	-
48,618	18,396	133,688		325,263	-
<u>\$ 5,010,039</u>	<u>\$ 1,895,695</u>	<u>\$ 13,776,570</u>	<u>\$ 9,603,396</u>	<u>\$ 43,470,363</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$5,374,328	\$ -
				931	-
			1,375,034	1,375,034	-
2,435,377				2,435,377	-
54,235				54,235	-
111,749				111,749	-
	1,606,395			1,606,395	-
		1,953,461		1,953,461	-
					-
		6,800,839		6,800,839	-
					-
					-
				550,340	-
				153,645	-
		2,070,511	2,370,310	5,092,727	-
661,824		185,884	2,380,970	4,971,562	-
			872,615	872,615	-
			1,273,170	1,273,170	-
			816,069	816,069	-
			414,316	414,316	-
			100,912	100,912	-
1,032,248		57,230		1,516,539	-
714,606	289,300	2,708,645		7,996,119	994,550
<u>\$ 5,010,039</u>	<u>\$ 1,895,695</u>	<u>\$ 13,776,570</u>	<u>\$ 9,603,396</u>	<u>\$ 43,470,363</u>	<u>\$ 994,550</u>

Reconciliation of Total Revenues to Fourth Quarter Financial Report
August 31, 2022

	Revenues			Audited Financial Statements
	Care Report III	Additions	Deletions	
Local Revenues				
County governments	\$338,358	\$ -	\$ -	\$ 338,358
Patient fees	3,930,432	2 c	(101,180) b	3,829,254
Medicaid and medicare	1,196,137	102,016 b/c	-	1,298,153
Medicaid 1115 waiver	6,894,363	-	(1,802,485) d	5,091,878
Directed Payment Plan	-	1,802,485 d	-	1,802,485
ICF-MR	3,129,038	1 c	-	3,129,039
HCS	3,604,453	-	-	3,604,453
TX-HML	67,348	-	-	67,348
Texas Department of Transportation	816,069	-	-	816,069
Texas Rehabilitation Commission	-	19,746 g	-	19,746
Local contributions and other income	1,531,498	892,536 a	(560,066) g	1,863,968
Pharmaceutical expense (PAP only)	2,820,073	-	(2,820,073) e	-
Total local revenues	24,327,769	2,816,786	(5,283,804)	21,860,751
State Program Revenues				
General Revenue - Mental Health	7,783,564	-	(636,858) f/g	7,146,706
General Revenue - Developmental Disabilities	1,136,773	-	-	1,136,773
Crisis Services	2,435,377	-	-	2,435,377
Veterans Services	168,410	-	-	168,410
Supportive Housing	119,048	-	(2,809) g	116,239
Mental Health First Aid	-	15,400 f/g	-	15,400
CLOIP	242,492	-	-	242,492
Early Childhood Intervention	1,273,170	-	(617,669) g	655,501
HB 13	412,330	-	-	412,330
TCOOMMI	414,316	-	-	414,316
OSAR	872,615	-	(724,036) g	148,579
TDCJ Rider 39	11,697	-	-	11,697
OBRA	574,196	-	(1) c	574,195
Total state program revenues	15,443,988	15,400	(1,981,373)	13,478,015
Federal Program Revenues				
Mental Health Block Grant	550,340	90,999	-	641,339
Social Services Block Grant - Title XX	32,485	21,111 g	-	53,596
Title XX Block Grant	53,596	-	(21,111) g	32,485
Child TANF to Title XX	153,645	-	-	153,645
Enhanced Community Coordination	4,452	-	-	4,452
TBRA	89,215	-	-	89,215
Substance Abuse	-	724,036 g	-	724,036
Systems of Care	38,389	-	(1) c	38,388
CCBHC Federal Expansion Grant	957,776	-	-	957,776
Early Childhood Intervention	-	617,669 g	-	617,669
Medicaid Administrative Claiming	1,225,605	1 c	-	1,225,606
Medicaid Administrative Claiming - ECI	163,626	-	-	163,626
Other federal	1,424,027	276,376 g	(833) g	1,699,570
First Episode Psychosis	-	533,268 f	-	533,268
Total federal program revenues	4,693,156	2,263,460	(21,945)	6,934,671
Investment Earnings	-	35,733 d	-	35,733
Total revenues	\$ 44,464,913	\$ 5,131,379	\$ (7,287,122)	\$ 42,309,170

Burke Center
Reconciliation of Total Expenditures to Fourth Quarter Financial Report
August 31, 2022

Function	Expenditures			Audited Financial Statements
	Care Report III	Additions	Deletions	
Personnel	\$ 21,171,693	\$ 1 c	\$ -	\$ 21,171,694
Employee Benefits	5,969,926	-	-	5,969,926
Training and Travel	342,796	-	(35,922) h/c	306,874
Professional and Consultant Services	5,759,458	\$ 3 c	(704,118) h	5,055,343
Building and Occupancy	-	1,965,789 h	(61,094) h	1,904,695
Capital Outlay	143,893	17,952 h	-	161,845
Debt Service	-	128,466 h	-	128,466
Utilities	-	761,620 h	-	761,620
Non-Capitalized Equipment	210,989	656,926 h	(67,373) h	800,542
Pharmaceutical Expense	491,992	1 c	(34,425) h	457,568
Pharmaceutical Expense (Pap Only)	2,820,073	-	(2,820,073) e	-
Other Operating Expense	6,559,543	1,666,999 a/c/h	(3,517,319) h/c	4,709,223
Total expenditures	\$ 43,470,363	\$ 5,197,757	\$ (7,240,324)	\$ 41,427,796

