

**GULF BEND CENTER**

**VICTORIA, TEXAS**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For the Fiscal Year Ended August 31, 2015**

**ISSUED BY**

**ANNA ARAGE  
CHIEF FINANCIAL OFFICER**

**GULF BEND CENTER**

**CERTIFICATE OF BOARD APPROVAL OR DISAPPROVAL OF AUDIT REPORT**

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I, Steve Hipes, Chairperson of the Board of Trustees of Gulf Bend Center, do hereby certify that this accompanying audit report for the year ended August 31, 2015, from Harrison, Waldrop & Uherek, LLP, Certified Public Accountants, was reviewed and approved at a meeting of the Board of Trustees held on the 26<sup>th</sup> day of January 2016.

  
\_\_\_\_\_  
Chairperson, Board of Trustees

1-26-2016  
\_\_\_\_\_  
Date

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**TABLE OF CONTENTS**

	<u>Page</u>
<b>INTRODUCTORY SECTION</b>	
Letter of Transmittal .....	i
GFOA Certificate of Achievement.....	vi
List of Principal Officials .....	vii
Organizational Chart .....	viii
<b>FINANCIAL SECTION</b>	
Independent Auditors' Report .....	1
Management's Discussion and Analysis (Unaudited) .....	3
<b><u>Basic Financial Statements</u></b>	
Government-Wide Financial Statements	
Statement of Net Position .....	12
Statement of Activities.....	13
Governmental Fund Financial Statements	
Balance Sheet.....	15
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position.....	16
Statement of Revenues, Expenditures, and Changes in Fund Balances.....	17
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	18
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual - General Fund.....	19
Statement of Net Position - Proprietary Funds .....	21
Statement of Revenues, Expenditures, and Changes in Fund Net Position - Proprietary Funds .....	22
Statement of Cash Flows - Proprietary Funds .....	23
Statement of Fiduciary Net Position .....	24
Notes to Basic Financial Statements.....	25
<b><u>Combining Fund Statements</u></b>	
Internal Service Funds	
Combining Statement of Net Position .....	39
Combining Statement of Revenues, Expenditures, and Changes in Fund Net Position...	40
Combining Statement of Cash Flows.....	41
<b><u>Fiduciary Fund Statement</u></b>	
Agency Fund - Statement of Changes in Assets and Liabilities .....	42

**TABLE OF CONTENTS**

**Page**

**STATISTICAL SECTION**

Net Position by Component .....	43
Changes in Net Position .....	44
Fund Balances - Governmental Funds .....	46
Changes in Fund Balances - Governmental Funds .....	47
Schedule of Revenue and Expenditures by Source of Funds - General Fund .....	48
Reconciliation of Total Revenue to Fourth Quarter Financial Report - General Fund .....	49
Reconciliation of Total Expenditures to Fourth Quarter Financial Report - General Fund .....	50
Ratios of Outstanding Debt by Type .....	51
Capital Assets Statistics by Function/Program .....	52
Schedule of Indirect Costs .....	53
Schedule of Insurance in Effect .....	54
Schedule of Bond Coverage .....	55
Schedule of Leases in Effect .....	56
Schedule of Professional and Consulting Services .....	57
Schedule of Legal Services .....	58
Miscellaneous Statistics .....	59
Ten Largest Employers .....	60
Demographic and Economic Status Statistics .....	61
Full-Time Equivalent County Government Employees by Program .....	62
Retirement Plan Data .....	63

**SINGLE AUDIT SECTION**

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	64
Independent Auditors' Report on Compliance for each Major Program and on Internal Control over Compliance Required by OMB Circular A-133 .....	66
Schedule of Expenditures of State and Federal Awards .....	68
Notes to Schedule of Expenditures of State and Federal Awards.....	69
Schedule of Findings and Questioned Costs.....	70
Schedule of Prior Findings and Questioned Costs.....	71

## INTRODUCTORY SECTION



# Gulf Bend Center

IMPROVING LIFE THROUGH RECOVERY.

January 26, 2016

Board of Trustees  
Gulf Bend Center  
6502 Nursery Drive, Ste 100  
Victoria, Texas 77904

Ladies and Gentlemen:

I am pleased to present and submit the Comprehensive Annual Financial Report of Gulf Bend Center for the fiscal year ended August 31, 2015. The report is intended for the information of the board of trustees, management, federal and state awarding agencies and pass-through entities. However, the report is a matter of public record and its distribution is not limited.

Responsibility for both the accuracy of the data, and the completeness and fairness of presentation, including all disclosures, rests with Gulf Bend Center. To the best of our knowledge and belief, the enclosed data is accurate in all material respects, and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of Gulf Bend Center. All disclosures necessary to enable the reader to gain an understanding of Gulf Bend Center's financial activities have been included.

Texas Health and Safety Code, Section 534.068 requires an annual organization-wide audit, performed by independent certified public accountants, that encompasses the basic financial statements and other schedules. The firm of Harrison, Waldrop & Uherek, LLP was selected to perform the annual audit for fiscal year ended August 31, 2015. The audit was designed to be performed in accordance with generally accepted auditing standards, Governmental Auditing Standards, the State of Texas Uniform Grant and Contract Management Standards, the Single Audit Act of 1996, OMB Circular A-133, and the Guidelines for Annual Financial and Compliance Audits of Community MHMR Centers.

Management provides a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be used in conjunction with it. Gulf Bend Center's MD&A can be found immediately following the report of the independent auditors.



# Gulf Bend Center

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## *Profile of the Government*

Gulf Bend Center is a public entity which was established under the Texas Mental Health and Mental Retardation Act of 1965. This act provided for the creation of local boards of trustees. The Center provides mental health and intellectual and developmental disabilities services to clients in Calhoun, DeWitt, Goliad, Jackson, Lavaca, Refugio, and Victoria counties in South Texas. Gulf Bend Center is governed by a nine-member board of trustees whose members are appointed by the commissioner's court of each county. Gulf Bend Center has been designated as a tax-exempt charitable organization as described in Section 501(c)3 of the Internal Revenue Code.

Gulf Bend Center provides an array of mental health services for children, adolescents, and adults and also for intellectual and developmental disability individuals. Some of these services include psychiatric emergency services, such as crisis intervention, screening and assessment, and extended observation services. Other services include outpatient psychiatric and primary care services, individual and family counseling services, case management services that include rehabilitation services, day habilitation services, residential services, and supported employment services for those who experience mental illness and developmental disabilities.

Gulf Bend Center's management is responsible for establishing and maintaining an effective compliance program with an internal control structure designed to ensure that the assets of the government are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that: 1) the cost of a control should not exceed the benefits likely to be derived; and 2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal, state and local financial assistance, Gulf Bend Center is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management and the internal audit staff of government.

## *Local Economy*

Gulf Bend Center's main office, Gulf Bend Regional Plaza, is located in the thriving agricultural and industrial city of Victoria, Texas on the North Campus of DeTar Hospital. Approximately one-third of the Center's funding is from the state of Texas in the form of General Revenue, and the remaining

# Gulf Bend Center

IMPROVING LIFE THROUGH RECOVERY.

funding is derived from earned income from public and private insurances, and other local sources. This ratio is expected to continue for the foreseeable future with the statewide expansion of Medicaid Managed Care, the continued implementation of the 1115 Transformation Waiver, and the Affordable Care Act (Healthcare Reform).

The Center's regional area benefits from various major employers including farming and ranching businesses, petrochemical plants, manufacturing, hospitals and other health related businesses, banking institutions, oil and gas production and servicing companies. In spite of the reduction in oil and gas prices during 2015 and the affects it could have on the economy and job market, there has not been a significant reduction in employment in the area. In accordance to the Texas Comptroller, the Region's unemployment rate has remained at an average of 4.30% for 2015 as compared to the statewide rate of 4.6% and national average unemployment rate of 5.3%.

## ***Long-term Financial Planning***

Using the Center's Investment Policy as a guide, fund balance investments are monitored to ensure the best rates of return are received. This provides assurance that funds are available to the Center for early payoff of debt, to maintain operations in case of unforeseen circumstances that might preempt the flow of funds from third-parties, such as natural disasters or other circumstances beyond the Center's control.

During the current year of operations, ownership of the Gulf Bend Regional Plaza continues to provide the Center with the opportunity to lease office space to tenants in accordance with the guidelines set with the respective Series 2008A Bond. Under its terms, the Center is able to lease 30% of the office space in order to produce income which assists in the financing of the ongoing operational costs of the building and to support the related debt service for the respective current year of the Long-term debt. At the close of 2015, Gulf Bend Regional Plaza was 100% occupied.

## ***Major Initiatives***

Major project initiatives underway at the Center include continued expansion of the provision of primary care services, the further expansion of Place4 individual and family counseling services, bringing online the newly constructed Wellness Community, a 32-unit transitional living apartment complex designed to provide short-term housing with a focus on the promotion of prevention and wellness, and delivery of integrated care to individual adults who are enrolled in Center services and who could benefit from these services. In addition, the Center is focusing much of its efforts to continue the expansion and enhancement of its psychiatric emergency services with the opening of

# Gulf Bend Center

IMPROVING LIFE THROUGH RECOVERY.

the Extended Observation Unit at Citizens Medical Center in 2014. Another important project that was implemented in FY2015 is the human resource data management system, DATIS, which is designed to integrate with the Center's financial management and payroll system. Initial steps are being taken in order to implement in the near future an electronic health record system that meets the Center's needs, and electronic system capability that assures compliance with federal laws protecting the gathering, storage, and portability of individual health information.

The 1115 Transformation Waiver continues to offer the Center's the necessary resource capacity to through leverage of federal funding to further build upon and enhance Center services currently provided. Under provisions of the Waiver local community centers are designated as having authority to make intergovernmental transfers necessary for leveraging federal funding to support service delivery projects identified in a Regional Partnership Plan approved by the Texas Health and Human Services Commission and the Centers for Medicare and Medicaid Services in Washington, D. C. During calendar Fiscal Year 2016 Gulf Bend Center will continue to evolve projects identified in year five (5) of the Waiver Plan.

Center management will continue to work to develop community partnerships with other providers and stakeholder organizations to address gaps in local community mental health and developmental disability services. An example of this is the partnership that has been established between Gulf Bend Center and Citizens Medical Center in Victoria to develop the Extended Observation Unit (EOU), which opened in January 2014, providing crisis services and provides an alternative to holding folks in the hospital emergency room. Funding for this project was made possible through appropriations made in the 83rd Legislature and granted through the Texas Department of State Health Services (DSHS), which the Center completed its second contract year in FY15. Building these relationships will be necessary to the Center's ability and capacity to meet the needs of the region which exceed the Center's capacity today. Gulf Bend Center is fully committed to making this happen.

## ***Certificate of Achievement for Excellence in Financial Reporting***

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Gulf Bend Center for its comprehensive annual financial report (CAFR) for the fiscal year ended August 31, 2014. This was the 17th consecutive year that Gulf Bend Center has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

# Gulf Bend Center

IMPROVING LIFE THROUGH RECOVERY.

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

## *Acknowledgements*

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the finance and administration department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Due credit should also be given Gulf Bend Center Board of Trustees who serve in a governance role in the planning and implementation of the Center's operations.

Respectfully submitted,



Anna Arage  
Chief Financial Officer

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Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Gulf Bend Center  
Texas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**August 31, 2014**

Executive Director/CEO

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**GULF BEND CENTER**

**LIST OF PRINCIPAL OFFICIALS**

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**Board of Trustees**

Steve Hipes	Victoria County	Board Chair
Debra Baros	DeWitt County	Board Vice-Chair
Annette Pfeill	Calhoun County	Board Secretary
Melissa Lester	Calhoun County	Board Member
Shirley McMillan	Goliad County	Board Member
Sylvester Walleck	Jackson County	Board Member
James Vanek	Lavaca County	Board Member
Louis R. Willeke	Refugio County	Board Member
Gary Burns	Victoria County	Board Member

**Administrative Staff**

Jeffrey Tunnel	Executive Director
Lane Johnson	Chief Clinical Services Officer
Glenn Zengerle	Chief Business Services Officer
Anna Arrage	Chief Financial Officer



# BOARD OF TRUSTEES

Jeff Tunnell  
Executive Director

Administrative  
Assistant

Director of Human  
Resources

Human Resources  
Generalist

Administrative  
Assistant

Training and  
Development  
Coordinator

Chief Financial  
Officer

Accounting  
Manager

Accounts  
Payable

Payroll

Accounting  
Associate

Accounting  
Associate

HCS/ICF Billing  
Supervisor

Billing Associate

Billing Specialist

Data Coordinator-  
CARE

Registration  
Associate

Cost Accountant

Revenue Analyst

Chief Business  
Services Officer

Maintenance  
Supervisor

Maintenance

Marketing  
Specialist

I.T. Technician

Director of Quality  
and Compliance

Local Authority  
QM/QA

PBX Operator

Medical Records  
Supervisor

Chief of Clinical  
Services

Director of Mental  
Health Services

Director of Provider  
Services

Director of  
Authority Services

Registration  
Manager

EOU Manager

Program Manager

## FINANCIAL SECTION





CERTIFIED PUBLIC ACCOUNTANTS  
101 S. MAIN, SUITE 400  
VICTORIA, TEXAS 77901-8142

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ROBERT W. SCHAAR, CPA  
MELISSA M. TERRY, CPA

VOICE: (361) 573-3255  
FAX: (361) 573-9531

## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Gulf Bend Center  
Victoria, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Gulf Bend Center (the "Center") as of and for the year ended August 31, 2015, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, budget comparison, and the aggregate remaining fund information of the Center as of August 31, 2015, the respective changes in financial position and, where available, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate, operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Center's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

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

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

*Harrison Walby & Uhenk, LLP*

Victoria, Texas  
January 20, 2016

**GULF BEND CENTER**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**FOR THE YEAR ENDED AUGUST 31, 2015**

The management of Gulf Bend Center (the "Center") offers readers of the Center's financial statements this narrative overview and analysis of the financial activities of the Center for the fiscal year ended August 31, 2015. Management encourages readers to consider the information presented here in conjunction with additional information furnished in the letter of transmittal, which can be found on pages i through v in the introductory section of this report.

**FINANCIAL HIGHLIGHTS**

- The assets of the Center exceeded its liabilities at the close of the most recent fiscal year by \$6,566,904 (net position). Of this amount, \$1,244,517 (unrestricted net position) may be used to meet the Center's ongoing obligations to consumers and creditors.
- The Center's total net position decreased by \$716,409.
- As of the end of the current fiscal year, the Center's governmental funds reported combined ending fund balances of \$926,840, a decrease of \$2,395,257 over that of the prior year. Of this balance, \$291,208 represents the unassigned fund balance of the General Fund, which is approximately 2% of total General Fund expenditures.

**USING THIS ANNUAL REPORT**

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

**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 business.

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

The statement of activities presents information showing how the Center's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., earned but unused vacation leave). The government-wide financial statements distinguish functions of the Center that are provided from federal, state and local funding sources (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

- The governmental activities of the Center include Mental Health-Adult, Mental Health-Children, and Intellectual and Developmental Disability (IDD).
- The Center's business-type activity includes building rental revenues and expenses.

