Burke

Financial Statements
August 31, 2024

Certificate of Board Approval 1

Listing of Officials 2

Independent Auditor's Report 3

Management's Discussion and Analysis 6

Basic Financial Statements

Government-wide Financial Statements

Statement of Net Position (Exhibit A-1) 13
Statement of Activities (Exhibit A-2) 14

Fund Financial Statements

Balance Sheet – Governmental Funds (Exhibit B-1) 15
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position (Exhibit B-2) ... 16
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds (Exhibit B-3) 17
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities (Exhibit B-4) 18
Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual - General Fund (Exhibit B-5) 19
Statement of Net Position - Proprietary Fund (Exhibit C-1) 21
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Fund (Exhibit C-2) 22
Statement of Cash Flows - Proprietary Fund (Exhibit C-3) 23
Statement of Fiduciary Net Position - Fiduciary Fund (Exhibit D-1) 24
Statement of Changes in Fiduciary Net Position - Fiduciary Fund (Exhibit D-2) 25
Notes to Financial Statements 26

Statistical Section

Schedule of Revenue and Expenditures by Source of Funds – General Fund 42
Schedule of Indirect Costs 43
Schedule of Leases in Effect 44
Schedule of Space Occupied in a State-Owned Facility 48
Schedule of Insurance in Force 49
Schedule of Bond Coverage 50
Schedule of Professional and Consulting Fees 52
Schedule of Legal Services 53
Balance Sheet – Governmental Funds and East Texas Behavioral Health Network (Exhibit E-1) 54
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds and East Texas Behavioral Health Network (Exhibit E-2) 55

Single Audit Section

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* 56
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 Texas Grant Management Standards .. 58

Schedule of Expenditures of State and Federal Awards 61
Notes to Schedule of Expenditures of State and Federal Awards 64
Schedule of Findings and Questioned Costs 66

BURKE CENTER

Certificate of Board Approval

Year Ended August 31, 2024

I, David Cozadd, Board Chair of the Board of Trustees of Burke Center, do hereby certify that this accompanying audit report for fiscal year ended August 31, 2024, from Eide Bailly LLP was reviewed and approved at a meeting of the Board of Trustees held on the 28th day of January, 2025.

David Cozadd
Chair, Board of Trustees

BURKE CENTER
Listing of Officials
August 31, 2024

Board of Trustees

David Cozadd	Chair
Randy George	Vice-Chair
Sondra Williams	Secretary
John Howard	Treasurer
Lois Ball	Trustee
Jim McReynolds	Trustee
Judge Doug Page	Trustee
Rachel Slocomb Drake	Trustee
Judge Fritz Faulkner	Trustee
Sheriff Robert Burby	Ex-Officio
Sheriff Byron Lyons	Ex-Officio

Leadership

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

CPAs & BUSINESS ADVISORS

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, 2024, 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 Burke Center, as of August 31, 2024, 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)*. 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.

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 and *Government Auditing Standards* 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 and *Government Auditing Standards*, 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 the Center's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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 GAAS, 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 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of state and federal awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the *Texas Grant Management Standards* (TxGMS) and is also not a required part of the basic financial statements. The schedule of expenditures of state and federal awards are the responsibility of management and were derived from and relate 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 GAAS. 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 basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2025 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.

Eide Bailly LLP

Abilene, Texas
January 20, 2025

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, 2024.

Financial Highlights

- The assets of the Center exceeded its liabilities at the close of the most recent fiscal year by $35,253,734 (net position). This compares to the previous year when assets exceeded liabilities by $36,459,814. The Center's total net position (government-wide) decreased by $1,206,080.

- As of the close of the current fiscal year, the Center's governmental fund reported ending fund balances of $16,995,626, a decrease of $1,506,532.

- 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 $18,258,108, an increase of $300,452.

- At the end of the current fiscal year, unassigned fund balance for the General Fund was $0 or 0 percent of General Fund Expenditures. $11,215,120 was assigned for policy reserve which represents 24.3% 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 $35,253,734 at the close of the most recent fiscal year. This is a $1,206,080 decrease over last year's net position of $36,459,814.

A portion of the Center's net position (43%) 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 (57%) represents the unrestricted financial resources available for future operations.

Statement of Net Position
Government-Wide

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and other assets	$ 20,807,688	$ 20,801,464	$ 6,041,990	$ 4,397,625	$ 26,849,678	$ 25,199,089
Capital assets, net	3,351,924	3,189,728	14,007,827	15,433,569	17,359,751	18,623,297
Total assets	24,159,612	23,991,192	20,049,817	19,831,194	44,209,429	43,822,386
Current and other liabilities	5,538,986	4,330,133	92,416	187	5,631,402	4,330,320
Long-term liabilities	1,625,000	1,158,901	1,699,293	1,873,351	3,324,293	3,032,252
Total liabilities	7,163,986	5,489,034	1,791,709	1,873,538	8,955,695	7,362,572
Net investment in capital assets	2,867,764	4,324,370	12,308,534	13,560,218	15,176,298	17,884,588
Unrestricted	14,127,862	14,177,788	5,949,574	4,397,438	20,077,436	18,575,226
Total net position	$ 16,995,626	$ 18,502,158	$ 18,258,108	$ 17,957,656	$ 35,253,734	$ 36,459,814

Governmental activities decreased the Center's net position by $1,506,532, and the business-type activities increased the Center's net position by $300,452. Key elements of this decrease are as follows:

Statement of Activities
Government-Wide

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues						
Program revenues						
Charges for services	$ 25,106,795	$ 23,301,651	$ 1,309,785	$ 1,419,570	$ 26,416,580	$ 24,721,221
Operating grants and contributions	20,998,789	19,936,646	-	-	20,998,789	19,936,646
General revenues						
Unrestricted investment earnings	717,600	294,596	289,582	80,386	1,007,182	374,982
Unrestricted insurance proceeds	-	-	86,223	199,817	86,223	199,817
Gain on sale of assets	379,447	259,393	470,801	491,231	850,248	750,624
Total revenues	47,202,631	43,792,286	2,156,391	2,191,004	49,359,022	45,983,290
Expenses						
Mental Health Adult	12,307,856	10,958,188	-	-	12,307,856	10,958,188
Mental Health Child	5,730,461	5,238,988	-	-	5,730,461	5,238,988
Mental Health Crisis	9,661,575	7,713,371	-	-	9,661,575	7,713,371
Intellectual & Developmental Disabilities	12,518,113	14,024,458	-	-	12,518,113	14,024,458
Early Childhood Intervention	3,564,510	3,060,833	-	-	3,564,510	3,060,833
Other Activities	1,216,731	1,690,245	-	-	1,216,731	1,690,245
Administration	3,677,183	2,009,945	-	-	3,677,183	2,009,945
Interest	32,734	28,699	-	-	32,734	28,699
ETBR	-	-	1,855,939	1,526,431	1,855,939	1,526,431
Total expenses	48,709,163	44,724,727	1,855,939	1,526,431	50,565,102	46,251,158
Change in net position	(1,506,532)	(932,441)	300,452	664,573	(1,206,080)	(267,868)
Net position, beginning	18,502,158	19,434,599	17,957,656	17,293,083	36,459,814	36,727,682
Net position, ending	$ 16,995,626	$ 18,502,158	$ 18,258,108	$ 17,957,656	$ 35,253,734	$ 36,459,814

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 $15,268,702, which is an increase of $127,554 from last year's total of $15,141,148. Approximately, five percent of the total fund balance or $721,808 is considered nonspendable because it is not in spendable form. Ninety-five percent or $14,546,894 has been assigned, meaning there are limitations resulting from its intended use. The assigned uses include $1,405,750 for program sustainability, $297,345 for technology advances, $523,891 for vehicles, $704,788 for health insurance, $400,000 for data warehouse initiative and $11,215,120 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 $15,268,702. 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 24.3% 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 $5,949,574 while total net position reached $18,258,108, an increase of $300,452 from prior year total net position of $17,957,656.

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 other than a $6,003,274 increase in Charity Care Pool to a total final budget of $9,053,497.

Differences between the actual results and the final budget were an increase in revenues of $369,628 and an increase in total expenditures of $3,090,492.