- (a) Reclassify Revenue and Expense to match Report III
- (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, 2022

	Total Costs	Non - allowable Costs	Depreciation	Total Adjusted Costs	Direct Costs	Indirect Costs
Personnel	\$ 21,171,694	\$ -	\$ -	\$ 21,171,694	\$ 18,382,239	\$ 2,789,455
Fringe Benefits	5,969,926	-	-	5,969,926	5,239,999	729,927
Capital Outlay	143,893	(143,893)	-	-	-	-
Depreciation	-	-	601,393	601,393	498,073	103,320
Debt Service	-	-	-	-	-	-
Other Operating Expenses	14,257,315	(2,146,421)	-	12,110,894	11,830,574	280,320
Total expenses	\$ 41,542,828	\$ (2,290,314)	\$ 601,393	\$ 39,853,907	\$ 35,950,885	\$ 3,903,022
Indirect Costs						<u>3,903,022</u>
Direct Costs						<u>35,950,885</u>
Indirect Cost Rate						10.86%

Burke Center
Schedule of Leases in Effect
August 31, 2022

Lessor	Location	Terms	Monthly Amount
East Texas Behavioral Resources, Inc.	ALU - Cherry 2308 Cherry St. Lufkin, TX 75901	9/01/21 - 8/31/22	\$ 1,357 *
East Texas Behavioral Resources, Inc.	ALU - Freeman 3224 Freeman Lufkin, TX 75901	9/01/21 - 8/31/22	2,206 *
East Texas Behavioral Resources, Inc.	ALU - Oleta 1204 Oleta Lufkin, TX 75904	9/01/21 - 8/31/22	1,559 *
East Texas Behavioral Resources, Inc.	ALU - Oscar Berry Rd. 776 North FM 1194 Lufkin, TX 75904	9/01/21 - 8/31/22	989 *
East Texas Behavioral Resources, Inc.	ALU - Rushwood 1004 Rushwood Lufkin, TX 75904	9/01/21 - 8/31/22	1,680 *
East Texas Behavioral Resources, Inc.	ALU - Shadylake 111 Lakewind Lufkin, TX 75901	9/01/21 - 8/31/22	1,112 *
East Texas Behavioral Resources, Inc.	ALU - Whitehouse 305 Whitehouse Lufkin, TX 75901	9/01/21 - 8/31/22	1,005 *
East Texas Behavioral Resources, Inc.	Angelina Burke Industries 2215 North John Redditt Dr. Lufkin, TX 75904	9/01/21 - 8/31/22	4,347 *
East Texas Behavioral Resources, Inc.	Angelina MH 1522 West Frank Ave. Lufkin, TX 75904	9/01/21 - 8/31/22	21,219 *
East Texas Behavioral Resources, Inc.	Business Services 2003 South Medford Dr. Lufkin, TX 75901	9/01/21 - 8/31/22	3,732 *
East Texas Behavioral Resources, Inc.	Business Management 2003 South Medford Dr. Lufkin, TX 75901	9/01/21 - 8/31/22	1,099 *

Burke Center
Schedule of Leases in Effect
August 31, 2022

Lessor	Location	Terms	Monthly Amount
East Texas Behavioral Resources, Inc.	Central Administration 2001 S. Medford Dr. Lufkin, TX 75901	9/01/21 - 8/31/22	\$ 5,821 *
East Texas Behavioral Resources, Inc.	Cunningham Group Home 1010 Cunningham Lufkin, TX 75901	9/01/21 - 8/31/22	1,423 *
East Texas Behavioral Resources, Inc.	DD Authority Services 1915 Old Mill Road Lufkin, TX 75904	9/01/21 - 8/31/22	5,488 *
East Texas Behavioral Resources, Inc.	DD Provider Services 2105 North John Redditt Dr. Lufkin, TX 75902	9/01/21 - 8/31/22	3,711 *
East Texas Behavioral Resources, Inc.	Diboll Group Home 200 Stubblefield Dr. Diboll, TX 75941	9/01/21 - 8/31/22	1,568 *
J & G Development, LLC P. O. Box 1724 Livingston, TX 77351	ECl - Livingston 300 Bypass Lane, Suite 201 Livingston, TX 77351	9/01/21 - 8/31/22	1,824
East Texas Behavioral Resources, Inc.	ECl - Lufkin 2211 N. John Redditt Dr. Lufkin, TX 75904	9/01/21 - 8/31/22	2,663 *
East Texas Behavioral Resources, Inc.	Fairweather Lodge 2019 Pearl St. Nacogdoches, TX 75961	9/01/21 - 8/31/22	824 *
East Texas Behavioral Resources, Inc.	Houston Co. MH 1401 W. Austin Crockett, TX 75835	9/01/21 - 8/31/22	1,219 *
East Texas Behavioral Resources, Inc.	Jasper MH 1250 Marvin Hancock Dr. Jasper, TX 75951	9/01/21 - 8/31/22	3,115 *
East Texas Behavioral Resources, Inc.	Kirbyville Burke Industries 910 S. Margaret Kirbyville, TX 75956	9/01/21 - 8/31/22	2,472 *