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

**Fund Financial Statements:** 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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Center can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

## GULF BEND CENTER

### MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

#### FOR THE YEAR ENDED AUGUST 31, 2015

**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 cash resources flow into and out of those funds, and balances remaining at year-end that are available for spending. These funds are reported using an accounting method known as modified accrual accounting, that requires the recognition of revenue when earned, only so long as the funds are collected within the period or soon enough afterwards to be used to pay liabilities of the current period.

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

The Center maintains two governmental funds, the General Fund and a Capital Projects Funds. Information is presented separately in the governmental fund balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund and Other Governmental Funds.

The Center adopts an annual budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 15 through 18 of this report.

**Proprietary Fund:** The Center maintains two proprietary-type funds, the internal service funds and an enterprise fund. The internal service funds are an accounting device used to accumulate and allocate costs internally among the Center's various functions. The Center uses the internal service fund to account for its fleet of vehicles and to account for computer equipment usage. The enterprise fund is used by the Center to account for the income and expenses related to the building rental activity. The internal service fund and the enterprise fund are presented in the proprietary fund financial statements. The basic proprietary fund financial statements can be found on pages 21 through 23 of this report.

**Fiduciary Fund:** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the Center's own programs. The accounting used for fiduciary funds is similar to proprietary funds. The Center maintains one agency fund to account for its Cafeteria Plan. The basic fiduciary fund financial statements can be found on page 24 of this report.

**Notes to the Financial Statements:** The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements and can be found on pages 25 through 38 of this report.

**Other Information:** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Center that is required by Texas Health and Human Services Commission (Department of State Health Services and Department of Aging and Disability Services), OMB Circular A-133, and the State of Texas Single Audit Circular. This supplementary information can be found on pages 39 through 71 of this report.

## GULF BEND CENTER

### MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

**FOR THE YEAR ENDED AUGUST 31, 2015**

#### GOVERNMENT-WIDE FINANCIAL ANALYSIS

A portion of the Center's net position (approximately 81%) reflects its investment in capital assets (e.g., land, buildings, vehicles, furniture, and equipment), less any related debt used to acquire those assets that are still outstanding. The Center had \$1,973,000 of debt outstanding on capital assets as of the end of the current fiscal year. The Center uses its capital assets to provide services to the community; consequently, these assets are not available for future spending. The restricted portion of the Center's net position in FY 2014 represented an amount set aside for the construction of the Wellness Community building. The building was completed in FY 2015. The remaining portion of the Center's net position, \$1,244,517, or 19%, represents unrestricted financial resources available for future operations. The following Statement of Net Position provides an overview for the last two years:

	Governmental		Business-type		Total		Change
	2015	2014	2015	2014	2015	2014	
Current assets	\$3,541,955	\$4,917,436	\$ 403,939	\$ 278,084	\$3,945,894	\$5,195,520	-24%
Capital assets (net)	6,323,485	5,017,244	971,902	1,015,630	7,295,387	6,032,874	21%
Total Assets	<u>9,865,440</u>	<u>9,934,680</u>	<u>1,375,841</u>	<u>1,293,714</u>	<u>11,241,281</u>	<u>11,228,394</u>	0%
Current liabilities	1,220,705	1,475,397	19,870	206	1,240,575	1,475,603	-16%
Long-term liabilities	<u>3,428,802</u>	<u>2,408,075</u>	<u>5,000</u>	<u>5,000</u>	<u>3,433,802</u>	<u>2,413,075</u>	42%
Total Liabilities	<u>4,649,507</u>	<u>3,883,472</u>	<u>24,870</u>	<u>5,206</u>	<u>4,674,377</u>	<u>3,888,678</u>	20%
Net Position:							
Net investment in capital assets	4,355,485	2,843,505	966,902	1,010,630	5,322,387	3,854,135	38%
Restricted	-	240,840	-	-	-	240,840	-100%
Unrestricted	<u>860,448</u>	<u>2,930,124</u>	<u>384,069</u>	<u>258,214</u>	<u>1,244,517</u>	<u>3,188,338</u>	-61%
Total Net Position	<u>\$5,215,933</u>	<u>\$6,014,469</u>	<u>\$1,350,971</u>	<u>\$1,268,844</u>	<u>\$6,566,904</u>	<u>\$7,283,313</u>	-10%

The business-type activities represent investment in capital assets used in the Center's third-party rental operation of offices in the main building. Income from rental activities help offset general expenditures.



**GULF BEND CENTER**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**FOR THE YEAR ENDED AUGUST 31, 2015**

The Center's net position decreased by \$716,409 as shown below:

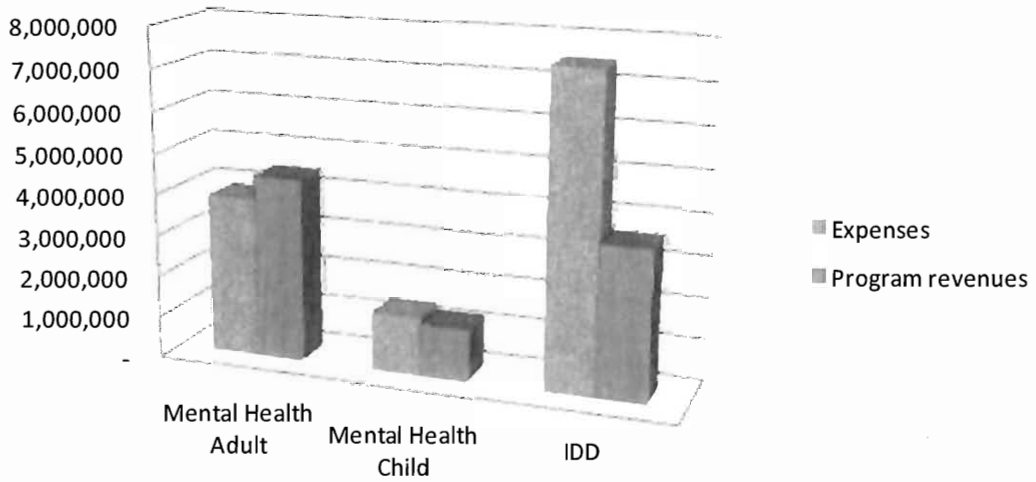
	<u>Governmental</u>		<u>Business-type</u>		<u>Total</u>		<u>Change</u>
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	
<b>REVENUES</b>							
Program revenues:							
Charges for services	\$4,341,968	\$4,653,233	\$ 230,943	\$ 223,444	\$4,572,911	\$4,876,677	-6%
Operating grants	5,174,199	4,642,606	-	-	5,174,199	4,642,606	11%
General revenues:							
Program income	2,550,676	4,564,136	-	-	2,550,676	4,564,136	-44%
Gain (loss) on asset disposal	-	(7,046)	-	-	-	(7,046)	-100%
Investment earnings	32,740	38,233	-	-	32,740	38,233	-14%
<b>Total Revenues</b>	<b>12,099,583</b>	<b>13,891,162</b>	<b>230,943</b>	<b>223,444</b>	<b>12,330,526</b>	<b>14,114,606</b>	<b>-13%</b>
<b>EXPENSES</b>							
Mental Health-Adult	3,877,071	4,381,497	-	-	3,877,071	4,381,497	-12%
Mental Health-Child	1,418,102	1,858,645	-	-	1,418,102	1,858,645	-24%
IDD	7,500,216	4,867,680	-	-	7,500,216	4,867,680	54%
Interest on long-term debt	102,730	111,366	412	412	103,142	111,778	-8%
Rental	-	-	148,404	170,251	148,404	170,251	-13%
<b>Total Expenses</b>	<b>12,898,119</b>	<b>11,219,188</b>	<b>148,816</b>	<b>170,663</b>	<b>13,046,935</b>	<b>11,389,851</b>	<b>15%</b>
Excess or (deficiency) of revenues over expenditures	(798,536)	2,671,974	82,127	52,781	(716,409)	2,724,755	-126%
Net Position - Beginning	<u>6,014,469</u>	<u>3,342,495</u>	<u>1,268,844</u>	<u>1,216,063</u>	<u>7,283,313</u>	<u>4,558,558</u>	60%
Net Position - Ending	<u>\$5,215,933</u>	<u>\$6,014,469</u>	<u>\$1,350,971</u>	<u>\$1,268,844</u>	<u>\$6,566,904</u>	<u>\$7,283,313</u>	-10%

**GULF BEND CENTER**

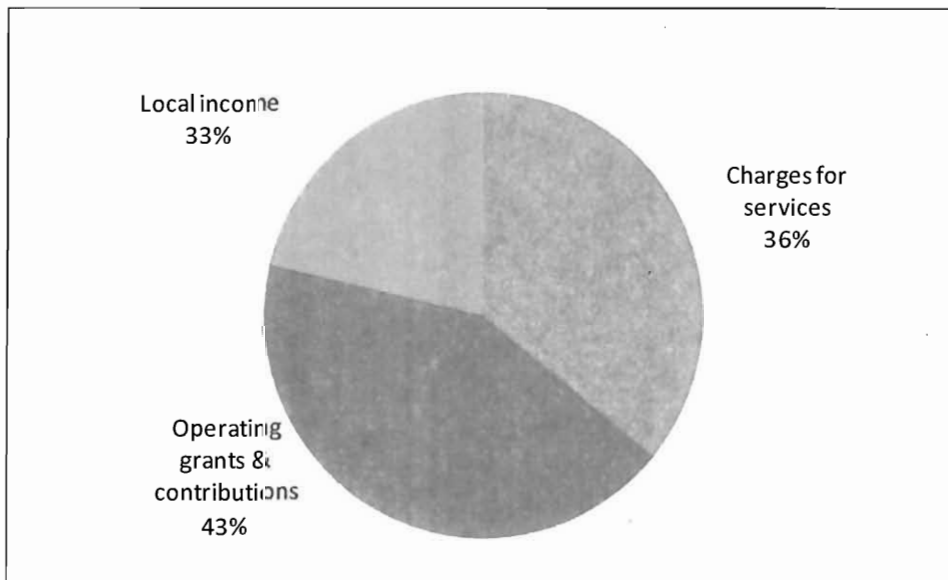
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

**FOR THE YEAR ENDED AUGUST 31, 2015**

Expenses and Program Revenues  
Governmental Activities



Revenues by Source  
Governmental Activities



**GULF BEND CENTER**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**FOR THE YEAR ENDED AUGUST 31, 2015**

**FINANCIAL ANALYSIS OF THE CENTER'S FUNDS**

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

**Governmental Funds:** The focus of the Center's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the Center's financing requirements. In particular, the unassigned fund balance may serve as a useful measure of a government's net resources available for spending as of the end of the fiscal year.

The General Fund is the primary operating fund of the Center. As the Center completed the year, its General Fund, as presented in the balance sheet on page 15, reported a combined fund balance of \$926,840, which is a decrease of \$2,154,417 from the prior year. The unassigned fund balance of the General Fund was \$291,208. 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 as of the current year-end represents approximately 2% of total General Fund expenditures for the current fiscal year.

During the year, the General Fund local revenues decreased by \$2,154,417 (approximately 70%) primarily due to: 1) a planned capital outlay for construction of the Center's Wellness Community, 2) a decrease in Medicaid payments, and 3) a decrease in Design System Reform Incentive Payments (DSRIP). General Fund state revenues increased by \$450,412 (approximately 14%) due to an increase in General Revenue grants. General Fund local revenues decreased \$793,243 (approximately 11%) mostly due to a \$914,459 decrease in DSRIP income. The General Fund also transferred \$1,075,649 to the Capital Projects Fund during the fiscal year.

The Center's Capital Project Fund was created to keep track of the development of the Wellness Community. The project is being primarily funded by donations, grants, and a bond issuance. The Center entered into a \$2,000,000 line-of-credit agreement to assist in the funding of construction. The amount outstanding at year-end was \$1,167,000. The project was completed at year-end.

**General Fund Budgetary Highlights:** The Center did not amend the original budget at any time during the current fiscal year.

Total actual revenues were \$37,880 above budgeted revenues. Total actual expenditures were \$782,957 or 6% more than budgeted amounts. The largest variance in expenditures was an overage of \$845,184 for professional and consulting fees.

**Proprietary Funds:** The Center's proprietary funds provide the same type of information found in the government-wide financial statements. The total net position of the internal service funds increased by \$156 from the prior year (Motor Pool increased by \$49,835 and IT decreased by \$49,679). The net position of the enterprise fund increased \$82,127.

**GULF BEND CENTER**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**FOR THE YEAR ENDED AUGUST 31, 2015**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets:** The Center's investment in capital assets for its governmental and business-type activities as of year-end amounts to \$7,295,386 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, vehicles, furniture, and equipment.

	<u>2015</u>	<u>2014</u>	<u>Change</u>
Buildings and improvements	\$ 8,718,522	\$ 7,072,976	23%
Furniture and equipment	948,744	963,047	-1%
Vehicles	<u>842,784</u>	<u>842,784</u>	0%
Totals at Historical Cost	10,510,050	8,878,807	18%
Accumulated Depreciation	<u>(3,214,664)</u>	<u>(2,845,933)</u>	13%
Net Capital Assets	<u>\$ 7,295,386</u>	<u>\$ 6,032,874</u>	21%

Additional information can be found in Note 6, Capital Assets on page 33 of this report.

**Long-term Debt:** As of the current year-end, the Center had long-term debt outstanding of \$2,261,802. This amount is comprised of revenue bonds and compensated absences. The Center is not subject to a limit. Note 7 on page 34 provides additional information related to long-term debt. The following table summarizes the Center's long-term debt outstanding at year-end:

	<u>2015</u>	<u>2014</u>	<u>Change</u>
Compensated Absences	\$ 293,802	\$ 271,074	8%
Revenue Bonds	<u>1,968,000</u>	<u>2,142,000</u>	-8%
Total	<u>\$ 2,261,802</u>	<u>\$ 2,413,074</u>	-6%

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The Gulf Bend Center service area, known also as the Crossroads Region (Region), has been a major contributor to the Texas economy due to the business growth and activity generated by the presence of Caterpillar, Inc., the Eagle Ford Shale Hydrocarbon Play, the plastics manufacturing industry, expanding petrochemical and industrial chemical plants, and growth in sectors of local business. In spite of the reduction of production in the Eagle Ford Shale, we expect the economy to remain stable and will continue to be a positive influence to this region. Perhaps the only caveat to this is the worldwide downturn in the price of oil. In August 2015 a barrel of crude was priced at near \$110. As we enter calendar year 2016 the price for a barrel of crude is near \$31, which is a twelve-year low as of January 2016. This will have a bearing on the local economy in 2016 that is not fully understood at this time. Entering 2016, the economic outlook for Victoria and the Region appears to be facing some challenges with the recent news of a local manufacturer reducing its job force by 600 jobs. This could also have a substantial impact on the area as a whole. According to the Victoria Economic Development Corporation, this will certainly be an attributing factor in the coming year. Furthermore, with the next legislative session being a year away, it is also difficult to know what impact the change in oil prices will dictate as to the availability of funding for centers across the state in the succeeding year.

**GULF BEND CENTER**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**FOR THE YEAR ENDED AUGUST 31, 2015**

Historically, Victoria and the Crossroads Region have produced and maintained a stable, well-trained labor pool available at a cost that ranks below comparable U.S. markets. As an expansion of the trained labor pool, the Victoria College has completed a major training facility that will play an important role in the training and placement of a capable workforce to feed the needs of industry in the Region.