Revenues

- Decrease of $410,616 in local revenues due primarily to an decrease of $616,231 in total directed payment program revenues.
- Increase of $1,352,544 in state program revenue due mostly to additional general revenue of $1,109,324 received during the year compared to the prior year.
- Increase of $1,218,100 in federal program revenue due primarily to an increase of $1,119,767 in other federal.

Expenditures

- Total expenditures exceeded budget by $3,090,492 primarily due to personnel expenditures increase of $3,969,673 and contract and consultant services of $1,716,539 offset by decrease in supplies, dues and miscellaneous of $4,663,153.

Capital Assets

The Center's investment in capital assets for its governmental and business-type activities as of August 31, 2024 is $17,359,751 net of accumulated depreciation and amortization. This investment in capital assets includes land, buildings and improvements, furniture and equipment, vehicles, right to use leased assets, and right to use subscription IT. The net decrease in the Center's investment in capital assets for the current fiscal year was $2,593,729.

Capital Assets
(net of accumulated depreciation/amortization)

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	$ -	$ -	$ 1,953,748	$ 2,201,780	$ 1,953,748	$ 2,201,780
Construction in progress	-	-	353,040	228,679	353,040	228,679
Buildings	-	-	21,662,557	22,739,963	21,662,557	22,739,963
Leasehold improvements	119,895	119,895	-	-	119,895	119,895
Furniture, equipment, and vehicles	7,335,590	7,378,711	-	-	7,335,590	7,378,711
Right to use leased assets	960,903	496,668	-	-	960,903	496,668
Right to use subscription IT	3,325,457	3,325,457	-	-	3,325,457	3,325,457
Less accumulated depreciation/amortization	(8,389,921)	(6,800,820)	(9,961,518)	(9,736,853)	(18,351,439)	(16,537,673)
Total capital assets, net	$ 3,351,924	$ 4,519,911	$ 14,007,827	$ 15,433,569	$ 17,359,751	$ 19,953,480

Long-term Obligations

A summary of outstanding obligations at year end follows:

Long-Term Obligations

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Notes Payable	$ -	$ -	$ 1,699,293	$ 1,873,351	$ 1,699,293	$ 1,873,351
Leases Payable	484,160	195,541	-	-	484,160	195,541
Compensated Absences	1,140,840	963,360	-	-	1,140,840	963,360
Total long-term obligations	$ 1,625,000	$ 1,158,901	$ 1,699,293	$ 1,873,351	$ 3,324,293	$ 3,032,252

Economic Factors and Looking Forward

Burke had an average of 439 employees with a total turnover rate of 22.3% compared to 22.7% in the prior year.

Regarding the Future:

The health care industry continues to change in significant ways at the federal, state, and local level. Burke has had a workforce shortage greater than at any time in history. Virtual visits for clients, restructured programs as well as care and precautions for clients and staff have been effective in mitigating the impact of this unprecedented challenge. 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 originally anticipated would replace most, if not all, the Medicaid 1115 Transformation dollars that ended in August 2022. However, due to a Charity Care Pool reduction of approximately 20%, we are actively exploring alternative revenue sources to mitigate the impact and ensure the continuity of our services. 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.

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	$ 14,061,287	$ 6,041,990	$ 20,103,277
Accounts receivable, net	5,177,354	-	5,177,354
Deposits	6,050	-	6,050
Deposit IGT DPP	847,239	-	847,239
Prepaid expenses	715,758	-	715,758
Capital assets, net			
Nondepreciable	-	2,306,788	2,306,788
Depreciable	2,843,263	11,701,039	14,544,302
Right to use leased assets	508,661	-	508,661
Total assets	24,159,612	20,049,817	44,209,429
Liabilities			
Accounts payable	2,427,298	92,416	2,519,714
Accrued liabilities	1,550,477	-	1,550,477
IGT Reserve	284,010	-	284,010
Unearned revenue	444,940	-	444,940
Due to other governments	832,261	-	832,261
Noncurrent liabilities			
Compensated absences	1,140,840	-	1,140,840
Leases payable - due in one year	192,304	-	192,304
Leases payable - due in more than one year	291,856	-	291,856
Notes payable - due in one year	-	180,524	180,524
Notes payable - due in more than one year	-	1,518,769	1,518,769
Total liabilities	7,163,986	1,791,709	8,955,695
Net Position			
Net investment in capital assets	2,867,764	12,308,534	15,176,298
Unrestricted	14,127,862	5,949,574	20,077,436
Total net position	$ 16,995,626	$ 18,258,108	$ 35,253,734

Function / Programs	Expenses	Expenses	Expenses
	Expenses	Administration Allocation	Expenses After Allocation of Administration
Governmental Activities			
Adult Mental Health	$ 12,307,856	$ 1,005,756	$ 13,313,612
Children's Mental Health	5,730,461	468,273	6,198,734
Crisis Mental Health	9,661,575	789,511	10,451,086
Intellectual & Developmental Disabilities	12,518,113	1,022,937	13,541,050
Early Childhood Intervention	3,564,510	291,279	3,855,789
Other Activities	1,216,731	99,427	1,316,158
Administration	3,677,183	(3,677,183)	-
Interest on Long-Term Debt	32,734	-	32,734
Total governmental activities	48,709,163	-	48,709,163
Business-type Activities			
ETBR	1,855,939	-	1,855,939
Total	$ 50,565,102	$ -	$ 50,565,102

See Notes to Financial Statements

Program Revenues			Net (Expense) Revenue and Changes in Net Position		
Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
$ 7,945,625	$ 7,315,972	$ -	$ 1,947,985	$ -	$ 1,947,985
3,398,685	1,542,827	-	(1,257,222)	-	(1,257,222)
2,433,029	6,356,812	-	(1,661,245)	-	(1,661,245)
7,270,355	2,475,883	-	(3,794,812)	-	(3,794,812)
1,731,606	1,717,089	-	(407,094)	-	(407,094)
2,327,495	1,590,206	-	2,601,543	-	2,601,543
-	-	-	-	-	-
-	-	-	(32,734)	-	(32,734)
25,106,795	20,998,789	-	(2,603,579)	-	(2,603,579)
1,309,785	-	-	-	(546,154)	(546,154)
$ 26,416,580	$ 20,998,789	$ -	(2,603,579)	(546,154)	(3,149,733)

	Governmental Activities	Business-Type Activities	Total
General Revenues			
Investment earnings	717,600	289,582	1,007,182
Insurance Proceeds	-	86,223	86,223
Gain on sale of assets	379,447	470,801	850,248
Total general revenues	1,097,047	846,606	1,943,653
Change in Net Position	(1,506,532)	300,452	(1,206,080)
Net Position - Beginning	18,502,158	17,957,656	36,459,814
Net Position - Ending	$ 16,995,626	$ 18,258,108	$ 35,253,734

	General Fund	Total Governmental Fund
Assets		
Cash and cash equivalents	$ 14,061,287	$ 14,061,287
Accounts receivable, net	5,177,354	5,177,354
Deposits	6,050	6,050
IGT DPP Advance	847,239	847,239
Prepaid expenses	715,758	715,758
Total assets	$ 20,807,688	$ 20,807,688
Liabilities and Fund Balances		
Liabilities		
Accounts payable	$ 2,427,298	$ 2,427,298
Accrued liabilities	1,550,477	1,550,477
IGT Reserve	284,010	284,010
Unearned revenue	444,940	444,940
Due to other governments	832,261	832,261
Total liabilities	5,538,986	5,538,986
Fund Balances		
Nonspendable		
Deposits	6,050	6,050
Prepaid expenses	715,758	715,758
Assigned		
Program sustainability	1,405,750	1,405,750
Technology advances	297,345	297,345
Vehicles	523,891	523,891
Health insurance	704,788	704,788
Data Warehouse Initiative	400,000	400,000
Policy reserve	11,215,120	11,215,120
Unassigned	-	-
Total fund balances	15,268,702	15,268,702
	$ 20,807,688	$ 20,807,688

Total Fund Balances of Governmental Funds	$ 15,268,702
Amounts reported for *governmental activities* in the statement of net position (Exhibit A-1) are different because	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.	3,351,924
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.	(1,625,000)
Net Position of Governmental Activities	$ 16,995,626