Burke Center
Schedule of Leases in Effect
August 31, 2022

Lessor	Location	Terms	Monthly Amount
East Texas Behavioral Resources, Inc.	Kirbyville Group Home 703 W. Martin Luther King Dr. Kirbyville, TX 75956	9/01/21 - 8/31/22	\$ 1,527 *
East Texas Behavioral Resources, Inc.	Lotus Lane Cottages 1802 Lotus Lane Lufkin, TX 75904	9/01/21 - 8/31/22	825 *
East Texas Behavioral Resources, Inc.	MCOT 5002 Lotus Lane Lufkin, TX 75904	9/01/21 - 8/31/22	1,302 *
East Texas Behavioral Resources, Inc.	Nacogdoches MH 3824 N. University Dr. Nacogdoches, TX 75961	9/01/21 - 8/31/22	21,177 *
East Texas Behavioral Resources, Inc.	Nacogdoches Burke Industries 1718 S. University Dr. Nacogdoches, TX 75961	9/01/21 - 8/31/22	2,966 *
East Texas Behavioral Resources, Inc.	Nacogdoches Group Home 2712 S.E. Stallings Dr. Nacogdoches, TX 75961	9/01/21 - 8/31/22	2,779 *
East Texas Behavioral Resources, Inc.	Newton Group Home 700 McMahan Newton, TX 75966	9/01/21 - 8/31/22	1,525 *
East Texas Behavioral Resources, Inc.	Pineland Group Home 707 S. Temple St. Pineland, TX 75968	9/01/21 - 8/31/22	1,568 *
East Texas Behavioral Resources, Inc.	Polk County MH 1100 Ogletree Dr. Livingston, TX 77351	9/01/21 - 8/31/22	6,035 *

Burke Center
Schedule of Leases in Effect
August 31, 2022

Lessor	Location	Terms	Monthly Amount
East Texas Behavioral Resources, Inc.	San Augustine Burke Industries 583 El Camino Crossing San Augustine, TX 75972	9/01/21 - 8/31/22	\$ 4,532 *
T & B Investments, LLC 233 Hurst Street, Suite B Center, TX 75935	Shelby MH 233 Hurst Street, Suite B Center, TX 75935	7/1/22-6/30/24	500
Klement Investments P. O. Box 996 Gainesville, TX 76241	Veterans' Program 3003 North Medford Dr. Lufkin, TX 75901	9/01/21 - 8/31/22	700 *
East Texas Behavioral Resources, Inc.	West Bay Group Home 46 West Bay Dr. Jasper, TX 75951	9/01/21 - 8/31/22	1,712 *
Tyler County Hospital 110 West Bluff Woodville, TX 75979	Woodville MH 110 West Bluff Woodville, TX 75979	9/01/21 - 8/31/22	2,085 *
Bob & Janice McKnight 4611 NW Stallings Nacogdoches, Texas	Cornerstone 4611 NW Stallings Nacogdoches, Texas	8/12/20-8/12/23	2,750
Sabine County Hospital	2301 Worth Street Hemphill, Texas	9/01/21 - 8/31/22	10 *
A-1 Self Storage 1701 Feagin Drive Lufkin, Texas	Human Resources 1701 Feagin Drive Lufkin, Texas	9/01/21 - 8/31/22	130 *
A-1 Self Storage 1701 Feagin Drive Lufkin, Texas	Human Resources 1701 Feagin Drive Lufkin, Texas	9/01/21 - 8/31/22	145 *
Texas Document Solutions 2800 Longhorn Blvd. #101 Austin, Texas	Various	9/29/17-4/28/26	5,677 *

* Short-term lease

Burke Center
Schedule of Space Occupied in a State-Owned Facility
August 31, 2022

Location	Building Utilization	Cost	
		Monthly	Annual
No State Owned Facilities Occupied			

Burke Center
Schedule of Insurance in Force
August 31, 2022

Insurer	Policy Period	Coverage	Deductible/ Annual Coverage
Texas Council Risk Management Fund	9/1/2021-9/1/2022	General liability	Limit \$1,000,000 per occurrence; \$1,000,000 aggregate \$1,000 deductible
Texas Council Risk Management Fund	9/1/2021-9/1/2022	Professional liability	Limit \$1,000,000 per claim; \$3,000,000 aggregate; \$10,000 deductible
Texas Council Risk Management Fund	9/1/2021-9/1/2022	Automobile liability	Limit \$1,000,000 per \$1,000 deductible
Texas Council Risk Management Fund	9/1/2021-9/1/2022	Mobile equipment and automobile physical damage	Actual cash value
Texas Council Risk Management Fund	9/1/2021-9/1/2022	Errors and omissions	Limit \$1,000,000; \$1,000,000 aggregate \$5,000 deductible
Texas Council Risk Management Fund	9/1/2021-9/1/2022	Workers' compensation	Statutory
East Texas Behavioral Resources, Inc.			
Texas Council Risk Management Fund	9/1/2021-9/1/2022	Property (real and personal)	Blanket Limit \$54,968,208 each occurrence \$2,500 deductible

Surety Company	Scope of Coverage	Bond Amount
The Travelers Companies, Inc.	Crime Coverage Employee Dishonesty 9/1/2021 - 9/1/2022 \$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 9/1/2021 - 9/1/2022 \$5,000 deductible per occurrence	100,000
The Travelers Companies, Inc.	Money Orders and Counterfeit Money 9/1/2021 - 9/1/2022 \$500 deductible per occurrence	50,000
The Travelers Companies, Inc.	Claim Expense 9/1/2021 - 9/1/2022 No deductible	25,000
Beazley Group	Information Security and Privacy Insurance with Breach Response Services Coverage 9/1/2021 - 9/1/2022 \$0 Retention Policy Aggregate Limit of Liability Additional Breach Response \$25,000 Retention	 3,000,000 3,000,000