Victoria is home to the largest medical community in the Region. A progressive medical network provides ready access to state-of-the-art care at two full-service hospitals with more than 650 beds located on three campuses. Both DeTar Hospital (private) and Citizens Medical (county-owned) serve as a medical hub for the Region and provide many services that otherwise would require traveling to Houston, San Antonio, or Corpus Christi. These and the other health care providers in the Region all face the challenge of recruitment and retention of a qualified workforce and particularly specialty providers. In addition, the Region's uninsured population has consistently been in the range of 20% to 25%, reflecting the statewide average for Texas, and exceeding the national average. Looking to the future and in light of the Affordable Care Act and continued implementation of the 1115 Waiver in Texas, emphasis will be on healthcare providers working together to pool resources where possible to effectively and efficiently address the ongoing challenges. As a major component of the regional healthcare system, Gulf Bend Center will continue to make investments in a qualified workforce in behavioral health and primary care in order to provide an integrated approach to treatment such as is demonstrated with the Extended Observation Unit and the Wellness Community. This is vitally important as there is both an emotional and a physical element to effective treatment in most every case. Technology will be important, as there is today and will continue to be the need to support healthcare data exchange and protection in a secure environment. The delivery of psychiatric medical services via televideo will continue to be important as an effective means to overcome the barriers of distance in a predominantly rural region. In addition, with the Center's investment and implementation of DATIS, which is a management and human resources system, the Center has the ability to access talent, management tools, training, credentialing and integrated payroll accounting and distribution. As a result, DATIS has enhanced and assisted in the Center's ability to recruit and retain a qualified healthcare provider workforce.

Even in the best of economic times the fact remains, Gulf Bend Center is able to serve less than 20% of the Region's population of children and adults diagnosed with serious mental illness. This can be partly attributed to the fact that Texas remains near the bottom of all states in per capita funding for mental health. Current trends and forecasts of future trends indicate the Center's method of finance must evolve to include a more diversified source of funds and payer mix with greater emphasis on fee-for-service third-party payment. This includes both public and private insurances. The Center must continue to develop a practice management capability that supports doing business with a diverse group of payers including managed care organizations and private insurance companies. Essential business functions must evolve that support the effective and efficient delivery of required services, reporting of outcomes, assurance of compliance, and the facilitation of billing and collections across time.

Mental health and Intellectual and Developmental Disability Services will continue to demand state legislative decision makers' attention. This past year, the Texas 84th Legislature addressed legislation in determining the allocation of resources to assist in providing new funding for mental health and intellectual and developmental disability services for the new fiscal year 2016. Due to the unavailability of beds and staffing vacancies at the state psychiatric hospitals, part of the funding that was determined in this session was established to help subsidize the utilization of day beds for centers across Texas that needed the use of private psychiatric hospitals. Unfortunately for Gulf Bend Center, the needs in the metropolitan areas took precedence which resulted in no assistance to the Center. Over the course of the last two fiscal years, the Center's costs have increased from less than \$10,000 in fiscal year 2013, double that in fiscal year 2014, and then increased to over \$185,000 for fiscal year 2015. We will continue to work with our local representatives in assisting us to see this turn around in the near future.

**GULF BEND CENTER**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**FOR THE YEAR ENDED AUGUST 31, 2015**

Gulf Bend Center continues its affiliation with the Texas Council of Community MHMR Centers in Austin which serves as the trade organization for the community system in Texas. This consortium includes thirty-nine centers serving all 254 counties of the state. Texas Council does an excellent job of advocating and keeping members of the Legislature informed throughout the session and during the two-year interim period between sessions.

Today, we are seeing a greater piece of the state funded book of business move to outsourcing with private managed care companies. Initially, this affected only the mental health services contracted with the state, however today the state is moving a portion of the intellectual and disability services to arrangements with managed care organizations who then contract with centers for the delivery of services. This transition of services will continue in 2016 as we move from a prospective payment for services arrangement with centers to a retrospective (fee-for-service) arrangement today.

The information contained in this discussion and analysis served to inform Center management's thinking in the planning and implementation of operations in fiscal year 2015. This remains true as we look to planning and implementing operations in fiscal year 2016.

**REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview for all those who have an interest in the Center's financial health. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Gulf Bend Center, Financial Services Department, 6502 Nursery Drive, Suite 100, Victoria, Texas 77904.

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## BASIC FINANCIAL STATEMENTS





**GULF BEND CENTER**  
**STATEMENT OF NET POSITION**  
August 31, 2015

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 194,730	\$ -	\$ 194,730
Investments	2,686,657	-	2,686,657
Accounts receivable	679,493	-	679,493
Receivables from other governments	64,589	-	64,589
Prepaid items	311,547	8,878	320,425
Internal balances	(395,061)	395,061	-
Capital assets (net of accumulated depreciation)	6,323,485	971,902	7,295,387
<b>Total assets</b>	<u>9,865,440</u>	<u>1,375,841</u>	<u>11,241,281</u>
<b>LIABILITIES</b>			
Accounts payable	420,247	-	420,247
Accrued salaries and related payables	359,048	-	359,048
Accrued interest payable	51,365	206	51,571
Other payables	42,609	-	42,609
Due to other governments	347,436	-	347,436
Unearned revenue	-	19,664	19,664
Non-current liabilities:			
Due within one year	1,373,380	-	1,373,380
Due in more than one year	2,055,422	5,000	2,060,422
<b>Total liabilities</b>	<u>4,649,507</u>	<u>24,870</u>	<u>4,674,377</u>
<b>NET POSITION</b>			
Net investment in capital assets	4,355,485	966,902	5,322,387
Unrestricted	860,448	384,069	1,244,517
<b>Total net position</b>	<u>\$ 5,215,933</u>	<u>\$ 1,350,971</u>	<u>\$ 6,566,904</u>

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

**GULF BEND CENTER**

STATEMENT OF ACTIVITIES

For the year ended August 31, 2015

Function/Programs	Expenses			Program Revenues	
	Expenses	Administrative Allocation	Expenses After Allocation of Administrative	Charges for Services	Operating Grants and Contributions
<b>Primary Government</b>					
Governmental activities					
Mental Health-Adult	\$ 3,490,265	\$ 386,806	\$ 3,877,071	\$ 653,538	\$ 3,873,094
Mental Health-Child	1,276,621	141,481	1,418,102	269,305	933,293
IDD	6,751,938	748,278	7,500,216	3,419,125	367,812
Administration	1,276,565	(1,276,565)	-	-	-
Interest on long-term debt	102,730	-	102,730	-	-
Total governmental activities	<u>12,898,119</u>	<u>-</u>	<u>12,898,119</u>	<u>4,341,968</u>	<u>5,174,199</u>
<b>Business-type Activities</b>					
Rental	<u>148,816</u>	<u>-</u>	<u>148,816</u>	<u>230,943</u>	<u>-</u>
<b>Total</b>	<u>\$ 13,046,935</u>	<u>\$ -</u>	<u>\$ 13,046,935</u>	<u>\$ 4,572,911</u>	<u>\$ 5,174,199</u>

General revenues:  
 Unrestricted general income  
 Investment earnings  
 Total general revenues

Change in net position  
 Net position - beginning  
 Net position - ending

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

Net (Expense) Revenue and  
Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ 649,561	\$ -	\$ 649,561
(215,504)	-	(215,504)
(3,713,279)	-	(3,713,279)
-	-	-
(102,730)	-	(102,730)
(3,381,952)	-	(3,381,952)
-	82,127	82,127
(3,381,952)	82,127	(3,299,825)
2,550,676	-	2,550,676
32,740	-	32,740
2,583,416	-	2,583,416
(798,536)	82,127	(716,409)
6,014,469	1,268,844	7,283,313
<u>\$ 5,215,933</u>	<u>\$ 1,350,971</u>	<u>\$ 6,566,904</u>

**GULF BEND CENTER**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
*August 31, 2015*

	General Fund	Capital Projects Fund	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 194,730	\$ -	\$ 194,730
Investments	2,686,657	-	2,686,657
Accounts receivable	679,493	-	679,493
Receivables from other governments	64,589	-	64,589
Due from other funds	-	230,187	230,187
Prepaid items	285,632	-	285,632
<b>Total assets</b>	<b>\$ 3,911,101</b>	<b>\$ 230,187</b>	<b>\$ 4,141,288</b>
 <b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts payable	\$ 186,340	\$ 230,187	\$ 416,527
Accrued salaries and related payables	359,048	-	359,048
Other payables	42,609	-	42,609
Due to other governments	347,436	-	347,436
Due to other funds	881,828	-	881,828
Line-of-credit	1,167,000	-	1,167,000
<b>Total liabilities</b>	<b>2,984,261</b>	<b>230,187</b>	<b>3,214,448</b>
<b>Fund balances</b>			
Nonspendable for prepaid items	285,632	-	285,632
Assigned for healthcare	350,000	-	350,000
Unassigned	291,208	-	291,208
<b>Total fund balances</b>	<b>926,840</b>	<b>-</b>	<b>926,840</b>
<b>Total liabilities and fund balances</b>	<b>\$ 3,911,101</b>	<b>\$ 230,187</b>	<b>\$ 4,141,288</b>

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

**GULF BEND CENTER****RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION**

August 31, 2015

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<b>Total governmental fund balances</b>		<b>\$ 926,840</b>
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The governmental capital assets at year-end consist of:		
Governmental capital assets costs	\$ 9,252,120	
Accumulated depreciation of governmental capital assets	<u>(2,928,635)</u>	6,323,485
Internal service funds are used by the Gulf Bend Center to charge the costs of certain activities, such as vehicle and equipment services and IT, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		
		278,775
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:		
Bonds and certificates payable	(1,968,000)	
Accrued interest on the bonds	(51,364)	
Compensated absences	<u>(293,803)</u>	<u>(2,313,167)</u>
<b>Net position of governmental activities</b>		<b>\$ <u>5,215,933</u></b>

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

**GULF BEND CENTER****STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES****GOVERNMENTAL FUNDS**

For the year ended August 31, 2015

	General Fund	Capital Projects Fund	Total Governmental Funds
<b>REVENUES</b>			
Local funds	\$ 6,343,331	\$ 324,383	\$ 6,667,714
State programs	4,683,566	-	4,683,566
Federal programs	715,561	-	715,561
Interest income	32,501	239	32,740
<b>Total revenues</b>	<u>11,774,959</u>	<u>324,622</u>	<u>12,099,581</u>
<b>EXPENDITURES</b>			
Current			
Mental Health-Adult	3,416,267	-	3,416,267
Mental Health-Child	1,249,555	-	1,249,555
IDD	6,608,790	-	6,608,790
Administration	1,241,745	10,408	1,252,153
Interest on long-term debt	107,048	-	107,048
Principal on long-term debt	169,000	-	169,000
Capital outlay	61,322	1,630,703	1,692,025
<b>Total expenditures</b>	<u>12,853,727</u>	<u>1,641,111</u>	<u>14,494,838</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(1,078,768)</u>	<u>(1,316,489)</u>	<u>(2,395,257)</u>
<b>OTHER FINANCING SOURCES</b>			
Transfer in (out)	(1,075,649)	1,075,649	-
	<u>(1,075,649)</u>	<u>1,075,649</u>	<u>-</u>
Net change in fund balances	(2,154,417)	(240,840)	(2,395,257)
Fund balances, beginning of year	3,081,257	240,840	3,322,097
<b>Fund balances, end of year</b>	<u>\$ 926,840</u>	<u>\$ -</u>	<u>\$ 926,840</u>

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

**GULF BEND CENTER**

*RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES*

*For the year ended August 31, 2015*

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**Total net change in fund balances - governmental funds** **\$ (2,395,257)**

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Increase in capital assets	\$ 1,692,025	
Depreciation expense	<u>(246,050)</u>	1,445,975

Internal service funds are used by the Gulf Bend Center to charge the costs of certain activities, such as vehicle and equipment services and IT, to individual funds. The net activity of the internal service funds are reported with governmental activities. 156

Current year payments on long-term debt are expenditures in the fund financial statements, but they serve to reduce long-term liabilities in the government-wide financial statements. In the current year, these amounts consist of:

Bond principal retirement		169,000
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Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Increase in compensated absences	(22,728)	
Decrease in accrued interest	<u>4,318</u>	(18,410)

**Change in net position of governmental activities** **\$ (798,536)**

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



## GULF BEND CENTER

### STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

#### BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND

For the year ended August 31, 2015

	Budgeted Amounts		Actual	Variance with
	Original Budget	Final Budget		Final Budget Positive (Negative)
<b>REVENUES</b>				
Local Funds:				
City/County contributions	\$ 330,342	\$ 330,342	\$ 475,054	\$ 144,712
Client fees/insurance	369,221	369,221	126,441	(242,780)
Home and community based services	1,673,074	1,673,074	1,967,168	294,094
Intermediate care facilities	1,138,021	1,138,021	1,042,379	(95,642)
Medicaid/medicare services	1,941,070	1,941,070	1,533,325	(407,745)
Design system reform incentive payment	579,225	579,225	1,027,460	448,235
Other income	337,438	337,438	101,146	(236,292)
<b>Total local funds</b>	<b>6,368,391</b>	<b>6,368,391</b>	<b>6,272,973</b>	<b>(95,418)</b>
State Programs:				
General revenue	3,570,372	3,570,372	3,739,613	169,241
DARS	65,000	65,000	23,231	(41,769)
New generation medications	305,561	305,561	305,561	-
STAR grant	332,252	332,252	335,863	3,611
TCOOMMI grant	290,000	290,000	279,298	(10,702)
Other state income	97,624	97,624	70,358	(27,266)
<b>Total state programs</b>	<b>4,660,809</b>	<b>4,660,809</b>	<b>4,753,924</b>	<b>93,115</b>
Federal Programs:				
Mental health block grant	226,608	226,608	226,608	-
TITLE XX - Social services block grant	46,821	46,821	64,022	17,201
TITLE XX - TANF	82,918	82,918	82,919	1
Medicaid administrative claiming	321,000	321,000	342,012	21,012
<b>Total federal programs</b>	<b>677,347</b>	<b>677,347</b>	<b>715,561</b>	<b>38,214</b>
Interest	30,532	30,532	32,501	1,969
<b>Total revenues</b>	<b>11,737,079</b>	<b>11,737,079</b>	<b>11,774,959</b>	<b>37,880</b>
<b>EXPENDITURES</b>				
Current:				
Personnel	6,684,452	6,684,452	6,718,502	(34,050)
Employee benefits	1,775,537	1,775,537	1,631,638	143,899
Professional and consultants fees	790,576	790,576	1,635,760	(845,184)
Training and travel	453,925	453,925	511,874	(57,949)
Consumable supplies	616,361	616,361	508,492	107,869
Building occupancy and operating costs	815,912	815,912	1,054,979	(239,067)
Other expenditures	630,039	630,039	455,112	174,927
Interest expense	107,048	107,048	107,048	-
Principal paid	169,000	169,000	169,000	-
Capital Outlay	27,920	27,920	61,322	(33,402)
<b>Total expenditures</b>	<b>12,070,770</b>	<b>12,070,770</b>	<b>12,853,727</b>	<b>(782,957)</b>