	General Fund	Total Governmental Fund
Revenues		
Local funds	$ 25,289,562	$ 25,289,562
State programs	14,674,322	14,674,322
Federal programs	6,141,700	6,141,700
Investment earnings	717,600	717,600
Total revenues	46,823,184	46,823,184
Expenditures		
Current		
Adult Mental Health	12,124,349	12,124,349
Children's Mental Health	5,487,671	5,487,671
Mental Health Crisis	9,557,578	9,557,578
Intellectual & Developmental Disabilities	11,639,941	11,639,941
Early Childhood Intervention	3,381,379	3,381,379
Other Activities	1,212,067	1,212,067
Central Administration	2,717,183	2,717,183
Debt service		
Principle	175,616	175,616
Interest	32,734	32,734
Capital outlay	1,215,530	1,215,530
Total expenditures	47,544,048	47,544,048
Other Financing Sources		
Proceeds from leases	464,235	464,235
Proceeds from sale of assets	384,183	384,183
Total other financing sources	848,418	848,418
Net Change in Fund Balance	127,554	127,554
Fund Balance, September 1	15,141,148	15,141,148
Fund Balance, August 31	$ 15,268,702	$ 15,268,702

Net Change in Fund Balances - Total Governmental Funds	$ 127,554
Amounts reported for governmental activities in the statement of activities are different because	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated and depreciated or amortized over their useful lives. Thus, net position is increased by the amount by which depreciation and amortization ($2,378,781) exceeds capital outlay ($1,215,530) in the current period.	(1,163,251)
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.	(177,480)
In the statement of activities, only the gain or loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of assets disposed.	(4,736)
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.	175,616
Governmental funds report debt proceed as financing sources when debt is first issued, whereas there are reported as long-term liabilities in the statement of net position. The net effect of reclassing lease proceeds is to decrease net position.	(464,235)
Change in Net Position of Governmental Activities (Exhibit A-2)	$ (1,506,532)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
LOCAL REVENUES				
County Governments	$ 304,435	$ 304,435	$ 304,662	$ 227
Patient fees	4,008,020	4,126,270	3,922,737	(203,533)
Medicare	104,750	104,750	142,867	38,117
Medicaid	1,345,875	1,345,875	1,527,848	181,973
Directed Payment Program FY24	2,741,157	2,741,157	1,616,814	(1,124,343)
Directed Payment Program Prior Years	-	-	508,112	508,112
ICF-MR	3,172,800	3,463,000	3,063,917	(399,083)
HCS	2,655,400	2,254,425	2,158,317	(96,108)
TXHML	56,950	-	3,401	3,401
Texas Department of Transportation	662,000	369,000	434,288	65,288
Texas Rehabilitation Commission	25,500	25,500	23,697	(1,803)
Charity Care Pool	3,050,223	9,053,497	9,052,970	(527)
Miscellaneous	1,300,544	1,912,269	2,529,932	617,663
Total local revenues	19,427,654	25,700,178	25,289,562	(410,616)
STATE PROGRAM REVENUES				
General Revenue - Mental Health	6,281,523	6,526,466	7,635,790	1,109,324
General Revenue - Developmental Disabilities	1,162,356	1,186,567	1,141,682	(44,885)
Crisis Services	2,435,377	2,405,532	2,427,153	21,621
Veterans Services	170,000	170,000	170,000	-
Supportive Housing	146,376	146,376	39,927	(106,449)
CLOIP	242,492	242,492	93,717	(148,775)
Mental Health First Aid	27,400	27,400	27,400	-
Early Childhood Intervention	966,246	942,133	995,451	53,318
HB 13 Community MH Grant	410,000	410,000	262,348	(147,652)
TCOOMMI	412,500	412,500	447,179	34,679
Substance Abuse - OSAR	294,541	251,612	312,781	61,169
Other State	-	-	149,405	149,405
OBRA	896,700	600,700	971,489	370,789
Total state program revenues	13,445,511	13,321,778	14,674,322	1,352,544
FEDERAL PROGRAM REVENUES				
Mental Health Block Grant	665,876	617,579	589,509	(28,070)
Social Services Block Grant	53,596	48,893	48,893	-
Title XX Block Grant	32,485	29,634	29,634	-
Child TANF to Title XX	153,645	140,161	140,161	-
TBRA - Home	157,000	91,000	49,486	(41,514)
Substance Abuse - OSAR	477,259	407,701	506,815	99,114
Early Childhood Intervention	495,293	482,932	510,263	27,331
Medicaid Administrative Claiming	1,251,540	1,251,540	1,227,803	(23,737)
ECI Medicaid Administrative Claiming	162,000	162,000	211,374	49,374
Other Federal	1,017,160	1,017,160	2,136,927	1,119,767
First Episode Psychosis	675,000	675,000	690,835	15,835
Total federal program revenues	5,140,854	4,923,600	6,141,700	1,218,100
Investment earnings	508,000	508,000	717,600	209,600
Total revenues	$ 38,522,019	$ 44,453,556	$ 46,823,184	$ 2,369,628

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
EXPENDITURES				
Current				
Personnel	$ 19,875,034	$ 20,401,152	$ 24,370,825	$ (3,969,673)
Fringe benefits	4,998,100	5,168,012	5,949,997	(781,985)
Travel	392,892	392,892	404,402	(11,510)
Contract and consultant services	4,818,258	4,837,322	6,553,861	(1,716,539)
Building and occupancy	1,778,806	2,288,651	2,232,892	55,759
Utilities	677,780	717,078	738,599	(21,521)
Furniture and equipment	237,808	237,808	316,122	(78,314)
Vehicle costs	674,704	833,572	367,029	466,543
Pharmaceutical expense	335,292	344,840	360,531	(15,691)
Other direct client expenses	2,741,315	2,343,794	2,600,628	(256,834)
Supplies, dues and miscellaneous	1,992,030	6,888,435	2,225,282	4,663,153
Total current expenditures	38,522,019	44,453,556	46,120,168	(1,666,612)
Debt service				
Principle	-	-	175,616	(175,616)
Interest	-	-	32,734	(32,734)
Capital outlay	-	-	1,215,530	(1,215,530)
Total expenditures	38,522,019	44,453,556	47,544,048	(3,090,492)
OTHER FINANCING SOURCES				
Proceeds from leases	-	-	464,235	464,235
Proceeds from sale of assets	-	-	384,183	384,183
Total other financing sources	-	-	848,418	848,418
Net Change in Fund Balance	-	-	127,554	127,554
Fund Balance, September 1	15,141,148	15,141,148	15,141,148	-
Fund Balance, August 31	$ 15,141,148	$ 15,141,148	$ 15,268,702	$ 127,554

	ETBR Business-Type Activities Enterprise Fund
Assets	
Current Assets	
Cash and cash equivalents	$ 6,041,990
Total current assets	6,041,990
Noncurrent Assets	
Capital assets, net	
Nondepreciable	2,306,788
Depreciable	11,701,039
Total noncurrent assets	14,007,827
Total assets	20,049,817
Liabilities	
Current Liabilities	
Accounts payable	92,416
Notes payable - current	180,524
Total current liabilities	272,940
Noncurrent Liabilities	
Notes payable - noncurrent	1,518,769
Total liabilities	1,791,709
Net Position	
Net investment in capital assets	12,308,534
Unrestricted	5,949,574
Total net position	$ 18,258,108

	ETBR Business-Type Activities Enterprise Fund
Operating Revenues	
Rent income	$ 1,309,785
Operating Expenses	
Depreciation	737,929
Repairs and maintenance	944,248
Other operating expenses	117,225
Total operating expenses	1,799,402
Operating loss	(489,617)
Nonoperating Revenues (Expenses)	
Gain on sales of assets	470,801
Investment earnings	289,582
Insurance proceeds	86,223
Interest expense	(56,537)
Total nonoperating revenues (expenses)	790,069
Change in Net Position	300,452
Net Position - Beginning	17,957,656
Net Position - Ending	$ 18,258,108

	ETBR Business-Type Activities Enterprise Fund
Cash Flows from Operating Activities	
Cash received from customers and users	$ 1,309,785
Cash paid to suppliers	(969,244)
Net cash provided by operating activities	340,541
Cash Flows from Capital and Related Financing Activities	
Acquisition of capital assets	(318,761)
Proceeds from the sale of capital assets	1,477,375
Principal payments on notes payable	(174,058)
Proceeds from insurance	86,223
Interest paid on notes payable	(56,537)
Net cash provided by capital and related financing activities	1,014,242
Cash Flows from Investing Activities	
Purchase of investments	1,247,814
Investment earnings	289,582
Net cash provided by investing activities	1,537,396
Net Change in Cash and Cash Equivalents	2,892,179
Cash and Cash Equivalents - Beginning	3,149,811
Cash and Cash Equivalents - Ending	$ 6,041,990
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities	
Operating loss	$ (489,617)
Adjustments to reconcile operating loss to net cash provided by operating activities	
Accounts payable	92,229
Depreciation	737,929
Net cash provided by operating activities	$ 340,541

	Custodial Fund
Assets	
Cash and cash equivalents	$ 1,001
Total assets	1,001
Net position	
Restricted for consumers	1,001
Total net position	$ 1,001

	Custodial Fund
Additions	
Contributions from consumers	$ 1,626
Total additions	1,626
Deductions	
Distributions to consumers	3,248
Total deductions	3,248
Net change in net position	(1,622)
Net position, beginning	2,623
Net position, ending	$ 1,001

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 for exchange and nonexchange transactions. 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.