Surety Company	Scope of Coverage	Bond Amount
Beazley Group	First Party Loss	
	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	Liability	
	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	eCrime	
	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	Breach Response	
	Notified Individuals	250,000
	Legal, Forensic & Public Relations/Crisis Management	2,000,000
	Retention: \$10,000 but \$5,000 for legal	in the aggregate in the aggregate

Burke Center
Schedule of Professional and Consulting Fees
August 31, 2022

Name	City	Type of Service	Amount
A GIRL CREATIVE DESIGN STUDIO	DENVER, CO	SOFTWARE MAINTENANCE & SUPPORT	\$ 5,445
ALCOLHOL DRUG AND ABUSE COUNCIL	LUFKIN, TX	DETOX SVCS	887,808
ALEXANDER LANKFORD & HIERS	LUFKIN, TX	AUDIT AND TAX PROFESSIONAL	12,150
ANDA PSYCHIATRY LLC	SPRING, TX	PSYCHIATRIC CONSULTS	16,173
ANDERSON LEANNE M	LUFKIN, TX	DIETITIAN SVCS	3,110
ANGELINA DIAGNOSTIC RAD ASSOC	HOUSTON, TX	RADIOLOGY XRAY SVCS	882
ANGELINA EYE CENTER, INC.	LUFKIN, TX	EYE CARE PROFESSIONAL SVCS	1,218
ASPIRE BEHAVIORAL HEALTH	CONROE, TX	PSYCHIATRIC INPATIENT SVCS	337,857
AUSTIN MILLISA	LUFKIN, TX	FOSTER CARE	34,438
AVALON PLACE - KIRBYVILLE	KIRBYVILLE, TX	DAY HAB/RESPITE	520
AWP	NORTH CANTON, OHIO	VEHICLE RENTAL SVC	83,888
AYENI OLAYINKA M , MD PLLC	SPRING, TX	PHYSICIAN CONSULT	2,032
BAGWELL RHONDA	KIRBYVILLE, TX	FOSTER CARE	18,575
BASHAM BOBBY	POLLOK, TX	FOSTER CARE	18,575
BAYLOR ST LUKES MEDICAL GROUP	DALLAS, TX	LABORATORY SVCS	895
BEAN EDWIN	JASPER, TX	COMPANION/HOST CARE	18,575
BEHAVIORAL HEALTH SPECIALISTS, PLLC	SHENANDOAH, TX	PHYSICIAN CONSULT	30,224
BENITEZ MARCO MD	LUFKIN, TX	PHYSICIAN CONSULT	544
BEST FRIENDS COMMUNITY SERVICE	GRAPELAND, TX	DAY HAB/RESPITE	578,283
BOGANY TEVRA	LUFKIN, TX	FOSTER CARE	17,627
BRYAN DAVIS FAMILY MEDICINE	NACOGDOCHES, TX	PHYSICIAN CONSULT	12,350
BYRD ELIZABETH	CROCKETT, TX	FOSTER CARE	17,243
CAMMACK GUY CLEVELAND	LUFKIN, TX	FOSTER CARE	18,575
CARASOFT TECHNOLOGY CORP	RESTON, VA	SOFTWARE MAINTENANCE & SUPPORT	2,120
CARR MARILYN	TRINITY, TX	FOSTER CARE	21,957
CERNER CORPORATION	ST LOUIS, MO	SOFTWARE MAINTENANCE & SUPPORT	1,219
CHA BEHAVIORAL HEALTHCARE, P.A.	SPRING, TX	PHYSICIAN CONSULT	15,569
CHATHAM BOBBY SR	KIRBYVILLE, TX	FOSTER CARE	34,485
CHONG FERNANDO	LUFKIN, TX	FOSTER CARE	17,243
CLINICAL PATHOLOGY LABS, INC	AUSTIN, TX	LABORATORY SVCS	33,505
COLBERT RANDY DELL	HUNTINGTON, TX	FOSTER CARE	16,950
CRAWFORD VERNELL	LUFKIN, TX	FOSTER CARE	18,575
CROWELL JANIS	ZAVALLA, TEXAS	FOSTER CARE	18,219
DATIS HR CLOUD, INC	CINCINNATI, OH	HR/PAYROLL PROFESSIONAL SVCS	146,286
DAVIS ADVANCED TECHNOLOGIES,	HUNTINGTON, TX	CONSULTING	8,575
DELCAMBRE BOBBIE	NEWTON, TX	COMPANION/HOST CARE	2,143
DHATT AJINDER	HOUSTON, TX	PHYSICIAN CONSULT	4,611
DIAGNOSTIC DENTAL	NACOGDOCHES, TX	DENTAL SVCS	2,345
DIGGLES GWENDOLYN	MAGNOLIA SPRINGS, TX	FOSTER CARE	17,048
DRIVESTRIKE	SALT LAKE CITY, UT	SOFTWARE MAINTENANCE & SUPPORT	3,073
EAST TEXAS BEHAVIORAL HEALTHCARE NETWORK	LUFKIN, TX	PHYSICIAN CONSULT	653,630
EIDE BAILLY LLP	ABILENE, TX	AUDIT AND TAX PROFESSIONAL	40,750
ERWIN JACK MD	NACOGDOCHES, TX	PHYSICIAN CONSULT	510
FAITH WHATLEY-TORRES LICENSED BEHAVIOR ANAL	LIVINGSTON, TX	ECI CONTRACT SVCS	1,240
FLAIR DATA SYSTEMS, INC	PLANO, TX	SOFTWARE MAINTENANCE & SUPPORT	26,258
GARCIA JANET ARACELI	LUFKIN, TX	DAY HAB/VOC TRN	21,561
GARDNER NATAVIAN LARON	LUFKIN, TX	COMPANION/HOST CARE	7,228
GATEWAY COMMUNITY PARTNERS, IN	JACKSONVILLE, TX	IDD PROGRAMS/VOC SVCS	56,312
GRAY MARY	COLDSRING, TX	FOSTER CARE	22,509
HAGLUND LAW FIRM	LUFKIN, TX	LEGAL PROFESSIONAL	12,078
HALE BRANDI	HUNTINGTON, TX	DAY HAB/RESPITE	5,022
HAMMONDS LINDA	BUNA, TX	FOSTER CARE	25,254
HARRIS CENTER FOR MH & IDD	HOUSTON, TX	CRISIS LINE	66,320
HEARNE-PARKS MONICA	POINTBLANK, TX	FOSTER CARE	18,575
HEARTLAND PHYSICIANS ASSOCIATES PLLC	THE WOODLANDS, TX	PHYSICIAN CONSULT	10,176