(Continued)

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

	Budgeted Amounts		Actual	Variance with
	Original Budget	Final Budget		Final Budget Positive (Negative)
<b>OTHER FINANCING SOURCES</b>				
Transfers out	<u>(1,100,000)</u>	<u>(1,100,000)</u>	<u>(1,075,649)</u>	<u>24,351</u>
	<u>(1,100,000)</u>	<u>(1,100,000)</u>	<u>(1,075,649)</u>	<u>24,351</u>
Net change in fund balance	<u>(1,433,691)</u>	<u>(1,433,691)</u>	<u>(2,154,417)</u>	<u>(720,726)</u>
Fund balance, beginning of year	<u>3,081,257</u>	<u>3,081,257</u>	<u>3,081,257</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 1,647,566</u>	<u>\$ 1,647,566</u>	<u>\$ 926,840</u>	<u>\$ (720,726)</u>

(Concluded)

**GULF BEND CENTER**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
August 31, 2015

	Business-type Activities Enterprise Fund	Governmental Activities Internal Service Funds
<b>ASSETS</b>		
Current:		
Due from other funds	\$ 395,061	\$ 346,984
Prepaid items	8,878	25,915
Noncurrent:		
Capital assets, net	<u>971,902</u>	<u>126,579</u>
<b>Total assets</b>	<u>1,375,841</u>	<u>499,478</u>
<b>LIABILITIES</b>		
Current:		
Accounts payable	-	3,720
Accrued interest payable	206	-
Due to other funds	-	90,404
Unearned revenue	19,664	-
Noncurrent:		
Bonds payable	<u>5,000</u>	<u>-</u>
<b>Total liabilities</b>	<u>24,870</u>	<u>94,124</u>
<b>NET POSITION</b>		
Net investment in capital assets	966,902	126,579
Unrestricted	<u>384,069</u>	<u>278,775</u>
<b>Total net position</b>	<u>\$ 1,350,971</u>	<u>\$ 405,354</u>

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

**GULF BEND CENTER****STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND NET POSITION****PROPRIETARY FUNDS**

For the year ended August 31, 2015

	Business-type Activities Enterprise Fund	Governmental Activities Internal Service Funds
<b>OPERATING REVENUES:</b>		
Rental revenues	\$ 230,943	\$ -
Charges for service	-	465,630
<b>Total operating revenues</b>	<u>230,943</u>	<u>465,630</u>
<b>OPERATING EXPENSES:</b>		
Depreciation	43,729	102,994
Occupancy costs	97,997	-
Computer expense	-	182,898
Vehicle expense	-	179,582
Taxes	6,678	-
<b>Total operating expenses</b>	<u>148,404</u>	<u>465,474</u>
<b>OPERATING INCOME</b>	<u>82,539</u>	<u>156</u>
<b>NON-OPERATING REVENUE (EXPENSE):</b>		
Interest expense	(412)	-
<b>Total non-operating expenses</b>	<u>(412)</u>	<u>-</u>
Net change in net position	82,127	156
Fund balances, beginning of year	<u>1,268,844</u>	<u>405,198</u>
<b>Fund balances, end of year</b>	<u>\$ 1,350,971</u>	<u>\$ 405,354</u>

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

**GULF BEND CENTER**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For the year ended August 31, 2015

	Business-type Activities <u>Enterprise Fund</u>	Governmental Activities Internal Service <u>Funds</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from lessees	\$ 171,075	\$ -
Cash received from users	-	365,250
Cash payments to suppliers	<u>(170,663)</u>	<u>(365,250)</u>
<b>Net cash provided by operating activities</b>	<u>412</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>		
Interest paid	<u>(412)</u>	<u>-</u>
<b>Net cash used in capital financing activities</b>	<u>(412)</u>	<u>-</u>
Net increase in cash and cash equivalents	-	-
Cash and cash equivalents, beginning of year	<u>-</u>	<u>-</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ -</u>	<u>\$ -</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
<b>Operating income:</b>	\$ 82,539	\$ 156
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	43,729	102,994
Change in assets and liabilities:		
(Increase) decrease in internal balances	(128,828)	(102,485)
(Increase) decrease in prepaid items	2,972	2,315
Increase (decrease) in deferred inflows	<u>-</u>	<u>(2,980)</u>
<b>Net cash provided by operating activities</b>	<u>\$ 412</u>	<u>\$ -</u>

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

**GULF BEND CENTER**

*STATEMENT OF FIDUCIARY NET POSITION*

*August 31, 2015*

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	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash	\$ <u>7,937</u>
<b>Total assets</b>	<u>\$ 7,937</u>
<b>LIABILITIES</b>	
Due to others	\$ <u>7,937</u>
<b>Total liabilities</b>	<u>\$ 7,937</u>

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

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## NOTES TO BASIC FINANCIAL STATEMENTS





**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of Gulf Bend Center (the "Center") have been prepared in conformity with accounting principles applicable to governmental units which are generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

A. Reporting Entity

Gulf Bend Center is a public entity that was established under the provisions of the Texas Mental Health Mental Retardation Act of 1965. The Center provides community-based mental health, IDD, and addiction services in Victoria, DeWitt, Jackson, Calhoun, Goliad, Lavaca, and Refugio counties.

In evaluating how to define the government, for financial reporting purposes, the Center's management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in the GASB Statement No. 14, *The Financial Reporting Entity*, and as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. Under these guidelines, the reporting entity consists of the primary government (all funds of the Center), organizations for which the primary government is financially accountable, organizations for which the primary government is not financially accountable, organizations that raise and hold economic resources for the direct benefit of the primary government, and any other organization for which the nature and significance of their relationship with the primary government is such that exclusion could cause the Center's financial statements to be misleading or incomplete. Under these guidelines there are not any entities that are considered to be component units.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund activity has been removed from these statements. *Governmental activities*, which normally are supported by program income and intergovernmental revenues, are reported separately from the *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by any program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenue* includes: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, 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. City and county contributions and other items not properly included among program revenues are reported instead as *general revenue*.

Separate financial statements are provided for governmental funds and proprietary funds, even though the later are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

C. 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 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 Center considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Grant revenue, patient fees, and interest associated with the current fiscal period are all considered to be susceptible to accrual and 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 proprietary fund types are accounted for on a flow of *economic resources measurement focus* and utilize the *accrual basis of accounting*. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. The Center applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless these pronouncements conflict or contradict GASB pronouncements. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Position. The fund equity is segregated into invested in capital assets net of related debt, restricted net position, and unrestricted net position.

D. Fund Accounting

The Center reports the following major governmental fund:

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

The Center also has the following funds:

*Capital Projects Fund* accounts for financial resources that are restricted for capital outlay expenditures including the acquisition or construction of capital facilities and other capital assets.

*Fiduciary Agency Fund* to account for resources held for others in a custodial capacity. The Cafeteria Fund remits employee payroll deductions to the third party administrator.

Additionally, the Center reports the following proprietary fund types:

The *Enterprise Fund* is used by the Center to account for the operations of the third-party rental of building office space.

The *Internal Service Funds* are used by the Center to charge certain costs to departments within individual funds.

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

D. Fund Accounting - (continued)

Proprietary funds distinguish *operating* revenue and expenses from *non-operating* items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Center's Internal Service Funds are charges for vehicle and computer usage. Operating expenses for the Internal Service Funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenue and expenses.

E. Other Accounting Policies

Deposits and Investments

The Center's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

The Board of Trustees authorizes the Center to invest, with certain stipulations, in obligations of the United States or its agencies; direct obligations of the State of Texas or its agencies; collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States; other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of the State of Texas or the United States or their respective agencies and instrumentalities; obligations of states, agencies, counties, cities and other political subdivisions of any state related as to investment quality by a nationally recognized investment firm not less than A or its equivalent; certificates of deposit if issued by a state bank, national bank or savings and loan association domiciled in this state; commercial paper; mutual funds and money market mutual funds; and investment pools.

For the fiscal year ended, the Center did not own any types of securities other than those permitted by statute.

Investments for the Center are reported at fair value. For investments in local government investment pools, the reported value of the pool is the same as the fair value of the pool shares.

Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" (i.e., the current portion of inter-fund loans). All other outstanding balances between the governmental activities and business-type activities would be reported in the government-wide financial statements as "internal balances."

Accounts receivable from patients and insurance carriers for services rendered are reduced by the amount of such billings deemed by management to be ultimately uncollectible. At year-end, the Center considers all such receivables to be fully collectible.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are recorded as expenditures at the time items are consumed (consumption method).

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

E. Other Accounting Policies - (continued)

Capital Assets

Capital assets, which include buildings and improvements, furniture and equipment, and vehicles, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Center as assets with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	10-50
Furniture and equipment	3-10
Vehicles	5

Source of Funds

Certain funds from federal and other state sources represent fees for service reimbursements, as well as project grants. The funds that are for individual patient service reimbursements are reported as local funds as directed by the Texas Health and Human Services Commission (Department of State Health Services and Department of Aging and Disability Services).

Compensated Absences

Employees receive a number of days off work annually based upon their tenure at the Center as follows:

<u>Tenure in Months</u>	<u>Annual Rate</u>
4-24	15 days
25-60	20 days
61-120	25 days
121 +	30 days

These days off are to be used for scheduled vacation and sick leave. The maximum accumulation of paid time off is 30 days. Paid time off will not be credited in excess of the maximum accumulation at the end of the fiscal year, but will be transferred into that individual's sick leave account and can only be used after other paid time off is used. Upon departure from employment with the Center, the employee will be paid for all accumulated leave in the paid time off account up to a maximum of 30 days. The balance in the sick leave account will not be paid.

In accordance with GASB Statement No. 16, "Accounting for Compensated Absences," the Center accrues its liability for such accumulated unpaid benefits. The estimated current portion of the liability is recorded as an expenditure and liability in the General Fund. All vacation pay is accrued when incurred in the government-wide, proprietary fund financial statements.

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

E. Other Accounting Policies - (continued)

Indirect Costs

Certain indirect costs are included in the program expense reported for individual functions and activities.

Deferred Outflows/Inflows of Resources

The statement of net position reports a separate section for deferred outflows of resources which follows the asset section. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The Center has no items that qualify for reporting in this category.

In addition to liabilities, the statement of net position also reports 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 a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Center has no items that qualify for reporting in this category.

Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance and costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity

Fund balances of Governmental Funds classified as restricted are balances with constraints placed on the use of resources by creditors, grantors, contributors or laws or regulations of other governments. Fund balances classified as committed can only be used for specific purposes pursuant to constraints imposed by the Board through a resolution or by other formal action. Assigned fund balances are constrained by intent to be used for specific purposes but are neither restricted nor committed. Assignments are made by the Executive Director based on Board direction.

For the classification of Governmental Fund balances, the Center considers expenditures to be made from the most restrictive first when more than one classification is available.

It is the desire of the Center to maintain an adequate fund balance in the General Fund to provide sufficient working capital and a margin of safety to address local and regional emergencies without borrowing. The Board has adopted a financial standard to maintain an "unassigned" fund balance of 25% of the total operating expenditures.

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

E. Other Accounting Policies - (continued)

Tax-exempt Status

The Internal Revenue Service has issued a determination letter dated June 24, 2003, stating that the Center qualifies as an organization described in Section 501(c)(3) of the Internal Revenue Code and, accordingly, is exempt from Federal income taxes.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

Allocation of Indirect Expenses

The Center allocates indirect expenses primarily comprised of administrative services to operating functions and programs benefiting from those services. Allocations are charged to programs based on use of central services determined by various allocation methodologies.

**NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

A. Budgetary Data

The Center's annual budget for the General Fund is prepared using the modified accrual basis of accounting and is based on estimated expenditures provided on a unit basis summarized by program category. The budget is submitted to the Board of Trustees. The budget must have the Board of Trustees' approval and that of the Texas Health and Human Services Commission ("the Commission"). All annual appropriations lapse at fiscal year-end.

Contract/budget negotiations are scheduled by the Commission at which time contract performance measures and funding amounts are negotiated. The contract and/or budget are revised to incorporate any modifications agreed upon and resubmitted to the Commission. The final budget is approved by the Commission, generally before the beginning of the new fiscal year.

B. Budgetary Compliance

Budgetary control is maintained at the department level. The Board of Trustees must approve revisions at or above the department level. There were no amendments to the original budget during the year. There were several instances of expenditures exceeding the budgeted amount :

<u>General Fund</u>	<u>Variance</u>
Consultants and professional fees	\$ (854,184)
Other expenditures	(239,067)
Personnel	(34,050)
Training and travel	(57,949)
Capital outlay	(33,402)

These over expenditures were funded by available fund balance in the General Fund.

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### **NOTE 3: DEPOSITS AND INVESTMENTS**

The Center's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the Center's agent bank approved pledged securities in an amount sufficient to protect Center funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

#### Cash Deposits

At year-end, the Center's carrying amount for cash deposits was \$194,730 and the bank balance was \$332,881. All deposits are entirely insured or collateralized with securities held by the Center's agent in the name of the Center.

#### Investments

The Center is required by Government Code Chapter 2256, the Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must address the following areas: 1) safety of principal and liquidity, 2) portfolio diversification, 3) allowable investments, 4) acceptable risk levels, 5) expected rates of return, 6) maximum allowable stated maturity of portfolio investments, 7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, 8) investment staff quality and capabilities, and 9) bid solicitation preferences for certificates of deposit.

The Act requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that the Center adhered to the requirements of the Act. Additionally, investment practices of the Center were in accordance with local policies.

The Act determines the types of investments which are allowable for the Center. These include, with certain restrictions: 1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) securities lending program, 5) repurchase agreements, 6) bankers acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) common trust funds.

The Center's investments at year-end are:

TexPool	\$	81,799
Certificates of Deposit		<u>2,604,858</u>
Total investments	\$	<u>2,686,657</u>

#### Interest Rate Risk

In accordance with the Center's investment policy, the Center manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than one year from the time of purchase.

#### Credit Risk

The Center's investments in the public funds investment pool include those with the TexPool Investment Pool. The pool operates in full compliance with the Public Funds Investment Act. The TexPool Investment Pool is rated AAA-m by Standard and Poors.



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**NOTE 3: DEPOSITS AND INVESTMENTS - (Continued)**

Concentration of Credit Risk

The Center's investment policy requires that the investment portfolio shall be diversified in terms of investment instruments, maturity scheduling, and financial institutions to reduce the risk of loss resulting from over concentration of assets in a specific class of investments, specific maturity, or specific user. At year-end, the Center was not exposed to concentration of credit risk.

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Center's deposits may not be returned to it. The Center's investment policy requires that deposits at financial institutions be insured by the FDIC and/or collateralized by securities pledged to the Center by the depository. During the fiscal year and at year-end, all deposits held in the depository bank were fully collateralized and therefore the Center was not exposed to custodial credit risk.

Custodial Credit Risk - Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the Center will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. During the fiscal year and at year-end, all certificates of deposit were fully collateralized. The Center's remaining investments are invested in the TexPool Investment Pool and it has no custodial credit risk.