Note 4 - Assets, Liabilities and Net Position or Equity

Cash and cash equivalents

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

Investments

Investments in certificates of deposit are stated at amortized cost.

The Center categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Center has no recurring fair value measurements as of August 31, 2024 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, 2024, is $1,575,741.

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 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, 2024, has a deposit balance of $594,263 of their intergovernmental transfer (IGT) sent to HHSC in order to leverage federal funding, which is reported in the statement of net position and the governmental funds 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.

Right to use subscription IT assets are recognized at the subscription commencement date and represent Center's right to use the underlying IT asset for the subscription term. Right to use subscription IT assets are measured at the initial value of the subscription liability plus any payments made to the vendor at the commencement of the subscription term, less any subscription incentives received from the vendor at or before the commencement of the subscription term, plus any capitalizable initial implementation costs necessary to place the subscription asset into service. Right to use subscription IT assets are amortized over the shorter of the subscription 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.

Leases 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 is discounted based on a borrowing rate determined by the Center.

Subscription IT liabilities represent the Center's obligation to make subscription payments arising from the subscription contract. Subscription IT liabilities are recognized at the subscription commencement date based on the present value of future subscription payments expected to be made during the subscription term. The present value of subscription payments is 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, 2024 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. The Center does not currently have any restricted funds.

Committed - includes amounts that can be used only for specific purposes determined by a formal action of the Board of Trustees of the Center, the highest level of decision-making authority for the Center. The Center does not currently have any committed funds.

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, 2024, 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%	$ 11,886,012	$ 11,215,120

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 $2,369,628 and total expenditures exceeded final budget by $3,090,492 in the General Fund. The overage created by the increase in revenues not budgeted was used to fund the expenditures not budgeted with the remaining amount covered by fund balance.

Note 6 - Deposits and Investments

Cash and Time Deposits

Custodial credit risk – The Center's cash deposits were fully secured at August 31, 2024 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's cash deposits in financial institutions at August 31, 2024 that were fully collateralized.

Investments

At August 31, 2024, the Center had no investments other than $4,365,050 in an interest bearing money market. This amount is included in the cash and cash equivalents caption of the financial statements.

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

Credit risk – This is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. At August 31, 2024, the Center invested in non-negotiable certificates of deposit.

Concentration of credit risk – This is the risk that of loss attributed to the magnitude of the Center's investment in a single issuer. The Center's investment policy does not place a limit on the amount that can be invested in a single issuer. At August 31, 2024, all of the Center's investments consisted of non-negotiable certificates of deposit.

Note 7 - Accounts Receivable

Accounts receivable and receivables from other governments are for reimbursement of expenditures and fees for service provided under various programs and grants. The Center has an allowance of $1,575,741 related to its outstanding receivables at August 31, 2024. A summary of these receivables in the governmental activities as of August 31, 2024 are as follows:

	General Fund
Local Funds	
ALUs	$ 54,490
Fees and other local	2,156,958
Medicare and Medicaid	1,071,105
HCS	126,705
Title XIX - ICFMR	715,374
TXDOT	44,052
State Funds	
Mental Health	122,279
OBRA	210,314
Mental Health First Aid	6,770
HB13	18,874
TCOOMMI	151,694
Federal Funds	
Supportive Housing	972
ECI	152,206
Medicaid Administrative Claiming - ECI	126,408
Medicaid Administrative Claiming - HHSC	802,120
First Episode Psychosis	111,364
OSAR	308,244
CCBHC	74,145
HR133	39,729
Other	459,292
Allowance for Uncollectible	(1,575,741)
	$ 5,177,354

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, 2024, is as follows:

	Balance September 1, 2023	Additions	Retirements	Balance August 31, 2024
Governmental Activities				
Nondepreciable assets				
Construction in progress	$ -	$ -	$ -	$ -
Depreciable assets				
Buildings and improvements	119,895	-	-	119,895
Furniture and equipment	3,726,177	-	-	3,726,177
Vehicles	3,652,534	751,295	(794,416)	3,609,413
Total depreciable assets	7,498,606	751,295	(794,416)	7,455,485
Less accumulated depreciation				
Buildings and improvements	110,520	2,816	-	113,336
Furniture and equipment	1,773,610	226,972	-	2,000,582
Vehicles	2,686,927	601,057	(789,680)	2,498,304
Total accumulated depreciation	4,571,057	830,845	(789,680)	4,612,222
Net capital assets	2,927,549	(79,550)	(4,736)	2,843,263
Right to use leased assets being amortized				
Buildings	233,555	303,451	-	537,006
Furniture and equipment	70,680	160,784	-	231,464
Vehicles	192,433	-	-	192,433
Total right to use leased assets being amortized	496,668	464,235	-	960,903
Less accumulated amortization				
Buildings	112,913	120,736	-	233,649
Equipment	113,344	45,539	-	158,883
Vehicles	8,232	51,478		59,710
Total accumulated amortization	234,489	217,753	-	452,242
Net right to use leased assets	262,179	246,482	-	508,661
Right to use SBITA assets being amortized				
SBITA	3,325,457	-	-	3,325,457
Total right to use SBITA assets being amortized	3,325,457	-	-	3,325,457
Less accumulated amortization				
SBITA	1,995,274	1,330,183	-	3,325,457
Total accumulated amortization	1,995,274	1,330,183	-	3,325,457
Net right to use SBITA assets	1,330,183	(1,330,183)	-	-
Total capital assets, net	$ 4,519,911	$ (1,163,251)	$ (4,736)	$ 3,351,924

	Balance September 1, 2023	Additions	Retirements	Balance August 31, 2024
Business-type Activities				
Nondepreciable assets				
Land	$ 2,201,780	$ 22,616	$ (270,648)	$ 1,953,748
Construction in progress	228,679	126,361	(2,000)	353,040
Total nondepreciable assets	2,430,459	148,977	(272,648)	2,306,788
Depreciable assets				
Buildings and improvements	22,739,963	171,784	(1,249,190)	21,662,557
Less accumulated depreciation				
Buildings and improvements	9,736,853	737,929	(513,264)	9,961,518
Total capital assets	$ 15,433,569	$ (417,168)	$ (1,008,574)	$ 14,007,827

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

Governmental Activities	
Mental Health Adult	$ 136,850
Mental Health Child	221,672
Mental Health Crisis	67,217
Intellectual & Developmental Disabilities	833,379
Early Childhood Intervention	170,119
Administration	949,544
Total depreciation/amortization expense	$ 2,378,781

Note 9 - Lease and Subscription IT Agreements

Lessee Activities

As of August 31, 2024, the value of the lease liability was $484,160. The Center is required to make annual principal and interest payments through November 2028. The leases have interest rates ranging from 4% to 8.75%.

Subscription IT Activities

As of August 31, 2024, the Center had no subscription IT agreements that are accounted for under GASB 96, *Subscription-Based Information Technology Arrangements.* The Center has a fully amortized SBITA asset related to their EHR system which that contract term has ended.