Burke Center
Schedule of Professional and Consulting Fees
August 31, 2022

Name	City	Type of Service	Amount
HESTER WILLIAM RAY	BUNA, TX	FOSTER CARE	\$ 18,575
HILL RHONDA JOY	ONALASKA, TX	FOSTER CARE	19,982
HOOT KELLY	POINTBLANK, TX	FOSTER CARE	18,575
HOPKINS GEORGIA	CROCKETT, TX	FOSTER CARE	17,243
HOSPITAL DOCS PA	MONTGOMERY, TX	PHYSICIAN CONSULT	6,570
HUBER DEBBIE	LUFKIN, TX	FOSTER CARE	19,815
ICENTRIX CORP	SALEM, NH	SOFTWARE MAINTENANCE & SUPPORT	15,000
INSPIRATION VILLAGE	TRINITY, TX	DAY HAB/VOC TRN	36,271
IRIS TELEHEALTH MEDICAL GROUP, PA	AUSTIN, TX	TELEPSYCHIATRY SVCS	118,908
JAMES HILLIARD & SONS LNDSCPNG	LUFKIN, TX	LAWN CARE SVCS	14,286
JEANNIE'S INTERPRETER SERVICES	LUFKIN, TX	INTERPRETING SERVICES	720
JOB CHERI	LIVINGSTON, TX	FOSTER CARE	20,268
JONES GAYLENE	HUNTINGTON, TX	FOSTER CARE	4,631
JONES KIMLA D	LUFKIN, TX	FOSTER CARE	20,608
JONES RONALD	HUNTINGTON, TX	FOSTER CARE	6,158
KINGWOOD PINES HOSPITAL	KINGWOOD, TX	PSYCHIATRIC HOSPITAL	694,950
KUNDLER MARC WILLIS	AUSTIN, TX	PHYSICIAN CONSULT	15,000
LOYA ASLAM	HOUSTON, TX	PHYSICIAN CONSULT	1,054
LUCAS PSYCHIATRIC ASSOCIATES	THE WOODLANDS, TX	PSYCHIATRIC CONSULTS	17,335
MALONE PAMELA A	AUSTIN, TX	SUPERVISOR TRAINING	800
MARK W STEPHENSON DDS PC	CONROE, TX	DENTAL SVCS	2,000
MASTERWORD SERVICES, INC.	HOUSTON, TX	INTERPRETING SERVICES	17,459
MATHEWS-JOHNSON BRIDGET	LUFKIN, TX	FOSTER CARE	53,060
MCCARY ROSE	LUFKIN, TX	FOSTER CARE	19,815
MCLAUGHLIN JANICE J	LUFKIN, TX	FOSTER CARE	17,243
MCMAHON SHARRON	BUNA, TX	DAY HAB CARE	19,779
MEDICAL BEHAVIORAL HOSPITAL OF CLEAR LAKE	MISHAWAKA, IN	HOSPITAL	31,750
MEDIVISTA MEDIA LLC	GAINESVILLE, GA	PUBLIC RELATIONS/ADVERTISING	10,764
MEMORIAL HEALTH SYSTEMS	LUFKIN, TX	LABORATORY SVCS	4,338
MORELAND CARMEN	LUFKIN, TX	DIETITIAN SVCS	8,103
NACOGDOCHES DENTAL	NACOGDOCHES, TX	DENTAL SVCS	1,874
NETSMART TECHNOLOGIES INC	PHILADELPHIA, PA	BILLING COLLECTION SERVICES	141,900
NETSMART TECHNOLOGIES INC	PHILADELPHIA, PA	SOFTWARE MAINTENANCE & SUPPORT	324,073
NIXON HOME CARE, INC.	HOUSTON, TX	DAY HAB CARE	1,763
OAK CREEK CENTER	LUFKIN, TX	HCS AND TXHML/IDD PROGRAMS	54,192
ODYSSEY SOFTWARE GROUP, INC.	WEXFORD, PA	SOFTWARE MAINTENANCE & SUPPORT	7,141
ORAL & FACIAL SURGERY	NACOGDOCHES, TX	DENTAL SVCS	575
PADDIE BILLY	CENTER, TX	FOSTER CARE	19,135
PALESTINE REGIONAL MED CENTER	ATLANTA, GA	HOSPITAL	10,800
PARKER RHONDA	GROVETON, TX	FOSTER CARE	24,562
PENNINGTON JOHN	CLEVELAND, TX	FOSTER CARE	17,243
PETERS TINA LEE	HUNTINGTON, TX	FOSTER CARE	53,060
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	17,087
QUESTICA LTD.	PASADENA, CA	SOFTWARE MAINTENANCE & SUPPORT	5,000
RAINEY LENA JEAN	LUFKIN, TX	FOSTER CARE	35,817
REED LOWANDA	LUFKIN, TX	FOSTER CARE	9,499
REESOR JOYCE	LUFKIN, TX	FOSTER CARE	13,384
RELIAS, LLC	CHICAGO, IL	SOFTWARE MAINTENANCE & SUPPORT	22,773
RICHARDSON DELISA LASHELLE	LUFKIN, TX	CRISIS RESPITE	3,668
RICHARDSON GLENDA	LUFKIN, TX	LAUNDRY SVCS	17,616
RUSSELL PSYCHIATRY, PLLC	COLLEYVILLE, TX	PSYCHIATRIC CONSULTS	20,835
SCHULTZ AMY	LUFKIN, TX	FOSTER CARE	18,575
SCOTT AMANDA ROCHELL	JASPER, TX	FOSTER CARE	18,958