**NOTE 4: RECEIVABLES FROM OTHER GOVERNMENTS AND DEFERRED REVENUE**

Receivables and amounts from other governments are for reimbursements of expenditures and fees for services provided under various programs and grants. All amounts are expected to be collected within the next year. A summary of these receivables follows:

Accounts Receivable	
Administrative Claiming (DSHS & DADS)	\$ 283,075
Medicare / Medicaid	147,727
Title XIX - Intermediate Care (ICF)	86,365
Title XIX - Home and Community Services (HCS)	105,535
Texas Council on Offenders with Mental Impairments	40,133
Other	<u>16,658</u>
Total	<u>\$ 679,493</u>
Other Governments	
East Texas Behavioral Health Network	\$ 14,183
Texas Department of Family and Protective Services	<u>50,406</u>
Total	<u>\$ 64,589</u>

The Center's enterprise fund reports unearned revenue in connection with resources that have been received, but not yet earned. At year-end the Center had unearned revenue in the rental fund for rents collected in advance in the amount of \$19,644.

**NOTE 5: INTERFUND RECEIVABLES AND PAYABLES**

The following is a summary of inter-fund receivables and payables:

	<u>Due From</u>	<u>Due To</u>
General Fund	\$ -	\$ 881,828
Capital Projects Fund	230,187	-
Enterprise Fund	395,061	-
Motor Pool Fund	346,984	-
Information Technology Fund	-	90,404
Total	<u>\$ 972,232</u>	<u>\$ 972,232</u>

The Center maintains a pooled cash account. These balances resulted from the time lag between the dates that inter-fund services were provided and payments between funds were made.

**NOTE 6: CAPITAL ASSETS**

Capital asset activity for the fiscal year ended was as follows:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balances</u>
Governmental activities:				
Capital assets being depreciated:				
Buildings and improvements	\$ 5,815,046	\$ 1,645,546	\$ -	\$ 7,460,592
Furniture, equipment and computers	963,047	46,479	60,782	948,744
Vehicles	842,784	-	-	842,784
Total capital assets being depreciated	<u>7,620,877</u>	<u>1,692,025</u>	<u>60,782</u>	<u>9,252,120</u>
Accumulated depreciation				
Buildings and improvements	1,414,842	207,893	-	1,622,735
Furniture, equipment and computers	539,285	38,157	10,796	566,646
Vehicles	649,506	89,748	-	739,254
Total accumulated depreciation	<u>2,603,633</u>	<u>335,798</u>	<u>10,796</u>	<u>2,928,635</u>
Governmental activities capital assets, net	<u>\$ 5,017,244</u>	<u>\$ 1,356,227</u>	<u>\$ 49,986</u>	<u>\$ 6,323,485</u>
Business-type activities:				
Depreciable assets:				
Buildings and improvements	\$ 1,257,930	\$ -	\$ -	\$ 1,257,930
Less accumulated depreciation	242,300	43,729	-	286,029
Business-type activities capital assets, net	<u>\$ 1,015,630</u>	<u>\$ (43,729)</u>	<u>\$ -</u>	<u>\$ 971,901</u>

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**NOTE 6: CAPITAL ASSETS - (Continued)**

Depreciation expense was charged to functions as follows:

Governmental activities:

Mental Health-Adult	\$ 67,158
Mental Health-Child	24,564
IDD	129,917
Administration	<u>24,411</u>
Total governmental	246,050

Business activities:

Rental	<u>43,729</u>
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Total government wide	<u>\$ 289,779</u>
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**NOTE 7: LONG-TERM OBLIGATIONS**Long-term Obligations

In 2008, the Center's Board of Directors approved a bond issue in the amount of \$2,870,000 in Gulf Bend Center Revenue Bonds, Series 2008. The proceeds of the bond issue were used to purchase and renovate a building to house the Center's operations. Current requirements for principal and interest expenditures are accounted for in the general and enterprise funds. Effective interest rates range from 5.11% to 8.25%. Interest expense for the year ended was \$102,730.

Long-term Obligation Activity

The following is a summary of the Center's long-term obligations at year-end:

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>Balance</u>	Due Within <u>One Year</u>
Governmental Activities					
Compensated absences	\$ 271,074	\$ 49,835	\$ 27,107	\$ 293,802	\$ 29,380
Revenue bonds	<u>2,137,000</u>	<u>-</u>	<u>169,000</u>	<u>1,968,000</u>	<u>177,000</u>
Total Governmental Activities	<u>2,408,074</u>	<u>49,835</u>	<u>196,107</u>	<u>2,261,802</u>	<u>206,380</u>
Business-type Activities					
Revenue bonds	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>-</u>
Total	<u>\$ 2,413,074</u>	<u>\$ 49,835</u>	<u>\$ 196,107</u>	<u>\$ 2,266,802</u>	<u>\$ 206,380</u>

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**NOTE 7: LONG-TERM OBLIGATIONS - (Continued)****Debt Service Requirements**

Debt service requirements on bonds payable at year-end are as follows:

<u>Year Ending</u> <u>August 31</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2016	\$ 177,000	\$ 98,208	\$ -	\$ 413	\$ 275,621
2017	186,000	88,933	-	413	275,346
2018	196,000	79,173	-	413	275,586
2019	206,000	68,902	-	413	275,315
2020	216,000	57,925	-	413	274,338
2021-2023	<u>987,000</u>	<u>107,784</u>	<u>5,000</u>	<u>1,442</u>	<u>1,101,226</u>
Totals	<u>\$ 1,968,000</u>	<u>\$ 500,925</u>	<u>\$ 5,000</u>	<u>\$ 3,507</u>	<u>\$ 2,477,432</u>

**Line of Credit**

The Center has a \$2,000,000 line-of-credit with American Bank that expires April 26, 2016. The line was used primarily to fund the building construction. The amount outstanding at year-end was \$1,167,000 and is reported as short-term borrowing in the general fund. The available amount at year-end was \$833,000.

**NOTE 8: LEASE RECEIVABLE**

The Center leases office space to several unrelated parties under separate lease agreements with expiration dates varying through April 2019. Total rental income under the leases was \$230,943 for the fiscal year. Estimated future minimum rental payments to be received from unrelated parties under the formal leases are as follows:

<u>Year-end</u> <u>August 31</u>	
2016	\$ 197,381
2017	148,358
2018	131,562
2019	83,608
2020	<u>-</u>
Total	<u>\$ 560,909</u>

The cost and accumulated depreciation of property and equipment owned by the Center that is leased primarily to unrelated parties under the leases described above was \$1,257,930 and \$286,029, respectively, at year-end.

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**NOTE 9: COMMITMENTS UNDER NON-CAPITALIZED LEASES**

Commitments under non-cancelable operating (non-capitalized) lease agreements for facilities and equipment provide for minimum future rental payments at year-end:

Year-end <u>August 31</u>	
2016	\$ 165,412
2017	103,791
2018	26,444
2019	26,544
2020	<u>4,424</u>
Total	<u>\$ 326,615</u>

Rental expenditures for the year were \$157,365.

**NOTE 10: EMPLOYEES' PENSION PLAN**

The Center has a retirement plan, TCRT/Gulf Bend Center Retirement Plan (the "Plan") that is a combination 401(a) money purchase plan and Code Section 457 plan and is sponsored by ISC Group Incorporated. All employees with one year of service who normally work more than 17½ hours per week or 1,000 hours a year and have attained the age of 18 are eligible to participate.

The 401(a) portion of the Plan is a defined contribution plan and accounts for the employer's contribution. The Center will match contributions up to 6% of the employees' salaries. Participants start to vest in the employer's contribution at the completion of one year of service with 100% vesting occurring after seven years. Forfeited contributions are held in a separate account and can be used to reduce future employer contributions. Amounts contributed to the 401(a) portion of the Plan are placed in a guaranteed fixed income account. Center and employee contributions for the fiscal year were \$180,552 and \$183,587, respectively.

The deferred compensation portion of the Plan is consistent with Internal Revenue Code Section 457(a). Vesting in the Plan is immediate. Employees may voluntarily contribute up to the maximum limits allowable under IRS Code guidelines.

All assets of the Plan are primarily invested in mutual funds and are held in trust at ISC Group Incorporated with the Center serving as trustee for the exclusive benefit of the Plan participants. The assets will not be diverted to any other purpose.

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**NOTE 11: COMMITMENTS AND CONTINGENCIES**

The Center participates in a number of state and federal financial assistance programs, Medicare, and Medicaid programs. The programs are subject to financial and compliance audits by the grantors or their representatives and regulatory authorities. The purpose of the audits is to ensure compliance with conditions relating to the granting of funds and other reimbursement regulations. The Center's management believes that any liability for reimbursement, which may arise as the result of these audits, is not believed to be material to the financial position of the Center.

At year-end, the Center is involved in two lawsuits that have been turned over to the Texas Council of Risk Management (TCRM) under the terms of their insurance policy. TCRM has hired a law firm to represent the Center on these matters. One lawsuit involves payroll issues related to overtime pay when the employee is on-call. The attorney believes the lawsuit will be dismissed because it has no merit. In the other lawsuit, several employees claim their right to free speech was violated related to their dismissal from employment. The attorney believes this case also has no merit and will be dismissed. If either case were to go to trial and a ruling in favor of the claimant were to happen, the attorney believes any settlement would be small and covered by insurance.

**NOTE 12: RISK MANAGEMENT****Workers' Compensation**

The Center provides workers' compensation benefits to its employees through participation in the Texas Council Risk Management Fund (the "Fund"). The Fund is a self-insurance pool created under Texas law through inter-local agreements among Texas community MHMR centers and the Fund. The Fund exists solely to provide coverage protection and risk management services for its members.

As an alternative to the standard, guaranteed cost workers' compensation coverage, the Fund offers a Minimum Contribution Plan (MCP), in which the Center participates. Under the MCP, which is considered a retrospectively rated policy, premiums are accrued based on the ultimate cost of the loss experience to date and a six-year look-back period. Center contributions to the Fund are determined based on actual workers' compensation losses for a given year, subject to minimum and maximum amounts. Minimum and maximum amounts are determined based on 60% and 110%, respectively, of the Center's Audited Standard Contribution, which is determined by the Fund based on the Center's gross employee compensation and applicable rates and loss experience modifiers.

In prior years, the statement of net position and balance sheet included a loss reserve liability for estimated outstanding workers' compensation claims. The reserve was estimated based on information provided by management of the Fund and prior year experience. The loss reserve did not include an estimate of claims incurred but not reported as it could not be reasonably estimated. In the current year, the Center was not required to include a loss reserve liability for estimated outstanding claims due to low claims in prior years.

**Health Insurance**

The Center provides health insurance benefits through a self-insured health insurance plan (the "Plan"). The Plan provides health benefits (medical, hospital, surgical, and major medical) to all eligible employees. The Plan is funded by contributions from the Center and from eligible employees for dependent coverage, if elected. Contributions are based on rates established and approved by the Center. The rates are calculated by the Plan's third party administrator, Blue Cross Blue Shield of Texas (BCBS), and are based on historical claims cost data. Center and employee contributions are made monthly. The contract between the Center and BCBS is renewable on September 1<sup>st</sup> of each year. Terms of coverage and contribution rates are included in contractual provisions.

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**NOTE 12: RISK MANAGEMENT - (Continued)**

Health Insurance - (continued)

The Center is protected against catastrophic individual and aggregate loss by stop-loss insurance coverage through BCBS. The specific excess loss insurance reimburses the Center for loss amounts exceeding a specified limit per participant per year. Such limit was \$75,000 for the fiscal year ended. Specific loss reimbursements for the year were \$111,270.

The aggregate excess loss insurance reimburses the Center for loss amounts in excess of a predetermined amount of total losses for a year, based on an "attachment point" as defined in the insurance contract. For the year ended, the aggregate excess loss limit was \$746,917. Total losses for purposes of determining this reimbursement does not include loss amounts reimbursed through the specific excess loss coverage. The Center exceeded the aggregate loss reimbursement limit for the year by \$23,029.

Total contributions to the Plan (including stop-loss insurance premiums and administrative fees) were \$927,764 for the year.

The accompanying statement of net position and balance sheet include a loss reserve liability for estimated outstanding medical claims of \$33,746. The reserve was estimated based on actual claims paid during the 60-day period immediately following the close of the fiscal year as provided by BCBS.

Changes in the health claims liability are presented below:

	<u>Year Ended August 31</u>	
	<u>2015</u>	<u>2014</u>
Beginning of year balance	\$ 43,233	\$ 31,044
Claims incurred	759,097	750,267
Claims paid	<u>(768,584)</u>	<u>(738,078)</u>
End of year balance	<u>\$ 33,746</u>	<u>\$ 43,233</u>

## COMBINING FUND STATEMENTS

### INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of goods or services provided to departments of the Center on a cost-reimbursement basis.

**Motor Pool Fund** - Accounts for the costs of operating and maintaining the vehicles used by various Center departments.

**Information Technology Fund** - Accounts for the costs associated with maintaining the Center's network system.





**GULF BEND CENTER**  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
*August 31, 2015*

	<u>Motor Pool</u>	<u>Information Technology</u>	<u>Totals</u>
<b>ASSETS</b>			
Current:			
Due from other funds	\$ 346,984	\$ -	\$ 346,984
Prepaid items	25,915	-	25,915
Noncurrent:			
Capital assets, net	<u>103,530</u>	<u>23,049</u>	<u>126,579</u>
<b>Total assets</b>	<u>476,429</u>	<u>23,049</u>	<u>499,478</u>
<b>LIABILITIES</b>			
Current:			
Accounts payable	-	3,720	3,720
Due to other funds	-	<u>90,404</u>	<u>90,404</u>
<b>Total liabilities</b>	<u>-</u>	<u>94,124</u>	<u>94,124</u>
<b>NET POSITION</b>			
Net investment in capital assets	103,530	23,049	126,579
Unrestricted	<u>372,899</u>	<u>(94,124)</u>	<u>278,775</u>
<b>Total net position</b>	<u>\$ 476,429</u>	<u>\$ (71,075)</u>	<u>\$ 405,354</u>

**GULF BEND CENTER****COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND NET POSITION****INTERNAL SERVICE FUNDS***For the year ended August 31, 2015*

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	<u>Motor Pool</u>	<u>Information Technology</u>	<u>Totals</u>
<b>OPERATING REVENUES:</b>			
Charges for service	\$ 319,165	\$ 146,465	\$ 465,630
<b>Total operating revenues</b>	<u>319,165</u>	<u>146,465</u>	<u>465,630</u>
<b>OPERATING EXPENSES:</b>			
Depreciation	89,748	13,246	102,994
Computer expense	-	182,898	182,898
Vehicle expense	<u>179,582</u>	<u>-</u>	<u>179,582</u>
<b>Total operating expenses</b>	<u>269,330</u>	<u>196,144</u>	<u>465,474</u>
<b>NON-OPERATING INCOME:</b>			
Sale of assets	<u>-</u>	<u>-</u>	<u>-</u>
Operating Income and Change in Net Position	49,835	(49,679)	156
Fund balances, beginning of year	<u>426,594</u>	<u>(21,396)</u>	<u>405,198</u>
<b>Fund balances, end of year</b>	<u>\$ 476,429</u>	<u>\$ (71,075)</u>	<u>\$ 405,354</u>

**GULF BEND CENTER****COMBINING STATEMENT OF CASH FLOWS****INTERNAL SERVICE FUNDS**

For the year ended August 31, 2015

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	<u>Motor Pool</u>	<u>Information Technology</u>	<u>Totals</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from users	\$ 182,352	\$ 182,898	\$ 365,250
Cash payments to suppliers	<u>(182,352)</u>	<u>(182,898)</u>	<u>(365,250)</u>
<b>Net cash provided by operating activities</b>	<u>-</u>	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents	-	-	-
Cash and cash equivalents, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>			
<b>Operating income (loss):</b>	\$ 49,835	\$ (49,679)	\$ 156
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	89,748	13,246	102,994
Change in assets and liabilities:			
(Increase) decrease in internal balances	(136,813)	34,328	(102,485)
(Increase) decrease in prepaid items	2,315	-	2,315
Increase (decrease) in payable	<u>(5,085)</u>	<u>2,105</u>	<u>(2,980)</u>
<b>Net cash provided by operating activities</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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## **FIDUCIARY FUNDS**

Fiduciary Funds are used to account for assets held by the Center in a trustee capacity or as an agent for other agencies, individuals, private organizations or governmental units.