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, 2024:

	Balance September 1, 2023	Additions	Retirements	Balance August 31, 2024	Due Within One Year
Governmental Activities					
Leases payable	$ 195,541	$ 464,235	$ (175,616)	$ 484,160	$ 192,304
Compensated absences	963,360	890,925	(713,445)	1,140,840	-
Business-Type Activities					
Notes payable	1,873,351	-	(174,058)	1,699,293	180,524
Total long-term debt	$ 3,032,252	$ 1,355,160	$ (1,063,119)	$ 3,324,293	$ 372,828

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 $1,699,293 at August 31, 2024.

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

Years Ending August 31	Principal	Interest	Total
2025	$ 180,524	$ 50,070	$ 230,594
2026	186,201	44,395	230,596
2027	192,056	38,540	230,596
2028	198,095	32,501	230,596
2029	204,324	26,272	230,596
2030-2032	738,093	39,864	777,957
	$ 1,699,293	$ 231,642	$ 1,930,935

Total interest expense for the year was $56,537 recorded in business-type activities.

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

Years Ending August 31	Principal	Interest	Total
2025	$ 192,304	$ 34,568	$ 226,872
2026	169,061	18,960	188,021
2027	78,916	7,274	86,190
2028	37,325	2,437	39,762
2029	6,554	74	6,628
	$ 484,160	$ 63,313	$ 547,473

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, 2024, the Center contributed $1,554,934 for salaried employee. In addition, the Center matches the employees' contributions up to 6%. For the year ended August 31, 2024, the Center matched $764,612 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, 2024, forfeitures totaled $1,246,708.

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 $146,836. The Center has stop loss coverage for claims in excess of $125,000 deductible per participant and in the aggregate of $4,134,567. 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. 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.

	2024	2023
Unpaid claims, beginning of year	$ 234,845	$ 282,047
Incurred claims (including IBNR)	3,290,507	3,195,121
Claim payments	(3,378,516)	(3,242,323)
Unpaid claims, end of year	$ 146,836	$ 234,845

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, 2024, 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	$ 8,777,472	18.75%
Charity Care Pool	9,052,970	19.33%

The Center has received various grants and funding related to COVID-19 including an enhanced Federal Medical Assistance Percentage (FMAP) rate on Medicaid payments. The FMAP increase has been phased out over 12 months and will be completely phased out by the end of the 2nd quarter of the fiscal year 2025. The federal and state COVID-19 related grants are not anticipated being renewed in another form of funding. The Center continuously evaluates its funding sources and programs to ensure they meet the needs of the community.

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 $2,766,116 during the year ending August 31, 2024.

Note 17 - Medicaid 1115 Waiver, Directed Payment Plan and Charity Care Pool

The State of Texas was originally approved for a five-year Medicaid demonstration waiver (through September 30, 2016) that will enable hospitals and other providers to earn up to $11.4 billion in funds for Delivery System Reform Incentive Payment (DSRIP) projects. DSRIP projects were designed to improve Texas' health care delivery system, including access to care, quality of care, and health outcomes. Texas allocated a minimum of 10% of the DSRIP funds to the community mental health centers that serve mentally ill Medicaid and indigent patients throughout the state. An extension was granted until December 2017. On December 21, 2017, the Centers for Medicare & Medicaid Services (CMS) approved Texas HHSC's request to extend Texas' section 1115(a) demonstration project effective from January 1, 2019 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 program ended September 30, 2022.

In November 2021, CMS approved the Directed Payment Program for Behavioral Health Services (DPP BHS) to take the place of the DSRIP program, but community mental health centers (CMHC) are encouraged to continue successful DSRIP innovations. DPP BHS is values-based payment program to promote and improve access to behavioral health services, care coordination, and successful care transitions. It also incentivizes continuation of services to Medicaid-enrolled individuals that are aligned with the Certified Community Behavioral Health Clinic (CCBHC) model of care.

DPP BHS payments will be included in MCO capitation rates and distributed through two components to enrolled CMHCs who meet program requirements. Component 1 is a uniform dollar increase issued in monthly payments to all qualifying providers participating in the program. As a condition of participation, providers will report on progress made toward certification or maintenance of CCBHC status. Enrolled providers will also be required to report on the implementation status of activities foundational to quality improvement, such as telehealth services, collaborative care, integration of physical and behavioral health, and improved data exchange. Component 2 is a uniform percent increase on certain CCBHC services based on achievement of quality metrics that align with CCBHC measures and goals. The Center recognized $2.124.926 from the DDP BHS program in fiscal year 2024 of which $508,112 related to prior year reconciliations and settle-ups.

The State of Texas has also developed the Public Health Provider – Charity Care Program (PHP-CCP), which is designed to allow qualified providers to receive reimbursements for the cost of delivering healthcare services, including behavioral health services, when those services are not covered by other funding sources. This program is authorized under the 1115 waiver and year 1 included uncovered cost and the Medicaid shortfall. Year 2 will only include charity care.

The program was effective beginning October 1, 2021, with a total funding pool of $500 million for the state. The state received federal approval on December 22, 2021.

The Center recognized $9,052,970 from the PHP-CCP program in fiscal year 2024.

Note 18 - Subsequent Events

Subsequent to August 31, 2024, the Center sold two properties that were no longer used in operations for total proceeds of $351,077.

Statistical Section
August 31, 2024

Burke Center

Fund Source	Total Revenue	Total Mental Health Adult Expenditures	Total Mental Health Child Expenditures
Objects of Expense			
Personnel	$ 22,012,522	$ 5,486,253	$ 2,690,437
Fringe benefits	5,413,026	1,527,292	787,760
Professional and consultant services	8,641,911	307,909	84,092
Training and travel	368,245	53,153	21,063
Debt service	-	-	-
Capital outlay	640,313	48,712	29,125
Non-capitalized equipment	197,388	56,477	26,821
Pharmaceutical expense	411,841	304,468	3,496
Pharmaceutical expense-PAP	809,372	-	-
Other operating expense	4,031,630	918,394	403,710
Allocation of general administration to strategies	5,638,898	813,829	378,409
Total expenditures	$ 48,165,146	$ 9,516,487	$ 4,424,913
Method of Finance			
General Revenue - MH	$ 5,531,287	$ 3,775,690	$ 1,755,597
Veterans Services	70,000	70,000	-
Veterans Counseling Services	100,000	100,000	-
General Revenue - Other	1,064,162	-	-
General Revenue - Crisis	2,095,299	-	-
GR - Supportive Housing Rental Assistance	43,813	43,813	-
General Revenue - Project Private Beds	2,436,358	-	-
TANF to Title XX	169,795	-	169,795
Title XX - Social Services Block Grant	48,893	36,976	-
Mental Health Block Grant	502,043	342,700	159,343
Medicaid Admin Claiming	1,439,177	506,610	239,776
Medicaid Managed Care	4,093,163	2,748,225	-
1115 Waiver (DPP and CCP)	10,812,230	1,499,069	1,939,302
Other Federal	1,309,554	-	-
General Revenue - IDD	1,235,399	-	-
Total Medicaid Waiver and ICF-MR Earnings	5,225,635	-	-
Texas Department of Criminal Justice	504,337	-	-
HHSC Substance Use Disorder	819,596	-	-
Other State Agencies	1,927,770	-	-
Required local match	1,347,343	393,404	161,100
Additional local funds	7,536,292	-	-
Total expended sources	$ 48,312,146	$ 9,516,487	$ 4,424,913

Total Revenue per Report III	$ 48,312,146
Less PAP	(809,372)
Plus entries after Report III was filed:	
ECI Accural	61,717
DPP true up	365,098
Lease Reclassification	(208,630)
To roll PY fund balance	(49,357)
Revenues per Audit Schedule at B-5	$ 47,671,602