Burke Center
 Schedule of Professional and Consulting Fees
 August 31, 2022

Name	City	Type of Service	Amount
SHEPHERD DAPHNE	LUFKIN, TX	FOSTER CARE	\$ 18,575
SNIDER GERALD	HUNTINGTON, TX	FOSTER CARE	13,893
STEPHENS BOBBIE W.	SAN AUGUSTINE, TX	FOSTER CARE	803
SUTTON TAMMIE	SAN AUGUSTINE, TX	FOSTER CARE	17,243
TASKMASTER PRO TECHNOLOGIES	ABILENE, TX	SOFTWARE MAINTENANCE & SUPPORT	17,043
TCOOMMI Service Providers	LUFKIN, TX	GRANT SERVICES CONSULTING	59,960
THIBODEAUX SUSAN D.	VIDOR, TX	FOSTER CARE	18,575
TOMPKINS JERRY H	SAN AUGUSTINE, TX	FOSTER CARE	2,341
TRAHAN CRYSTAL	KEMAH, TX	CONSULTING	708
TRI COUNTY BEHAVIORAL HEALTHCA	CONROE, TX	DAY HAB	9,830
TRIANGLE LAWN SPECIALISTS, LLC	NEDERLAND, TX	LAWN CARE SVCS	1,360
TX SPECIALTY PHYSICIANS	MEXIA, TX	PHYSICIAN CONSULT	1,593
VICKERY LAWN SVC LLC	LIVINGSTON, TX	LANDSCAPING AND LAWN SVCS	2,640
WALKER PATRICIA	CORRIGAN, TX	CRISIS RESPITE	87,421
WALLACE LUCIOUS	CROCKETT, TX	FOSTER CARE	17,243
WESTPARK SPRINGS LLC	RICHMOND, TX	HOSPITAL	75,900
WHITE KATHY	NACOGDOCHES, TX	FOSTER CARE	7,494
WHITE LEATRICE	POINTBLANK, TX	CRISIS RESPITE	2,890
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	34,419
WOODLAND SPRINGS	CONROE, TX	HOSPITAL	592,900
WYCH AMY J.	HUNTINGTON, TX	INTERPRETING SERVICES	548
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, 2022

Name	Type of Service	Amount
ALCOLHOL DRUG AND ABUSE COUNCIL PO BOX 384 LUFKIN TEXAS 75902	DETOX SVCS	\$ 887,808
KINGWOOD PINES HOSPITAL 2001 LADBROOK DRIVE KINGWOOD TEXAS 77339	PSYCHIATRIC HOSPITAL	694,950
EAST TEXAS BEHAVIORAL HEALTHCARE NETWORK 2001 S MEDFORD DRIVE LUFKIN TEXAS 75901	PHYSICIAN CONSULT	653,630
WOODLAND SPRINGS LLC 15860 OLD CONROE ROAD CONROE TEXAS 77384	PSYCHIATRIC HOSPITAL	592,900
BEST FRIENDS COMMUNITY SERVICE PO BOX 156 GRAPELAND TEXAS 75844	DAY HAB/RESPITE	578,283
NETSMART TECHNOLOGIES INC PO BOX 823519 PHILADELPHIA PENNSYLVANIA 19182	SOFTWARE MAINTENANCE & SUPPORT BILLING COLLECTION SERVICES	465,973
ASPIRE BEHAVIORAL HEALTH 2006 S LOOP 336 W SUITE 500 CONROE TEXAS 77304	PSYCHIATRIC HOSPITAL	337,857
DATIS HR CLOUD, INC PO BOX 715019 SUITE 1550 CINCINATTI OHIO 45271	HR/PAYROLL PROFESSIONAL SVCS	146,286
IRIS TELEHEALTH MEDICAL GROUP, PA 114 W 7TH STREET SUITE 900 AUSTIN TEXAS 78701	TELEPSYCHIATRY SVCS	118,908
WALKER PATRICIA 514 MLK BLVD CORRIGAN TEXAS 75939	CRISIS RESPITE	87,421
AREA WIDE PROTECTION 4244 MT PLEASANT ST NW NORTH CANTON OHIO 44720	VEHICLE RENTAL SERVICES	83,888
WESTPARK SPRINGS LLC 6902 S PEEK ROAD RICHMOND TEXAS 77407	PSYCHIATRIC HOSPITAL	75,900

Burke Center
 Schedule of Professional and Consulting Fees \$50,000 or More
 August 31, 2022