**GULF BEND CENTER**

**AGENCY FUNDS**

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**

*For the year ended August 31, 2015*

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	<u>Balance at Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at End of Year</u>
<b>CAFETERIA FUND</b>				
Assets				
Cash in bank	<u>\$ 3,491</u>	<u>\$ 7,937</u>	<u>\$ 3,491</u>	<u>\$ 7,937</u>
Liabilities				
Due to others	<u>\$ 3,491</u>	<u>\$ 7,937</u>	<u>\$ 3,491</u>	<u>\$ 7,937</u>



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## **STATISTICAL SECTION**

This part of the Center's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Center's overall financial health.

### **Financial Trends**

These schedules contain trend information to help the reader understand how the Center's financial performance and well-being have changed over time.

### **Revenue Capacity**

Not applicable to the Center.

### **Debt Capacity**

These schedules present information to help the reader assess the affordability of the Center's current levels of outstanding debt and the Center's ability to issue additional debt in the future.

### **Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Center's financial activities take place and to help make comparisons over time and with other governments.

### **Operating Information**

These schedules contain information about the Center's operations and resources to help the reader understand how the Center's financial information relates to the services the Center provides and the activities it performs.



**GULF BEND CENTER**  
**NET POSITION BY COMPONENT**  
*Last ten fiscal years*

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Governmental activities</b>										
Net investments in capital assets	\$ 4,355,485	\$ 2,843,505	\$ 485,158	\$ 296,875	\$ 378,429	\$ 138,102	\$ 438,906	\$ 1,072,894	\$ 979,470	\$ 694,997
Restricted	-	240,840	5,238	-	-	-	-	-	-	-
Unrestricted	860,448	2,930,124	2,888,838	2,913,640	3,312,175	2,538,249	2,498,861	3,138,715	2,983,125	2,411,542
<b>Total governmental activities</b>										
Net position	5,215,933	6,014,469	3,379,234	3,210,515	3,690,604	2,676,351	2,937,767	4,211,609	3,962,595	3,106,539
<b>Business-type activities</b>										
Net investments in capital assets	966,902	1,010,630	1,054,359	1,098,088	1,284,670	1,143,453	1,142,715	-	-	-
Unrestricted	384,069	258,214	161,704	535,154	171,258	48,784	6,388	-	-	-
<b>Total business-type activities</b>										
Net position	1,350,971	1,268,844	1,216,063	1,633,242	1,455,928	1,192,237	1,149,103	-	-	-
<b>Total primary government</b>	\$ 6,566,904	\$ 7,283,313	\$ 4,595,297	\$ 4,843,757	\$ 5,146,532	\$ 3,868,588	\$ 4,086,870	\$ 4,211,609	\$ 3,962,595	\$ 3,106,539

**GULF BEND CENTER**  
**CHANGES IN NET POSITION**  
*Last ten fiscal years*

	Fiscal Year				
	2015	2014	2013	2012	2011
Expenses, governmental activities:					
Mental Health-Adult	\$ 3,877,071	\$ 4,381,497	\$ 3,026,708	\$ 3,550,423	\$ 3,352,657
Mental Health-Child	1,418,102	1,858,645	995,178	853,819	971,582
IDD	7,500,216	4,867,680	5,147,572	4,783,264	4,609,556
Interest on long-term debt	102,730	111,366	119,590	127,410	134,806
Bond issuance costs and fee	-	-	-	-	-
Total expenses, governmental	<u>12,898,119</u>	<u>11,219,188</u>	<u>9,289,048</u>	<u>9,314,916</u>	<u>9,068,601</u>
Program revenues, governmental activities:					
Charges for services					
Mental Health-Adult	653,538	914,356	474,363	527,406	592,423
Mental Health-Child	269,305	487,260	219,428	230,650	105,312
IDD	<u>3,419,125</u>	<u>3,251,617</u>	<u>3,030,281</u>	<u>3,232,086</u>	<u>3,809,799</u>
Total charges for services	4,341,968	4,653,233	3,724,072	3,990,142	4,507,534
Operating grants and contributions	<u>5,174,199</u>	<u>4,642,606</u>	<u>4,145,348</u>	<u>4,235,758</u>	<u>3,904,821</u>
Total program revenues, governmental	<u>9,516,167</u>	<u>9,295,839</u>	<u>7,869,420</u>	<u>8,225,900</u>	<u>8,412,355</u>
Total net program expenses	<u>(3,381,952)</u>	<u>(1,923,349)</u>	<u>(1,419,628)</u>	<u>(1,089,016)</u>	<u>(656,246)</u>
General revenues, governmental activities:					
Local income	2,550,676	4,564,136	1,056,105	571,825	1,781,677
Investment earnings	<u>32,740</u>	<u>38,233</u>	<u>18,342</u>	<u>37,102</u>	<u>21,626</u>
Total general revenues, governmental	<u>2,583,416</u>	<u>4,602,369</u>	<u>1,074,447</u>	<u>608,927</u>	<u>1,803,303</u>
Nonoperating income:					
Transfer	-	-	500,000	-	-
Gain (Loss) on asset disposal	-	(7,046)	80,038	-	-
	-	(7,046)	580,038	-	-
Total changes in net position, Governmental activities	<u>(798,536)</u>	<u>2,671,974</u>	<u>234,857</u>	<u>(480,089)</u>	<u>1,147,057</u>
Expenses, business-type activities:					
Rental	148,404	170,251	133,814	147,007	135,303
Interest on long-term debt	<u>412</u>	<u>412</u>	<u>412</u>	<u>412</u>	<u>412</u>
Total expenses, business-type	<u>148,816</u>	<u>170,663</u>	<u>134,226</u>	<u>147,419</u>	<u>135,715</u>
Program revenues, business-type activities:					
Charges for services					
Rental	<u>230,943</u>	<u>223,444</u>	<u>217,047</u>	<u>264,714</u>	<u>238,003</u>
Nonoperating income:					
Transfer	-	-	(500,000)	-	-
Gain on sale of assets	-	-	-	60,019	-
	-	-	(500,000)	60,019	-
Total changes in net position, Business-type activities	<u>82,127</u>	<u>52,781</u>	<u>(417,179)</u>	<u>177,314</u>	<u>102,288</u>
Changes in net position, Primary government	<u>\$ (716,409)</u>	<u>\$ 2,724,755</u>	<u>\$ (182,322)</u>	<u>\$ (302,775)</u>	<u>\$ 1,249,345</u>

		Fiscal Year							
		2010	2009	2008	2007	2006			
\$	3,925,479	\$	4,459,912	\$	4,180,330	\$	3,372,584	\$	3,515,474
	1,264,290		836,951		1,132,615		825,361		932,335
	4,111,358		3,794,176		3,980,936		3,816,181		3,738,981
	141,837		136,807		45,035		-		-
	-		-		2,067		-		-
	<u>9,442,964</u>		<u>9,227,846</u>		<u>9,340,983</u>		<u>8,014,126</u>		<u>8,186,790</u>
	490,823		759,498		870,706		905,370		430,711
	268,004		330,595		325,047		250,012		156,735
	<u>3,207,847</u>		<u>3,203,348</u>		<u>3,302,440</u>		<u>3,077,678</u>		<u>3,696,034</u>
	3,966,674		4,293,441		4,498,193		4,233,060		4,283,480
	<u>4,181,671</u>		<u>3,758,550</u>		<u>3,500,412</u>		<u>3,285,072</u>		<u>3,224,014</u>
	<u>8,148,345</u>		<u>8,051,991</u>		<u>7,998,605</u>		<u>7,518,132</u>		<u>7,507,494</u>
	<u>(1,294,619)</u>		<u>(1,175,855)</u>		<u>(1,342,378)</u>		<u>(495,994)</u>		<u>(679,296)</u>
	1,331,205		1,029,387		1,460,088		1,172,004		1,206,478
	<u>21,998</u>		<u>43,877</u>		<u>131,304</u>		<u>180,046</u>		<u>111,916</u>
	<u>1,353,203</u>		<u>1,073,264</u>		<u>1,591,392</u>		<u>1,352,050</u>		<u>1,318,394</u>
	-		-		-		-		-
	-		-		-		-		-
	-		-		-		-		-
	<u>58,584</u>		<u>(102,591)</u>		<u>249,014</u>		<u>856,056</u>		<u>639,098</u>
	126,558		125,023		-		-		-
	<u>410</u>		<u>4,599</u>		-		-		-
	<u>126,968</u>		<u>129,622</u>		-		-		-
	<u>170,102</u>		<u>107,474</u>		-		-		-
	-		-		-		-		-
	-		-		-		-		-
	-		-		-		-		-
	<u>43,134</u>		<u>(22,148)</u>		-		-		-
\$	<u>101,718</u>	\$	<u>(124,739)</u>	\$	<u>249,014</u>	\$	<u>856,056</u>	\$	<u>639,098</u>

**GULF BEND CENTER**  
**FUND BALANCES - GOVERNMENTAL FUNDS**  
*Last ten fiscal years*

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General fund										
Nonspendable	\$ 285,632	\$ 267,790	\$ 262,506	\$ 228,375	\$ 230,508	\$ 220,375	\$ 178,003	\$ 62,447	\$ 61,512	\$ 49,353
Assigned	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	-
Restricted	-	240,840	-	-	-	-	-	-	-	-
Unassigned	291,208	2,463,467	2,449,862	2,487,258	3,097,578	1,939,927	2,025,369	2,800,179	2,733,174	2,494,793
Total general fund	\$ 926,840	\$ 3,322,097	\$ 3,062,368	\$ 3,065,633	\$ 3,678,086	\$ 2,510,302	\$ 2,553,372	\$ 3,212,626	\$ 3,144,686	\$ 2,544,146

**GULF BEND CENTER**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
*Last ten fiscal years*

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Revenues</b>										
Local funds	\$ 6,597,756	\$ 8,496,198	\$ 4,695,407	\$ 4,608,739	\$ 5,844,550	\$ 5,196,509	\$ 5,385,950	\$ 5,956,034	\$ 5,405,064	\$ 5,482,959
State programs	4,683,566	4,254,072	3,738,189	3,695,589	4,009,281	3,564,011	3,409,822	3,235,790	3,014,372	2,966,152
Federal programs	785,519	1,109,705	491,929	493,397	340,201	553,939	352,946	266,868	270,700	264,859
Interest income	32,740	38,233	18,342	37,102	21,626	21,998	43,877	131,304	180,046	111,915
<b>Total revenues</b>	<b>12,099,581</b>	<b>13,898,208</b>	<b>8,943,867</b>	<b>8,834,827</b>	<b>10,215,658</b>	<b>9,336,457</b>	<b>9,192,595</b>	<b>9,589,996</b>	<b>8,870,182</b>	<b>8,825,885</b>
<b>Expenditures</b>										
Mental Health-Adult	3,416,267	3,636,406	2,441,695	2,981,829	2,776,585	3,370,364	3,918,274	3,432,422	2,809,413	2,909,772
Mental Health-Child	1,249,555	1,542,575	839,794	738,629	822,657	1,068,054	702,950	891,696	675,112	741,868
IDD	6,608,790	4,039,912	4,318,762	4,104,232	3,907,734	3,456,090	3,111,249	3,263,801	3,159,559	3,108,579
Administration	1,252,153	1,674,949	1,380,103	1,266,532	1,203,181	1,193,166	1,164,249	1,592,148	1,312,037	1,353,031
Capital outlay	1,692,025	2,473,395	299,429	79,943	61,385	51,563	846,674	3,123,978	313,521	43,847
Debt service principal	169,000	161,000	153,000	145,000	138,000	96,000	-	-	-	-
Debt service interest	107,048	115,480	123,499	131,115	138,332	144,290	108,453	-	-	-
<b>Total Expenditures</b>	<b>14,494,838</b>	<b>13,643,717</b>	<b>9,556,282</b>	<b>9,447,280</b>	<b>9,047,874</b>	<b>9,379,527</b>	<b>9,851,849</b>	<b>12,304,045</b>	<b>8,269,642</b>	<b>8,157,097</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(2,395,257)</b>	<b>254,491</b>	<b>(612,415)</b>	<b>(612,453)</b>	<b>1,167,784</b>	<b>(43,070)</b>	<b>(659,254)</b>	<b>(2,714,049)</b>	<b>600,540</b>	<b>668,788</b>
<b>Other financing sources (uses)</b>										
Proceeds from bond issue	-	-	-	-	-	-	-	2,781,989	-	-
Proceeds from sale of asset	-	-	114,388	-	-	-	-	-	-	-
Transfers in	-	-	500,000	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>614,388</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,781,989</b>	<b>-</b>	<b>-</b>
<b>Net changes in fund balances</b>	<b>\$ (2,395,257)</b>	<b>\$ 254,491</b>	<b>\$ 1,973</b>	<b>\$ (612,453)</b>	<b>\$ 1,167,784</b>	<b>\$ (43,070)</b>	<b>\$ (659,254)</b>	<b>\$ 67,940</b>	<b>\$ 600,540</b>	<b>\$ 668,788</b>
<b>Debt service as a percentage of non-capital expenditures</b>	<b>2.16%</b>	<b>2.48%</b>	<b>2.99%</b>	<b>2.95%</b>	<b>3.07%</b>	<b>2.58%</b>	<b>1.20%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>



**GULF BEND CENTER***SCHEDULE OF REVENUE AND EXPENDITURES BY SOURCE OF FUNDS**GENERAL FUND**For the year ended August 31, 2015*