Total Mental Health Crisis Expenditures	Total Community Hospital	Total Intellectual & Developmental Disabilities Expenditures	Total Other Services Expenditures	Total Center Expenditures
$ 3,377,915	$ -	$ 4,391,108	$ 6,066,809	$ 22,012,522
889,033	-	1,145,877	1,063,064	5,413,026
3,300,964	2,843,954	2,102,601	2,391	8,641,911
24,386	-	92,969	176,674	368,245
-	-	-	-	-
47,901	-	173,470	341,105	640,313
15,310	-	18,378	80,402	197,388
48,090	-	-	55,787	411,841
-	-	-	809,372	809,372
677,598	-	2,233,487	(201,559)	4,031,630
783,768	265,952	1,439,730	1,957,210	5,638,898
$ 9,164,965	$ 3,109,906	$ 11,597,620	$ 10,351,255	$ 48,165,146
$ -	$ -	$ -	$ -	$ 5,531,287
-	-	-	-	70,000
-	-	-	-	100,000
1,064,162	-	-	-	1,064,162
2,095,299	-	-	-	2,095,299
-	-	-	-	43,813
-	2,436,358	-	-	2,436,358
-	-	-	-	169,795
11,917	-	-	-	48,893
-	-	-	-	502,043
225,724	175,212	129,330	162,525	1,439,177
198,000	-	-	1,146,938	4,093,163
4,335,315	-	-	3,038,544	10,812,230
-	-	-	1,309,554	1,309,554
-	-	1,235,399	-	1,235,399
-	-	5,225,635	-	5,225,635
-	-	-	504,337	504,337
-	-	-	819,596	819,596
-	-	971,489	956,281	1,927,770
331,817	403,792	57,230	-	1,347,343
902,731	94,544	3,920,774	2,618,243	7,536,292
$ 9,164,965	$ 3,109,906	$ 11,539,857	$ 10,556,018	$ 48,312,146

Total Expenses per Report III	$ 48,165,146
Less PAP	(809,372)
Plus entries after Report III was filed:	
Bad debt allowance true up	396,904
Lease Reclassification	(208,630)
Expenses per Audit Schedule at B-5	$ 47,544,048

Burke Center

Schedule of Indirect Costs

August 31, 2024

	Total Costs	Non - allowable Costs	Depreciation	Total Adjusted Costs	Direct Costs	Indirect Costs
Personnel	$ 22,012,522	$ -	$ -	$ 22,012,522	$ 19,654,220	$ 2,358,302
Fringe Benefits	5,413,026	-	-	5,413,026	4,876,052	536,974
Capital Outlay	640,313	(640,313)	-	-	-	-
Depreciation	-	-	829,311	829,311	514,776	314,535
Debt Service	-	-	-	-	-	-
Other Operating Expenses	19,478,187	(2,400,873)	-	17,077,314	16,504,695	572,619
Total expenses	$ 47,544,048	$ (3,041,186)	$ 829,311	$ 45,332,173	$ 41,549,743	$ 3,782,430

Indirect Costs	$ 3,782,430
Direct Costs	$ 41,549,743
Indirect Cost Rate	9.10%

Lessor	Location	Terms	Monthly Amount	
J & G Development, LLC P. O. Box 1724 Livingston, TX 77351	ECI - Livingston 300 Bypass Lane, Suite 201 Livingston, TX 77351	10/1/2020-9/30/2023	$ 1,824	
J & G Development, LLC P. O. Box 1724 Livingston, TX 77351	ECI - Livingston 300 Bypass Lane, Suite 201 Livingston, TX 77351	10/1/2023 - 9/30/2026	1,879	
J & G Development, LLC P. O. Box 1724 Livingston, TX 77351	Polk MH 300 Bypass Ln. Suite 200 Livingston, TX 77351	4/12/2024-8/31/2024	3,500	*
J & G Development, LLC P. O. Box 1724 Livingston, TX 77351	Polk MH 400 Bypass Ln. Suite 112 Livingston, TX 77351	6/1/2024-8/31/2024	4,000	*
T & B Investments, LLC 233 Hurst Street, Suite B Center, TX 75935	Shelby MH 233 Hurst Street, Suite B Center, TX 75935	7/1/2022-6/30/2024	600	
T & B Investments, LLC 233 Hurst Street, Suite B Center, TX 75935	Shelby MH 233 Hurst Street, Suite B Center, TX 75935	9/01/2024-8/31/2025	600	*
Klement Investments P. O. Box 996 Gainesville, TX 76241	Veterans' Program 3003 North Medford Dr. Lufkin, TX 75901	9/1/2022-8/31/2024	750	
Bob & Janice McKnight 4611 NW Stallings Nacogdoches, Texas	Cornerstone 4611 NW Stallings Nacogdoches, Texas	8/12/2023-8/12/2026	2,750	
Diboll Development, LLC PO Box 1403 Lufkin Texas, 75901	Business Services 303 S. Temple Dr Diboll Texas, 75941	6/1/2024-5/31/2027	4,950	
Southern CDJ LTD 2711 South Medford Drive Lufkin, Texas 75901	Burke Center 2001 S Medford Dr Lufkin, Texas 75901	6/28/2023-6/27/2025	757	
Southern CDJ LTD 2711 South Medford Drive Lufkin, Texas 75901	Burke Center 2001 S Medford Dr Lufkin, Texas 75901	6/28/2023-6/27/2025	600	

Lessor	Location	Terms	Monthly Amount	
Southern CDJ LTD 2711 South Medford Drive Lufkin, Texas 75901	Burke Center 2001 S Medford Dr Lufkin, Texas 75901	7/19/2023-7/18/2025	$ 620	
Southern CDJ LTD 2711 South Medford Drive Lufkin, Texas 75901	Burke Center 2001 S Medford Dr Lufkin, Texas 75901	6/29/2023-6/28/2025	555	
Texas Document Solutions 2800 Longhorn Blvd. #101 Austin, Texas	Various	3/23/2020-3/22/2025	5,586	
Texas Document Solutions 2800 Longhorn Blvd. #101 Austin, Texas	Various	2/3/2023-5/3/2028	502	
East Texas Behavioral Resources, Inc.	ALU - Cherry 2308 Cherry St. Lufkin, TX 75901	9/1/2022-8/31/2023	1,357	*
East Texas Behavioral Resources, Inc.	ALU - Freeman 3224 Freeman Lufkin, TX 75901	9/1/2022-8/31/2023	2,206	*
East Texas Behavioral Resources, Inc.	Angelina Burke Industries 2215 North John Redditt Dr. Lufkin, TX 75904	9/1/2022-8/31/2023	4,347	*
East Texas Behavioral Resources, Inc.	Angelina MH 1522 West Frank Ave. Lufkin, TX 75904	9/1/2022-8/31/2023	21,219	*
East Texas Behavioral Resources, Inc.	Business Services 2003 South Medford Dr. Lufkin, TX 75901	9/1/2022-8/31/2023	3,732	*
East Texas Behavioral Resources, Inc.	Central Administration 2001 S. Medford Dr. Lufkin, TX 75901	9/1/2022-8/31/2023	5,821	*
East Texas Behavioral Resources, Inc.	Cunningham Group Home 1010 Cunningham Lufkin, TX 75901	9/1/2022-8/31/2023	1,423	*

Lessor	Location	Terms	Monthly Amount	
East Texas Behavioral Resources, Inc.	DD Authority Services 1915 Old Mill Road Lufkin, TX 75904	9/1/2022-8/31/2023	$ 5,488	*
East Texas Behavioral Resources, Inc.	DD Provider Services 2105 North John Redditt Dr. Lufkin, TX 75902	9/1/2022-8/31/2023	3,711	*
East Texas Behavioral Resources, Inc.	Diboll Group Home 200 Stubblefield Dr. Diboll, TX 75941	9/1/2022-8/31/2023	1,568	*
East Texas Behavioral Resources, Inc.	ECI - Lufkin 2211 N. John Redditt Dr. Lufkin, TX 75904	9/1/2022-8/31/2023	2,663	*
East Texas Behavioral Resources, Inc.	Houston Co. MH 1401 W. Austin Crockett, TX 75835	9/1/2022-8/31/2023	1,219	*
East Texas Behavioral Resources, Inc.	Jasper MH 1250 Marvin Hancock Dr. Jasper, TX 75951	9/1/2022-8/31/2023	3,115	*
East Texas Behavioral Resources, Inc.	Kirbyville Burke Industries 910 S. Margaret Kirbyville, TX 75956	9/1/2022-8/31/2023	2,472	*
East Texas Behavioral Resources, Inc.	Kirbyville Group Home 703 W. Martin Luther King Dr. Kirbyville, TX 75956	9/1/2022-8/31/2023	1,527	*
East Texas Behavioral Resources, Inc.	Lotus Lane Cottages 1802 Lotus Lane Lufkin, TX 75904	9/1/2022-8/31/2023	825	*
East Texas Behavioral Resources, Inc.	MCOT 5002 Lotus Lane Lufkin, TX 75904	9/1/2022-8/31/2023	1,302	*
East Texas Behavioral Resources, Inc.	Nacogdoches MH 3824 N. University Dr. Nacogdoches, TX 75961	9/1/2022-8/31/2023	21,177	*