Name	Type of Service	Amount
HARRIS CENTER PO BOX 25381 HOUSTON TEXAS 77265	CRISIS LINE	\$ 66,320
GATEWAY COMMUNITY PARTNERS INC 417 SE LOOP 456 JACKSONVILLE TEXAS 75766	IDD PROGRAMS/VOC SVCS	56,312
OAK CREEK CENTER PO BOX 424 LUFKIN TEXAS 75902	HCS AND TXHML/IDD PROGRAMS	54,192
MATHEWS-JOHNSON BRIDGET 912 ROWE AVE LUFKIN TEXAS 75904	FOSTER CARE	53,060

Burke Center
Schedule of Legal Services
August 31, 2022

<u>Name</u>	<u>City</u>	<u>Type of Service</u>	<u>Amount</u>
Haglund Law Firm	Lufkin, TX	Legal Service	\$ 12,078

Burke Center
Balance Sheet – Governmental Funds and East Texas Behavioral Health Network (Exhibit E-1)
August 31, 2022

	General Fund (Audited)	ETBHN Fund (Unaudited)	Total Combined Funds (Unaudited)
Assets			
Cash and cash equivalents	\$ 12,636,986	\$ 2,273,724	\$ 14,910,710
Investments	-	1,246,118	1,246,118
Accounts receivable, net	4,155,983	1,375,822	5,531,805
Inventory	-	9,620,704	9,620,704
Deposits	3,250	-	3,250
Deposit IGT DPP	2,277,182	-	2,277,182
Prepaid expenses	610,031	-	610,031
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 19,683,432</u>	<u>\$ 14,516,368</u>	<u>\$ 34,199,800</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 2,164,079	\$ 36,753	\$ 2,200,832
Accrued liabilities	1,529,050	-	1,529,050
IGT Reserve	346,156	-	346,156
Unearned revenue	498,638	-	498,638
Due to other governments	478,619	-	478,619
Inventory held for others	-	9,311,065	9,311,065
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>5,016,542</u>	<u>9,347,818</u>	<u>14,364,360</u>
Deferred Inflows of Resources			
Unavailable revenue	-	5,168,550	5,168,550
	<u> </u>	<u> </u>	<u> </u>
Total deferred inflows of resources	<u>-</u>	<u>5,168,550</u>	<u>5,168,550</u>
Fund Balances			
Nonspendable			
Deposits	3,250	-	3,250
Prepaid expenses	610,031	-	610,031
Assigned			
Program sustainability	1,405,750	-	1,405,750
Technology advances	261,304	-	261,304
Vehicles	672,775	-	672,775
Health insurance	704,788	-	704,788
Policy reserve	11,008,992	-	11,008,992
Unassigned	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>14,666,890</u>	<u>-</u>	<u>14,666,890</u>
	<u>\$ 19,683,432</u>	<u>\$ 14,516,368</u>	<u>\$ 34,199,800</u>

Burke Center

Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds and East Texas Behavioral Health Network (Exhibit E-2)
August 31, 2022

	General Fund (Audited)	ETBHN Fund (Unaudited)	Total Combined Funds (Unaudited)
Revenues			
Local funds	\$ 21,860,751	\$ 12,586,493	\$ 34,447,244
State programs	13,478,015	-	13,478,015
Federal programs	6,934,671	-	6,934,671
Investment earnings	35,733	13,001	48,734
Total revenues	<u>42,309,170</u>	<u>12,599,494</u>	<u>54,908,664</u>
Expenditures			
Current			
Adult Mental Health	9,923,502	-	9,923,502
Children's Mental Health	4,162,540	-	4,162,540
Mental Health Crisis	6,460,298	-	6,460,298
Intellectual & Developmental Disabilities	11,536,652	-	11,536,652
Early Childhood Intervention	2,307,066	-	2,307,066
Other Activities	1,870,418	-	1,870,418
Central Administration	4,877,009	-	4,877,009
ETBHN		12,599,494	12,599,494
Debt Service	128,466		
Capital outlay	161,845	-	161,845
Total expenditures	<u>41,427,796</u>	<u>12,599,494</u>	<u>53,898,824</u>
Other Financing Sources			
Proceeds from sale of assets	113,182	-	113,182
Net Change in Fund Balance	994,556	-	994,556
Fund Balance, September 1	<u>13,672,334</u>	<u>-</u>	<u>13,672,334</u>
Fund Balance, August 31	<u><u>\$ 14,666,890</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 14,666,890</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 2022 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, 2022
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, 2022, 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 20, 2023.

Report on 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 20, 2023



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

The Board of Directors
Burke Center
Lufkin, Texas

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited Burke Center’s (the Center) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement, State of Texas Single Audit Circular (TSAC)* and *Guidelines for Annual Financial and Compliance Audits of Community Mental Health and Mental Retardation Centers (Audit Guidelines)* that could have a direct and material effect on each of the Center’s major federal and state programs for the year ended August 31, 2022. The Center’s major federal and state programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Center complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended August 31, 2022.