<u>Fund Source</u>	<u>Total Revenue</u>	<u>Total Mental Health Adult Expenditures</u>	<u>Total Mental Health Children Expenditures</u>	<u>Total IDD Expenditures</u>	<u>Total Center Expenditures</u>	<u>Excess Revenue Over Expenditures</u>
<b>Objects of Expense:</b>						
Personnel	\$ 6,527,228	\$ 1,312,210	\$ 516,549	\$ 2,214,523	\$ 4,043,282	\$ 2,483,946
Employee benefits	1,585,810	285,054	106,111	571,871	963,036	622,774
Consultant services	1,579,474	93,480	25,545	424,180	543,205	1,036,269
Training and travel	515,328	111,368	46,387	210,715	368,470	146,858
Debt service	243,806	44,775	18,661	43,174	106,610	137,196
Capital outlay	87,613	20,550	-	17,866	38,416	49,197
Non-capitalized equipment	173,553	4,871	3,376	14,871	23,118	150,435
Pharmaceutical expense	135,473	106,870	22,132	-	129,002	6,471
Other operating expense	<u>2,005,443</u>	<u>302,497</u>	<u>85,916</u>	<u>876,239</u>	<u>1,264,652</u>	<u>740,791</u>
<b>Total Expenditures</b>	<b><u>\$ 12,853,728</u></b>	<b><u>\$ 2,281,675</u></b>	<b><u>\$ 824,677</u></b>	<b><u>\$ 4,373,439</u></b>	<b><u>\$ 7,479,791</u></b>	<b><u>\$ 5,373,937</u></b>
<b>Method of Finance:</b>						
General revenue - MH	\$ 3,371,801	\$ 2,996,452	\$ 375,349	\$ -	\$ 3,371,801	\$ -
General revenue - IDD	367,812	-	-	367,812	367,812	-
Mental health block grant	226,608	157,404	69,204	-	226,608	-
Title XX-TANF	82,919	-	82,919	-	82,919	-
Title XX-SS block grant	64,022	64,022	-	-	64,022	-
New generation medications	305,561	303,951	1,610	-	305,561	-
Other federal funds	2,757,771	678,873	418,100	629,720	1,726,693	1,031,078
Other state funds	302,530	279,298	-	23,232	302,530	-
Earned income	2,705,411	-	-	2,705,411	2,705,411	-
Required local match	547,836	471,698	41,318	34,820	547,836	-
Additional local funds	<u>1,042,689</u>	<u>13,765</u>	<u>9,193</u>	<u>452,560</u>	<u>475,518</u>	<u>567,171</u>
<b>Total Expended Sources</b>	<b><u>\$ 11,774,960</u></b>	<b><u>\$ 4,965,463</u></b>	<b><u>\$ 997,693</u></b>	<b><u>\$ 4,213,555</u></b>	<b><u>\$ 10,176,711</u></b>	<b><u>\$ 1,598,249</u></b>

Source: Gulf Bend Center

**GULF BEND CENTER***RECONCILIATION OF TOTAL REVENUE TO FOURTH QUARTER**FINANCIAL REPORT - GENERAL FUND**For the year ended August 31, 2015*

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	<u>CARE Report III</u>	<u>Additions</u>	<u>Deletions</u>	<u>Audited Financial Statements</u>
Local Funds:				
City/County contributions	\$ 475,054	\$ -	\$ -	\$ 475,054
Client fees and insurance	392,392	-	265,951	126,441
Home and community based	1,602,335	364,833	-	1,967,168
Intermediate care facilities	1,103,076	-	60,697	1,042,379
Other	723,079	2,009,210	-	2,732,289
Total Local Funds	<u>4,295,936</u>	<u>2,374,043</u>	<u>326,648</u>	<u>6,343,331</u>
State Programs:				
General revenue	3,739,613	-	-	3,739,613
New generation medications	305,561	-	-	305,561
TCOOMMI grant	279,298	-	-	279,298
DARS	23,231	-	-	23,231
Other	-	335,863	-	335,863
Total State Programs	<u>4,347,703</u>	<u>335,863</u>	<u>-</u>	<u>4,683,566</u>
Federal Programs:				
Mental health block grant	226,608	-	-	226,608
Title XX-TANF	82,919	-	-	82,919
Title XX-SS block grant	64,022	-	-	64,022
Other	2,757,771	-	2,415,759	342,012
Total Federal Programs	<u>3,131,320</u>	<u>-</u>	<u>2,415,759</u>	<u>715,561</u>
Interest Income	<u>-</u>	<u>32,501</u>	<u>-</u>	<u>32,501</u>
Total Revenues	<u>\$ 11,774,959</u>	<u>\$ 2,742,407</u>	<u>\$ 2,742,407</u>	<u>\$ 11,774,959</u>

Source: Gulf Bend Center

**GULF BEND CENTER****RECONCILIATION OF TOTAL EXPENDITURES TO FOURTH QUARTER****FINANCIAL REPORT - GENERAL FUND**

For the year ended August 31, 2015

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	<u>CARE</u> <u>Report III</u>	<u>Additions</u>	<u>Deletions</u>	<u>Audited</u> <u>Financial</u> <u>Statements</u>
Objects of Expenditures:				
Personnel	\$ 6,527,228	\$ 191,274 (1)	\$ -	\$ 6,718,502
Employee benefits	1,585,810	45,828 (1)	-	1,631,638
Professional and consultant services	1,579,474	56,286 (1)	-	1,635,760
Training and travel	515,328	(3,454) (1)	-	511,874
Debt service	243,806	32,242 (1)	-	276,048
Capital outlay	87,613	-	26,291 (1)	61,322
Non-capitalized equipment	173,553	-	136,253 (1)	37,300
Pharmaceutical expenses	135,473	-	-	135,473
Other operating expenses	<u>2,005,443</u>	<u>-</u>	<u>159,633 (1)</u>	<u>1,845,810</u>
Total Expenditures	<u>\$ 12,853,728</u>	<u>\$ 322,176</u>	<u>\$ 322,177</u>	<u>\$ 12,853,727</u>

(1) Allocation of medical records and maintenance expenditures

Source: Gulf Bend Center

## GULF BEND CENTER

### RATIOS OF OUTSTANDING DEBT BY TYPE

Last ten fiscal years

Fiscal Year	Governmental Activities	Business-type Activities	Total Primary Government	Percentage of Personal Income	Per Capita (2)
	Revenue Bonds (1)	Revenue Bonds (1)			
2006	\$ -	\$ -	\$ -	0.0000%	\$ 31,568
2007	-	-	-	0.0000%	33,344
2008	-	-	-	0.0000%	37,723
2009	2,830,000	45,000	2,875,000	0.0455%	33,597
2010	2,734,000	5,000	2,739,000	0.0402%	36,120
2011	2,596,000	5,000	2,601,000	0.0375%	39,442
2012	2,451,000	5,000	2,456,000	0.0330%	41,418
2013	2,298,000	5,000	2,303,000	0.0307%	41,704
2014	2,137,000	5,000	2,142,000	0.0391%	45,448
2015	1,968,000	5,000	1,973,000	(A)	(A)

Note: The Center is not subject to a legal debt limit.

(A) Data was unavailable

Source: (1) Gulf Bend Center  
(2) Bureau of Economic Analysis

## GULF BEND CENTER

### CAPITAL ASSETS STATISTICS BY FUNCTION/PROGRAM

Last five years

August 31, 2015						
Function/Program:	Buildings and Improvements		Furniture and Equipment		Vehicles	
	Original Cost	Book Value	Original Cost	Book Value	Original Cost	Book Value
Mental Health-Adult	\$ 673,907	\$ 425,210	\$ 17,375	\$ 3,679	\$ 273,800	\$ 53,020
Mental Health-Child	3,440	2,038	-	-	181,443	54,237
IDD	752,245	139,650	19,296	4,086	425,559	35,849
Administration	2,814,295	1,666,137	72,191	15,285	46,052	-
<b>Total Capital Assets</b>	<b>\$ 4,243,887</b>	<b>\$ 2,233,035</b>	<b>\$ 108,862</b>	<b>\$ 23,050</b>	<b>\$ 926,854</b>	<b>\$ 143,106</b>

August 31, 2014						
Function/Program:	Buildings and Improvements		Furniture and Equipment		Vehicles	
	Original Cost	Book Value	Original Cost	Book Value	Original Cost	Book Value
Mental Health-Adult	\$ 717,039	\$ 464,856	\$ 93,550	\$ 12,379	\$ 227,082	\$ 63,407
Mental Health-Child	55,043	42,943	-	-	178,610	52,460
IDD	734,379	138,071	6,154	497	370,301	75,560
Administration	2,812,790	1,787,013	584,316	43,384	66,791	1,852
<b>Total Capital Assets</b>	<b>\$ 4,319,251</b>	<b>\$ 2,432,883</b>	<b>\$ 684,020</b>	<b>\$ 56,260</b>	<b>\$ 842,784</b>	<b>\$ 193,279</b>

August 31, 2013						
Function/Program:	Buildings and Improvements		Furniture and Equipment		Vehicles	
	Original Cost	Book Value	Original Cost	Book Value	Original Cost	Book Value
Mental Health-Adult	\$ 1,339,993	\$ 975,466	\$ 114,925	\$ 14,608	\$ 227,082	\$ 94,812
Mental Health-Child	51,603	44,553	-	-	178,010	70,310
IDD	1,093,592	399,681	6,154	616	460,420	117,700
Administration	1,159,842	993,737	524,263	95,316	66,791	5,554
<b>Total Capital Assets</b>	<b>\$ 3,645,030</b>	<b>\$ 2,413,437</b>	<b>\$ 645,342</b>	<b>\$ 110,540</b>	<b>\$ 932,303</b>	<b>\$ 288,376</b>

August 31, 2012						
Function/Program:	Buildings and Improvements		Furniture and Equipment		Vehicles	
	Original Cost	Book Value	Original Cost	Book Value	Original Cost	Book Value
Mental Health-Adult	\$ 1,207,425	\$ 832,296	\$ 114,925	\$ 35,874	\$ 265,229	\$ 90,033
Mental Health-Child	51,603	48,465	-	-	138,223	27,283
IDD	1,067,281	416,414	25,054	19,668	489,830	117,742
Administration	2,401,105	2,118,875	661,052	135,058	66,791	9,256
<b>Total Capital Assets</b>	<b>\$ 4,727,414</b>	<b>\$ 3,416,050</b>	<b>\$ 801,031</b>	<b>\$ 190,600</b>	<b>\$ 960,073</b>	<b>\$ 244,314</b>

August 31, 2011						
Function/Program:	Buildings and Improvements		Furniture and Equipment		Vehicles	
	Original Cost	Book Value	Original Cost	Book Value	Original Cost	Book Value
Mental Health-Adult	\$ 1,207,425	\$ 908,824	\$ 114,925	\$ 58,804	\$ 265,229	\$ 126,287
Mental Health-Child	4,635	4,155	-	-	138,223	46,299
IDD	1,377,443	611,942	6,154	2,742	489,830	165,077
Administration	2,394,880	2,191,673	624,219	131,190	66,791	17,106
<b>Total Capital Assets</b>	<b>\$ 4,984,383</b>	<b>\$ 3,716,594</b>	<b>\$ 745,298</b>	<b>\$ 192,736</b>	<b>\$ 960,073</b>	<b>\$ 354,769</b>

Source: Gulf Bend Center

**GULF BEND CENTER**  
**SCHEDULE OF INDIRECT COSTS**  
*For the year ended August 31, 2015*

	<u>Total Costs</u>	<u>Unallowable Costs</u>	<u>Total Adjusted Costs</u>	<u>Direct Costs</u>	<u>Indirect Costs</u>
Personnel	\$ 6,718,502	\$ -	\$ 6,718,502	\$ 5,844,320	\$ 874,182
Employee benefits	1,631,638	-	1,631,638	1,426,283	205,355
Debt service	276,048	169,000	107,048	70,705	36,343
Capital outlay	90,130	90,130	-	-	-
Other	<u>4,286,225</u>	<u>351,971</u>	<u>3,934,254</u>	<u>3,621,236</u>	<u>313,018</u>
<b>Total Expenditures</b>	<b>13,002,543</b>	<b>611,101</b>	<b>12,391,442</b>	<b>10,962,544</b>	<b>1,428,898</b>
Other Uses:					
Depreciation	388,011	-	388,011	387,315	696
Internal Service Fund costs	<u>2,106,585</u>	<u>1,631,437</u>	<u>475,148</u>	<u>475,148</u>	<u>-</u>
<b>Total Expenditures and Other Uses</b>	<b><u>\$ 15,497,139</u></b>	<b><u>\$ 2,242,538</u></b>	<b><u>\$ 13,254,601</u></b>	<b><u>\$ 11,825,007</u></b>	<b><u>\$ 1,429,594</u></b>
 Indirect Costs					 <u>\$ 1,429,594</u>
 Direct Costs					 <u>\$ 11,825,007</u>
 Indirect Cost Rate					 <u>12.09%</u>

Source: Gulf Bend Center

## GULF BEND CENTER

### SCHEDULE OF INSURANCE IN EFFECT

For the year ended August 31, 2015

Type of Insurance	Coverage	Terms/Deductible	Effective Period
Workers' compensation*	Statutory Limit	Statutory/deductible N/A	09/01/14 - 08/31/15
General liability*	\$1,000,000	Combined single limit per occurrence and annual aggregate/\$1,000 deductible	09/01/14 - 08/31/15
General liability - Add'l*	\$4,000,000	Additional per occurrence and annual aggregate limit of liability in excess of \$1,000,000	09/01/14 - 08/31/15
Automobile liability*	\$1,000,000	Combined single limit per occurrence and annual aggregate/\$1,000 deductible	09/01/14 - 08/31/15
Automobile liability - Add'l*	\$4,000,000	Additional per occurrence and annual aggregate limit of liability in excess of \$1,000,000	09/01/14 - 08/31/15
Professional liability*	\$1,000,000	Per occurrence annual aggregate/\$3,000,000 \$1,000 deductible Sexual misconduct endorsement annual aggregate/\$300,000	09/01/14 - 08/31/15
Errors and omissions*	\$1,000,000	Per claim and annual aggregate/\$2,500 deductible	09/01/14 - 08/31/15
Employee Dishonesty*	\$100,000	Blanket coverage	10/13/93 to present and continuing
Real and personal property*	Replacement Cost	Blanket limit each occurrence/ \$5,000 deductible	09/01/14 - 08/31/15
Windstorm**	\$250,698	Co-insurance of 80%	02/08/15 - 02/08/16
Auto physical damage*	Actual Cash Value	Deductible varies by vehicle	09/01/14 - 08/31/15
Primary Care Professional Liability Coverage*	\$1,000,000	Per occurrence annual aggregate/\$3,000,000 \$1,000 deductible	09/01/14 - 08/31/15
Professional Defense*	\$25,000	Per occurrence annual aggregate/\$50,000	09/01/14 - 08/31/15
Cyber Security Liability Coverage*	\$1,000,000	Aggregate limit regulatory defense & penalties sublimit / \$1,000,000 PCI fines, expenses & costs sublimit / \$100,000	09/01/15 - 08/31/16

\* Insurance coverage is provided by the Texas Council Risk Management Fund with the exception of employee dishonesty insurance, which is provided by CNA SURETY.

\*\* Insurance coverage is provided by the Texas Windstorm Insurance Association. The Texas Council Risk Management Fund is a Companion Coverage Company with the TWIA.