Lessor	Location	Terms	Monthly Amount	
East Texas Behavioral Resources, Inc.	Nacogdoches Burke Industries 1718 S. University Dr. Nacogdoches, TX 75961	9/1/2022-8/31/2023	$ 2,966	*
East Texas Behavioral Resources, Inc.	Nacogdoches Group Home 2712 S.E. Stallings Dr. Nacogdoches, TX 75961	9/1/2022-8/31/2023	2,779	*
East Texas Behavioral Resources, Inc.	Newton Group Home 700 McMahon Newton, TX 75966	9/1/2022-8/31/2023	1,525	*
East Texas Behavioral Resources, Inc.	Pineland Group Home 707 S. Temple St. Pineland, TX 75968	9/1/2022-8/31/2023	1,568	*
East Texas Behavioral Resources, Inc.	Polk County MH 1100 Ogletree Dr. Livingston, TX 77351	9/1/2022-8/31/2023	6,035	*
East Texas Behavioral Resources, Inc.	San Augustine Burke Industries 583 El Camino Crossing San Augustine, TX 75972	9/1/2022-8/31/2023	4,532	*
East Texas Behavioral Resources, Inc.	West Bay Group Home 46 West Bay Dr. Jasper, TX 75951	9/1/2022-8/31/2023	1,712	*

* Short-term lease

Location	Building Utilization	Cost	
		Monthly	Annual
No State Owned Facilities Occupied			

Insurer	Policy Period	Coverage	Deductible/ Annual Coverage
Texas Council Risk Management Fund	9/1/2023-9/1/2024	General liability	Limit $1,000,000 combined single limit; $1,000 deductible
Texas Council Risk Management Fund	9/1/2023-9/1/2024	Professional liability	Limit $1,000,000 per claim; $3,000,000 aggregate; $10,000 deductible
Texas Council Risk Management Fund	9/1/2023-9/1/2024	Automobile liability	Limit $1,000,000 per $1,000 deductible
Texas Council Risk Management Fund	9/1/2023-9/1/2024	Mobile equipment and automobile physical damage	Actual cash value
Texas Council Risk Management Fund	9/1/2023-9/1/2024	Errors and omissions	Limit $1,000,000; $1,000,000 aggregate $5,000 deductible
Texas Council Risk Management Fund	9/1/2023-9/1/2024	Workers' compensation	Statutory
East Texas Behavioral Resources, Inc.			
Texas Council Risk Management Fund	9/1/2023-9/1/2024	Property (real and personal)	Blanket Limit $68,786,017 each occurrence $5,000 deductible

Surety Company	Scope of Coverage	Bond Amount
The Travelers Companies, Inc.	Crime Coverage Employee Dishonesty 9/1/2023 - 9/1/2024 ERISA Fidelity No deductible Employee Theft ERISA (No deductible) Forgery or Alteration Computer Fraud $15,000 deductible per occurrence	$ 1,000,000
The Travelers Companies, Inc.	Funds Transfer Fraud $15,000 deductible per occurrence	1,000,000
The Travelers Companies, Inc.	On Premises/In Transit 9/1/2023 - 9/1/2024 $15,000 deductible per occurrence	1,000,000
The Travelers Companies, Inc.	Money Orders and Counterfeit Money 9/1/2023 - 9/1/2024 $15,000 deductible per occurrence	1,000,000
The Travelers Companies, Inc.	Claim Expense 9/1/2023 - 9/1/2024 No deductible	25,000
Beazley Group	Information Security and Privacy Insurance with Breach Response Services Coverage 9/1/2023 - 9/1/2024 $25,000 Retention	
	Policy Aggregate Limit of Liability	3,000,000
	Additional Breach Response	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	250,000
	Resulting from Dependent System Failure	250,000
	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	250,000
	Funds Transfer Fraud	250,000
	Telephone Fraud	250,000
Beazley Group	Criminal Reward	50,000
Beazley Group	Reputational Loss	150,000
Beazley Group	Breach Response	
	Notified Individuals	250,000 in the aggregate
	Legal, Forensic & Public Relations/Crisis Management Retention: $10,000 but $5,000 for legal	2,000,000 in the aggregate

Name	City	Type of Service	Amount
ADAC	Lufkin, TX	Detox Services	$ 658,623
ADVANCED TEMPORARIES, INC	Tyler, TX	Temp Staffing Services	31,280
ASPIRE BEHAVIORAL HEALTH	Conroe. TX	Psychiatric Inpatient Services	1,220,120
AUSTIN MILLISA	Lufkin, TX	Foster Care	34,627
BEHAVIORAL HOSPITAL OF BELLAIRE	Shenandoah, TX	Physician Consultant	39,900
BEST FRIENDS COMMUNITY SERVICE	Grapeland, TX	Day Hab/ Respite	878,239
CLINICAL PATHOLOGY	Austin, TX	Laboratory Services	29,116
EIDE BAILLY LLP	Abilene, TX	Audit & Tax Professional	55,300
FLAIR DATA SYSTEMS	Plano, TX	Software Maintenance & Support	42,837
GATEWAY COMMUNITY PARTNERS, IN	Jacksonville, TX	IDD Program/Voc Services	64,472
HARRIS CENTER FOR MH & IDD	Houston, TX	Crisis Services	55,000
HUBER DEBBIE	Lufkin, TX	Foster Care	33,933
JACKSON ANTHONY	Dallas, TX	Contract - Reporting	36,626
KINGWOOD PINES HOSPITAL	Kingwood, TX	Psychiatric Hospital	274,645
LIFESIZE	Austin, TX	Software Maintenance & Support	34,151
LUCAS PSYCHIATRIC ASSOCIATES	The Woodlands, TX	Psychiatric Consultant	39,852
MATHEWS-JOHNSON BRIDGET EFT	Lufkin, TX	Foster Care	53,205
NETSMART TECHNOLOGIES, INC	Philadelphia, PA	Billing Collection Services	227,938
NETSMART TECHNOLOGIES, INC	Philadelphia, PA	Software Maintenance & Support	809,930
OAK CREEK CENTER	Lufkin, TX	HCS & TXHML/IDD Programs	37,450
PARKER RHONDA NE	Groveton, TX	Foster Care	25,324
POLING TINA CONLEY EFT	Pollock, TX	Foster Care	34,580
RAINEY LENA JEAN EFT	Lufkin, TX	Foster Care	35,916
RELIAS, LLC	Chicago, IL	Software Maintenance & Support	25,079
RUSSELL PSYCHIATRY, PLLC	Colleyville, TX	Psychiatric Consultant	76,346
SSA TECHNOLOGY	Santa Clara, UT	Software Maintenance & Support	33,878
SUN BEHAVIORAL HOUSTON	Houston, TX	Hospital	56,850
TERRELL CAROLYN	Crockett, TX	Foster Care	35,916
VOYAGES BEHAVIORAL HEALTH OF CONROE	Conroe. TX	Hospital	116,900
WALKER PATRICIA	Corrigan, TX	Crisis Respite	40,400
WESTPARK SPRINGS LLC	Richmond, TX	Hospital	190,300
WHITE LEATRICE EFT	Pointblank, TX	Crisis Respite	34,091
WOODLAND SPRINGS	Conroe. TX	Hospital	481,250

Name	City	Type of Service	Amount
Haglund Law Firm	Lufkin, TX	Legal Service	$ 18,047