Basis for Opinion on Each Major Federal and State Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

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

Abilene, Texas
January 20, 2023

Burke Center
Schedule of Expenditures of State and Federal Awards
Year Ended August 31, 2022

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Pass-through Entity Identifying Number	Expenditures
STATE AWARDS		
Texas Health and Human Services Commission		
LMHA		
General Revenue - Mental Health Adult	HHS000526600001	\$ 4,814,885
General Revenue - Mental Health Child	HHS000526600001	559,443
MH Transition	HHS000526600001	54,235
Crisis Services	HHS000526600001	340,078
Veterans Services	HHS000526600001	168,410
Supportive Housing	HHS000526600001	116,239
Psychiatric Emergency Service Centers	HHS000526600001	2,095,299
MH Intensive	HHS000526600001	111,749
Mental Health First Aid	HHS000180000001	15,400
Private Psychiatric Beds	HHS000526600001	1,606,394
HB 13 Community Mental Health Grant Program	HHS000149700008	412,330
TDCJ Rider 39	HHS000740900007	11,697
Substance Abuse	HHS000782500014	148,579
Total LMHA		<u>10,454,738</u>
LIDDA		
General Revenue - IDD	HHS000612700001	817,578
Community Living Options Information Process	HHS000612700001	242,492
Permanency Planning	HHS000612700001	11,541
IDD Crisis	HHS000612700001	307,654
PASSR/OBRA - Day Hab	HHS000612700001	574,195
Total LIDDA		<u>1,953,460</u>
ECI		
Early Childhood Intervention Comprehensive Services	HHS000640200008	653,881
Early Childhood Intervention Respite Services	HHS000640200008	1,620
Total ECI		<u>655,501</u>
Total State Awards		<u>\$ 13,063,699</u>

Burke Center
Schedule of Expenditures of State and Federal Awards
Year Ended August 31, 2022

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal Financial Assistance Listing	Pass-through Entity Identifying Number	Expenditures
FEDERAL AWARDS			
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	504,423
Special Education - Grants to States (IDEA, Part B) - Special Education (IDEA) Cluster	84.027	HHS000640200008	61,200
Total U.S. Department of Education			<u>565,623</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	38,388
COVID-19 Provider Relief Funds and American Rescue Plan (ARP) Rural Distribution	93.498	N/A	572,218
CCBHC Expansion Grant	93.829	1H79SM083180-01	957,776
Passed through Texas Health and Human Services Commission			
Medicaid Administrative Claiming (Medicaid; Title XIX)	93.778	529-09-0032-00053	1,225,606
Medicaid Administrative Claiming (Medicaid; Title XIX)	93.778	529-11-0040-00006	163,626
Subtotal of CFDA # 93.778 Medicaid Cluster			<u>1,389,232</u>
COVID -19 Temporary Assistance for Needy Families - Pandemic Emergency Assistance	93.558	HHS001120200034	70,438
Temporary Assistance for Needy Families (TANF)	93.558	HHS000526600001	153,645
Temporary Assistance for Needy Families (TANF)	93.558	HHS000640200008	52,046
Subtotal of CFDA # 93.558 TANF 477 Cluster			<u>276,129</u>
Mental Health Block Grant	93.958	HHS000526600001	550,340
Mental Health Block Grant - Supportive Housing	93.958	HHS000526600001	2,809
Mental Health Block Grant - MHFA	93.958	HHS000180000001	88,190
First Episode Psychosis	93.958	2016-049426-001	533,268
COVID-19 Supplemental - Outpatient Capacity Expansion	93.958	HHS001108400007	104,800
COVID-19 Supplemental - MH/COVID MCOT	93.958	HHS001108400007	228,864
Subtotal of CFDA # 93.958			<u>1,508,271</u>
Social Services Block Grant	93.667	HHS000526600001	53,596
Title XX - Social Services Block Grant	93.667	HHS000526600001	32,485
Subtotal of CFDA # 93.667			<u>86,081</u>

Burke Center
Schedule of Expenditures of State and Federal Awards
Year Ended August 31, 2022

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal Financial Assistance Listing	Pass-through Entity Identifying Number	Expenditures
Tablet Job Coach	93.791	HHSC00794700001	11,020
Apprenticeship Employment	93.791	HHS000790900001	31,362
Enhanced Community Coordination Demonstration	93.791	HHS000191200002	4,452
Subtotal of CFDA # 93.791			46,834
Substance Abuse/OSR	93.959	HHS000782500014	443,579
COVID-19 Supplemental - Substance Abuse/OSR	93.959	HHS000782500014	215,457
Subtotal of CFDA # 93.959			659,036
Substance Abuse/TTOR	93.788	HHS000782500014	65,000
Total U.S. Department of Health and Human Services			5,598,965
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	89,215
Passed through Deep East Texas Council of Governments			
Section 8 Housing Choice Vouchers Housing Voucher Cluster	14.871	TX24512V0	37,336
Total U.S. Department of Housing and Urban Development			126,551
Total Federal Financial Assistance			6,291,139
Total Federal and State Awards			\$ 19,354,838

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, 2022. 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 and American Rescue Plan Rural Distribution (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 \$572,218 and \$1,215,750 for the years ended August 31, 2021 and 2022, respectively, on the financial statements. The PRF expenditures recognized on the schedule are based on the reporting to HHS for the calendar year ending December 31, 2021, as required under the PRF program.

Note 6 - 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 7 - 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 8 - 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>
Provider Relief Funds and American Rescue Plan (ARP) Rural Distribution	93.498
Medicaid Administrative Claiming (Medicaid; Title XIX)-Medicaid Cluster	93.778
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:	\$ 391,911
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

The audit disclosed no findings required to be reported.

Section III – Federal and State Award Findings and Questioned Costs

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 aggregate discretely presented component units, the major fund, and the aggregate remaining fund information of Burke Center (the Center) as of and for the year ended August 31, 2022, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, we considered 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 entity's internal control. Accordingly, we do not express an opinion on the effectiveness of Center's internal control over financial reporting.

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 over financial reporting, 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. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this communication, which is an integral part of our audit, is to describe, for management and those charged with governance, the scope of our testing of internal control and the results of that testing. Accordingly, this communication is not intended to be and should not be used for any other purpose.

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

Abilene, Texas
January 20, 2023