Source: Gulf Bend Center

**GULF BEND CENTER**

*SCHEDULE OF BOND COVERAGE*

*For the year ended August 31, 2015*

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<u>Name of Provider</u>	<u>Scope of Coverage</u>	<u>Amount</u>	<u>Effective Period</u>
CNA Surety			
Employee Dishonesty Bond	Blanket coverage	\$ 100,000	10/14/14 - 10/14/15

Source: Gulf Bend Center



**GULF BEND CENTER***SCHEDULE OF LEASES IN EFFECT**For the year ended August 31, 2015*

<u>Lessor</u>	<u>Description/Location</u>	<u>Period</u>	<u>Terms</u>
Office Systems 2000, Inc.	5 Water Coolers	Sept 5 to Unlimited	\$ 225 mo
DeLage Lease	12 Copiers Contract #25258093	Oct 13 to Sept 17	\$ 1,191 mo
Enterprise FM Trust	6 Van Leases for Fleet	Dec 13 to Unlimited	\$ 3,200 mo
Citizens Medical Center	EOU 2701 Hospital Dr.	Dec 13 to Sept 15	\$ 4,734 mo
Cuero Retail Partnership	Office Building 1127 N Esplanade	June 14 to May 17	\$ 1,505 mo
Obfaulkner LLC	Place 4 Port Lavaca 225 N. Virginia, Suite #6	Aug 14 to June 15	\$ 700 mo
Laura J Phillips	Place 4 Port Lavaca 225 N. Virginia, Suite #6	July 15 to Oct 19	\$ 800 mo
Laura J Phillips	Place 4 Port Lavaca 225 N. Virginia, Suite #4	Nov 14 to Oct 19	\$ 1,072 mo
All Star Properties	Residential Facility 106 Savannah	Apr 14 to Mar 16	\$ 975 mo
Edie Zientek	Residential Facility 505 King Arthur	Jan 13 to Jan 17	\$ 1,375 mo
John Villafranca	Residential Facility 201 Lariat	Oct 14 to Sept 16	\$ 1,600 mo
W.W. Kraft	Residential Facility 210 Paisano	July 14 to July 15	\$ 1,450 mo
Victoria Housing Authority	Activity Building	Aug 12 to Unlimited	\$ 500 mo
Woolson Real Estate	Residential Facility 502-A Westwood -s137	June 15 to May 16	\$ 1,295 mo

Source: Gulf Bend Center

**GULF BEND CENTER****SCHEDULE OF PROFESSIONAL AND CONSULTING SERVICES**

For the year ended August 31, 2015

Name	City	Type of Service	Amount
Alicia Ybarra	Victoria	Foster Care	\$ 28,550
Angelita Gomez	Refugio	Foster Care	14,135
Angie Puerto	Victoria	Respite	1,592
Angie Truax	Victoria	Foster Care	42,318
Beverly Williams	Cuero	Foster Care	29,565
Behavioral Health Center of Katy	Katy	Psychiatric Services	5,090
Candida Martinez	Victoria	Foster Care	3,119
Carolyn J. Price	Yoakum	Foster Care	41,593
Christie Soliz	Victoria	Behavioral Support Services	7,455
Clinical Pathology Lab	Victoria	Medical Care	19,568
Corpus Christi Medical Center	Corpus Christi	Acute Care	39,600
Cuero Computer Center, LLC	Cuero	IT Support Services	30,679
Criselda Perez	Port Lavaca	Foster Care	13,768
Datis HR Cloud	Tampa, FL	HR Services	4,564
Delores White	Victoria	Evaluation Services	3,840
Dominique Villarreal	Victoria	Respite	1,760
East Tx Behavioral Healthcare Network	Lufkin	Human Resource Consultant	43,619
Elvira Flores	Victoria	Foster Care	13,768
Emma Castillo	Victoria	Foster Care	3,118
Gloria Cunningham	Victoria	Foster Care	29,565
Gulf Coast Medical Center	Wharton	Inpatient Psychiatric Services	92,700
HARRISON, WALDROP & Uherek L.L.P.	Victoria	Audit	32,900
Henry Perez	Victoria	Foster Care	27,550
Ingrid Williams	Victoria	Foster Care	13,769
JSA Health	Houston	Telemedicine Pschiatric Services	75,870
Laurel Ridge	San Antonio	Inpatient Psychiatric Services	11,750
Mario A Quintanilla	Corpus Christi	Medicine Management	125,378
Medwise LTD	Houston	Medical Services	8,617
MHMR Harris County	Houston	Crisis Hotline	33,068
Olimpia Sauseda	Victoria	Foster Care	14,782
Paul Hamilton	Victoria	Diagnostics and Counseling	17,950
Phillip Speiser	Victoria	Respite	1,920
Psychiatric Solutions	Sugarland	Psychiatric Services	8,100
Regional Employee Assistance Program	Victoria	Medical Services	16,500
Rose Lamas	Victoria	Foster Care	4,036
Ruby Robinson	Victoria	Foster Care	14,782
Sharon Derrington	Victoria	HR Services	11,831
Tejas Behavioral Health Management	Austin	Managed Care Services	9,000
Texas Council	Austin	Risk Management Services	23,212
The Back Office	Victoria	Record Storage	8,328
Theresa O. Zaiontz	Cuero	Integrated Care	6,688
TLC Staffing	Victoria	Nursing Services	47,724
UTMB	Houston	Telemedicine	21,600
Victoria City County Helath Dept	Victoria	Medical Care	68,886
W.K. Brooks	Victoria	Foster Care	14,782
Walker & Associates	Corpus Christi	Health Insurance Consultant	26,125
Westbury Community Hospital	Houston	Inpatient Psychiatric Services	17,600
Woolson Real Estate	Victoria	Property Management	68,272
Zachary Wedig	Victoria	HR Services	9,945

Source: Gulf Bend Center

**GULF BEND CENTER**

*SCHEDULE OF LEGAL SERVICES*

*For the year ended August 31, 2015*

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<u>Name</u>	<u>City</u>	<u>Type of Service</u>	<u>Amount</u>
King & Spalding, LLP	Atlanta, GA	Legal consulting	\$ 31,479
Cox Smith	San Antonio, TX	Regulatory issues	2,025
Taylor, Olson, Adkins, Sralla, & Elam, LLP	Fort Worth, TX	Legal consulting	800

Source: Gulf Bend Center

**GULF BEND CENTER**  
 MISCELLANEOUS STATISTICS  
 Last ten fiscal years

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<u>Fiscal Year</u>	<u>Unduplicated Clients Served</u>	<u>Mental Health Residential Client Days</u>	<u>IDD Residential Client Days</u>
2006	2,694	1,174	23,496
2007	2,739	2,360	22,813
2008	2,977	2,578	20,843
2009	3,326	3,187	19,482
2010	3,334	2,851	18,600
2011	3,133	2,654	18,468
2012	3,080	2,326	17,975
2013	4,600	1,450	19,705
2014	4,793	1,095	19,815
2015	5,102	730	20,805

Source: Gulf Bend Center

## GULF BEND CENTER

### TEN LARGEST EMPLOYERS

Current Year and Ten Years Ago

Employer	2015		
	Employees	Rank	Percent of Total Regional Employment
Formosa Plastic	2,595	1	2.72%
The Inteplast Group	2,300	2	2.41%
Victoria Independent School District	2,163	3	2.27%
Citizen's Medical Center	986	4	1.03%
DeTar Healthcare System	897	5	0.94%
ALCOA	706	6	0.74%
INVISTA	700	7	0.73%
DOW - Seadrift Operations	579	8	0.61%
Calhoun Independent School District	563	9	0.59%
Pioneer Natural Resources	560	10	0.59%
	<u>12,049</u>		<u>12.63%</u>

Employer	2006		
	Employees	Rank	Percent of Total Regional Employment
Victoria Independent School District	2,235	1	2.69%
Formosa Plastic	1,800	2	2.17%
The Inteplast Group	1,500	3	1.81%
Citizen's Medical Center	1,256	4	1.51%
DeTar Healthcare System	1,038	5	1.25%
INVISTA	600	6	0.72%
DOW - Seadrift Operations	662	7	0.80%
ALCOA	620	8	0.75%
Calhoun Independent School District	597	9	0.72%
City of Victoria	558	10	0.67%
	<u>10,866</u>		<u>13.09%</u>

Source: Victoria Economic Development Corporation (based on Victoria metropolitan statistical area, which includes Victoria, Calhoun, Dewitt, Lavaca, Gonzales, Jackson, and Goliad Counties)

## GULF BEND CENTER

### DEMOGRAPHIC AND ECONOMIC STATUS STATISTICS

Last ten years

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<u>Fiscal Year</u>	<u>Population(1)</u>	<u>Personal Income (amounts expressed in thousands) (1)</u>	<u>Per Capita Personal Income (1)</u>	<u>Unemployment Rate (2)</u>
2006	112,490	\$3,551,078	\$31,568	4.49%
2007	113,522	3,785,289	33,344	3.73%
2008	114,256	4,310,040	37,722	3.54%
2009	115,496	4,201,336	36,376	6.68%
2010	115,435	4,297,873	37,232	7.00%
2011	116,230	4,626,830	39,808	7.10%
2012	118,229	4,985,770	37,555	5.20%
2013	119,299	5,285,756	44,307	5.30%
2014	120,427	5,473,170	45,448	4.40%
2015	(A)	(A)	(A)	4.10%

Sources:

(1) Bureau of Economic Analysis

(2) U.S. Department of Labor, Bureau of Labor Statistics

(A) Data was unavailable

Note: The Bureau of Economic Analysis includes the areas of Victoria, Calhoun, and Goliad Counties for reporting purposes.

**GULF BEND CENTER**

*FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY PROGRAM*

*Last ten fiscal years*

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	Full-time Equivalent Employees as of August 31,									
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Program										
Mental Health-Adult	68	60	60	50	52	37	38	34	35	31
Mental Health-Child	17	17	10	10	9	23	9	12	11	12
IDD	64	72	72	75	75	75	69	77	72	74
General and Administrative	<u>40</u>	<u>31</u>	<u>22</u>	<u>28</u>	<u>22</u>	<u>23</u>	<u>24</u>	<u>24</u>	<u>24</u>	<u>26</u>
Total	<u>189</u>	<u>180</u>	<u>164</u>	<u>163</u>	<u>158</u>	<u>158</u>	<u>140</u>	<u>147</u>	<u>142</u>	<u>143</u>

Source: Gulf Bend Center

**GULF BEND CENTER**  
**RETIREMENT PLAN DATA**  
*As of August 31, 2015*

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Number of Plan Participants:

Active	148
Inactive	37
Ineligible	<u>-</u>
Total	<u>185</u>

Plan Assets and Liabilities (at fair value):

Plan assets:

Cash	\$ -
Investments:	
Fixed Income	462,344
Equity	<u>1,465,259</u>

Total plan assets \$ 1,927,603

Plan liabilities None

Source: Gulf Bend Center



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**SINGLE AUDIT SECTION**





**INDEPENDENT AUDITORS' 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**

Board of Trustees  
Gulf Bend Center  
Victoria, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Gulf Bend Center (the "Center") as of and for the year ended August 31, 2015, 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, 2016.

**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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control.

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

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

Board of Trustees  
Gulf Bend Center  
Victoria, Texas

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

*Harrison Weldrop (Uthman, LLP)*

Victoria, Texas  
January 20, 2016



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY OMB CIRCULAR A-133**

Board of Trustees  
Gulf Bend Center  
Victoria, Texas

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

We have audited Gulf Bend Center's (the "Center") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* 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, 2015. The Center's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal and state programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Center's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Center's compliance with those requirements and performing such other procedures we considered necessary in the circumstances.

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

**Opinion on Each Major Federal Program**

In our opinion, the Center complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended August 31, 2015.

Board of Trustees  
Gulf Bend Center  
Victoria, Texas

## Report on Internal Control over Compliance

Management of the Center is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Center's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion of the effectiveness of the Center's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Harrison Waldrop Uhuuk, CPA*

Victoria, Texas  
January 20, 2016

**GULF BEND CENTER****SCHEDULE OF EXPENDITURES OF STATE AND FEDERAL AWARDS**

Year ended August 31, 2015

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Expenditures</u>
<b><u>STATE EXPENDITURES</u></b>			
<b>Texas Department of State Health Services</b>			
General Revenue - MH	N/A	2015-046597	\$ 2,996,451
General Revenue - C&A	N/A	2015-046597	375,349
New Generation Medications	N/A	2015-046597	<u>305,561</u>
Total Texas Department of State Health Services			<u>3,677,361</u>
<b>Texas Department of Aging and Disability Services</b>			
General Revenue - IDD	N/A	2015-046597	<u>367,812</u>
<b>Texas Department of Criminal Justice</b>			
Texas Correctional Office on Offenders with Medical or Mental Impairments	N/A	696TC1415L025	<u>279,298</u>
<b>Texas Department of Family and Protective Services</b>			
Services to At Risk Youth	N/A	24029606	<u>335,864</u>
Total State Expenditures			<u>4,660,335</u>
<b><u>FEDERAL EXPENDITURES</u></b>			
<b>U.S. Department of Health and Human Services</b>			
TANF Title XX Block Grant	93.558	2015-046597	100,595
Base Title XX Block Grant	93.667	2015-046597	46,346
MH Block Grant	93.958	2015-046597	<u>226,608</u>
Total Texas Department of State Health Services			<u>373,549</u>
Total Federal Expenditures			<u>373,549</u>
<b>TOTAL STATE AND FEDERAL EXPENDITURES</b>			<b><u>\$ 5,033,884</u></b>

See the accompanying notes to the schedule of expenditures of state and federal awards.



**GULF BEND CENTER**

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

For the year ended August 31, 2015

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**NOTE 1: BASIS OF PRESENTATION**

The accompanying schedule of expenditures of state awards includes the state and federal grant activity of the Center and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the *State of Texas Single Audit Circular*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

**NOTE 2: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

State and federal awards do not include monies received from Medicare and Medicaid. These monies are considered local source revenue in the general fund.

**NOTE 3: STATE AWARD GUIDELINES**

The Center is required by the Texas Health and Human Services Commission to audit General Revenue as a type A major state program.

**NOTE 4: RECONCILIATION TO FEDERAL REVENUES REPORTED IN FINANCIAL STATEMENTS**

Total expenditures of federal awards - Schedule of Expenditures of State and Federal Awards	\$	373,549
Plus: Other federal revenues		
Medicaid Administrative Claims		<u>342,012</u>
Total federal program revenues - Statement of Revenues, Expenditures, and Changes in Fund Balances	\$	<u>715,561</u>

**GULF BEND CENTER**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For the year ended August 31, 2015

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**Section I - Summary of Auditor's Results**

*Financial Statements*

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified?  yes  no
- Reportable condition(s) identified that are not considered to be material weakness(es)?  yes  none reported

Noncompliance material to financial statements noted?  yes  no

*State and Federal Awards*

Internal control over major programs:

- Material weakness(es) identified?  yes  no
- Reportable condition(s) identified that are not considered to be material weakness(es)?  yes  none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of the OMB Circular A-133 or the State of Texas Single Audit Circular?  yes  no

Identification of major programs:

<i>CFDA Number(s)</i>	<i>Name of State or Federal Program or Cluster</i>
N/A (State Program)	General Revenue, FY 2015 Performance Contract

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee?  yes  no

**Section II - Financial Statement Findings**

None noted.

**Section III - Federal Award Findings and Questioned Costs**

None noted.

**GULF BEND CENTER**

*SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS*

*Year ended August 31, 2015*

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**Financial Statement Findings**

None noted.

**State and Federal Award Findings and Questioned Costs**

None noted.