	General Fund (Audited)	ETBHN Fund (Unaudited)	Total Combined Funds (Unaudited)
Assets			
Cash and cash equivalents	$ 14,061,287	$ 2,263,729	$ 16,325,016
Investments	-	1,339,779	1,339,779
Accounts receivable, net	5,177,354	1,201,798	6,379,152
Inventory	-	3,487,936	3,487,936
Deposits	6,050	-	6,050
Deposit IGT DPP	847,239	-	847,239
Prepaid expenses	715,758	-	715,758
Total assets	$ 20,807,688	$ 8,293,242	$ 29,100,930
Liabilities and Fund Balances			
Liabilities			
Accounts payable	$ 2,427,298	$ 16,701	$ 2,443,999
Accrued liabilities	1,550,477	-	1,550,477
IGT Reserve	284,010	-	284,010
Unearned revenue	444,940	-	444,940
Due to other governments	832,261	-	832,261
Inventory held for others	-	3,081,163	3,081,163
Total liabilities	5,538,986	3,097,864	8,636,850
Deferred Inflows of Resources			
Unavailable revenue	-	5,195,378	5,195,378
Total deferred inflows of resources	-	5,195,378	5,195,378
Fund Balances			
Nonspendable			
Deposits	6,050	-	6,050
Prepaid expenses	715,758	-	715,758
Assigned			
Program sustainability	1,405,750	-	1,405,750
Technology advances	297,345	-	297,345
Vehicles	523,891	-	523,891
Health insurance	704,788	-	704,788
Data Warehouse Initiative	400,000	-	400,000
Policy reserve	11,215,120	-	11,215,120
Unassigned	-	-	-
Total fund balances	15,268,702	-	15,268,702
	$ 20,807,688	$ 8,293,242	$ 29,100,930

	General Fund (Audited)	ETBHN Fund (Unaudited)	Total Combined Funds (Unaudited)
Revenues			
Local funds	$ 25,289,562	$ 13,118,279	$ 38,407,841
State programs	14,674,322	-	14,674,322
Federal programs	6,141,700	-	6,141,700
Investment earnings	717,600	175,064	892,664
Total revenues	46,823,184	13,293,343	60,116,527
Expenditures			
Current			
Adult Mental Health	12,124,349	-	12,124,349
Children's Mental Health	5,487,671	-	5,487,671
Mental Health Crisis	9,557,578	-	9,557,578
Intellectual & Developmental Disabilities	11,639,941	-	11,639,941
Early Childhood Intervention	3,381,379	-	3,381,379
Other Activities	1,212,067	-	1,212,067
Central Administration	2,717,183	-	2,717,183
ETBHN		13,293,343	13,293,343
Debt Service	208,350		208,350
Capital outlay	1,215,530	-	1,215,530
Total expenditures	47,544,048	13,293,343	60,837,391
Other Financing Sources			
Proceeds from leases	464,235	-	464,235
Proceeds from sale of assets	384,183	-	384,183
Total other financing sources	848,418	-	848,418
Net Change in Fund Balance	127,554	-	127,554
Fund Balance, September 1	15,141,148	-	15,141,148
Fund Balance, August 31	$ 15,268,702	$ -	$ 15,268,702

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 2024 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, 2024

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 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 (*Government Auditing Standards*), 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, 2024, 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, 2025.

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 or significant deficiencies may exist that were not identified.

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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.

Eide Bailly LLP

Abilene, Texas
January 20, 2025

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 Texas Grant Management Standards

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* and *Texas Grant Management Standards* (TxGMS) 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, 2024. 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, Burke 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, 2024.

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); and the *Texas Grant Management Standards*. Our responsibilities under those standards and the Uniform Guidance, TxGMS 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.

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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 and the TxGMS 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, and TxGMS, 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 TxGMS, 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 TxGMS. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Abilene, Texas
January 20, 2025

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	HHS001324500007	$ 4,506,971
General Revenue - Mental Health Child	HHS001324500007	530,491
MH Transition	HHS001324500007	52,923
Crisis Services	HHS001324500007	331,855
Veterans Services	HHS001324500007	170,000
Supportive Housing	HHS001324500007	39,927
Psychiatric Emergency Service Centers	HHS001324500007	2,095,298
MH Intensive	HHS001324500007	109,047
Youth Crisis Outreach Teams	HHS001442900003	24,673
Mental Health First Aid	HHS001335500007	27,400
Private Psychiatric Beds	HHS001324500007	2,436,358
HB 13 Community Mental Health Grant Program	HHS000477100018	262,348
Substance Abuse	HHS000782500014	312,781
Total LMHA		10,900,072
LIDDA		
General Revenue - IDD	HHS001333300008	842,144
Community Living Options Information Process	HHS001333300008	93,717
Permanency Planning	HHS001333300008	10,528
IDD Crisis	HHS001333300008	289,010
PASSR/OBRA - Day Hab	HHS001333300008	971,489
Total LIDDA		2,206,888
ECI		
Early Childhood Intervention Comprehensive Services	HHS000640200008	995,451
TWC		
Texas Workforce Commission	1724UST001	124,732
Total State Awards		$ 14,227,143

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	$ 287,840
Special Education - Grants to States (IDEA, Part B) - Special Education (IDEA) Cluster	84.027	HHS000640200008	61,560
Total U.S. Department of Education			349,400
U.S. Department of Health and Human Services			
Passed through Texas Health and Human Services Commission			
Medicaid Administrative Claiming (Medicaid; Title XIX)	93.778	HHS000537900313	1,227,803
Medicaid Administrative Claiming (Medicaid; Title XIX)	93.778	HHS000537900313	211,374
Subtotal of FFAL # 93.778 Medicaid Cluster			1,439,177
Temporary Assistance for Needy Families (TANF)	93.558	HHS001324500007	140,161
Temporary Assistance for Needy Families (TANF)	93.558	HHS000640200008	80,626
Subtotal of FFAL # 93.558			220,787
Mental Health Block Grant	93.958	HHS001324500007	502,043
Mental Health Block Grant - Supportive Housing	93.958	HHS001324500007	3,886
Mental Health Block Grant - MHFA	93.958	HHS001335500007	83,580
First Episode Psychosis - MHBG	93.958	HHS001329300005	690,835
COVID-19 - Outpatient Capacity Expansion - MHBG	93.958	HHS001108400007	166,382
COVID-19 - MH/COVID MCOT - MHBG	93.958	HHS001108400007	613,797
Subtotal of FFAL # 93.958			2,060,523
Social Services Block Grant	93.667	HHS001324500007	48,893
Title XX - Social Services Block Grant	93.667	HHS001324500007	29,634
Subtotal of FFAL # 93.667			78,527
National Child Traumatic Stress Initiative	93.243	1H79SM087927-01	443,505
Promoting Integration of Primary and Behavioral Health Care	93.243	HHS001462500001	132,347
Subtotal of FFAL # 93.243			575,852

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal Financial Assistance Listing	Pass-through Entity Identifying Number	Expenditures
Apprenticeship Employment	93.791	HHS001447700001	177,416
Substance Abuse/OSR	93.959	HHS000782500014	460,103
Substance Abuse/TTOR	93.788	HHS000782500014	46,712
Certified Community Behavioral Health Clinic I&A Grant	93.696	5H79SM088976-02	533,273
Every Student Succeeds/Preschool Development Grants	93.434	HHS000640200008	80,237
Disaster Crisis Counseling Grant	93.982	HHS001453900007	47,685
Total U.S. Department of Health and Human Services			5,720,292
U.S. Department of Housing and Urban Development			
Passed through Texas Department of Housing and Community Affairs			
Home Investment Partnerships Program	14.239	2021-0001	49,486
Passed through Deep East Texas Council of Governments			
Section 8 Housing Choice Vouchers - Housing Voucher Cluster	14.871	TX24512V0	22,522
Total U.S. Department of Housing and Urban Development			72,008
Total Federal Financial Assistance			6,141,700
Total State and Federal Awards			$ 20,368,843

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, 2024. 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 *Texas Grant Management Standards* (TxGMS). 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 - 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 6 - 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 7 - 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(a):	No

Identification of major programs:

<u>Name of Federal Program</u>	<u>Federal Financial Assistance Lising Number</u>
Mental Health Block Grant	93.958

Dollar threshold used to distinguish between type A and type B programs:	$ 750,000

Name of State Program	
Behavioral Health - General Revenue	
Mental Health Adult	N/A
Mental Health Child	N/A
Crisis Services	N/A
Psychiatric Emergency Services Centers	N/A
Private Psychiatric Beds	N/A
General Revenue - IDD	N/A
PASSR/OBRA - Day Hab	N/A

Dollar threshold used to distinguish between type A and type B programs:	$ 750,000
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.