

**GULF BEND CENTER**

**VICTORIA, TEXAS**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

For the Fiscal Year Ended August 31, 2021

ISSUED BY

ANNA ARAGE  
CHIEF FINANCIAL OFFICER

**GULF BEND CENTER**

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

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I, Mr. 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, 2021, from Eide Bailly LLP, Certified Public Accountants, was reviewed and approved at a meeting of the Board of Trustees held on the 14<sup>th</sup> day of December 2021.

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

DECEMBER 14, 2021  
\_\_\_\_\_  
Date

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## INTRODUCTORY SECTION



December 14, 2021

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

Ladies and Gentlemen:

I am pleased to present and submit the Annual Comprehensive Financial Report of Gulf Bend Center (GBC or the Center) for the fiscal year ended August 31, 2021. 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 GBC. 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 GBC. All disclosures necessary to enable the reader to gain an understanding of the 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 Eide Bailly LLP, Abilene, Tx., was selected to perform the annual audit for fiscal year ended August 31, 2021. 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, the Uniform Guidance, 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. GBC's MD&A can be found immediately following the report of the independent auditors.

### *Profile of the Government*

GBC 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 customers in Calhoun, DeWitt, Goliad, Jackson, Lavaca, Refugio, and Victoria counties in South Texas. GBC is governed by a nine-member board of



trustees whose members are appointed by the commissioner's court of each county. GBC has been designated as a tax-exempt charitable organization as described in Section 501(c)(3) of the Internal Revenue Code.

GBC provides an array of mental health services for children, adolescents, and adults and for intellectual developmentally disabled individuals. Some of these services include psychiatric emergency services, such as crisis intervention, screening and assessment, rapid crisis stabilization and inpatient psychiatric bed days with private hospitals. Other services include outpatient psychiatric and integrated care services, counseling services, substance use dependency services, and case management services that includes continuity of care, rehabilitation, service coordination, and habitation coordination services. The Center's Wellness Community provides residential living where respective services are easily accessible for residents living there. GBC also provides extended services which include jail and emergency room diversion and tele-med services throughout the seven-county area. GBC also partners with local law enforcement Mental Health Officers that team up with a GBC case manager as a Community Response Team (CRT) within the community.

GBC'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 is 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, GBC 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 as deemed necessary.

### *Local Economy*

The Gulf Bend Regional Plaza, which is GBC's main clinical and administrative office, is located within the thriving agricultural and industrial city of Victoria, Texas, next to De Tar North Women and Children's Center – De Tar Healthcare System. Even though this region generally has a thriving economy, GBC, along with the community and the nation, was stricken by the unprecedented pandemic COVID-19, which extended into the Fiscal Year 2021. GBC's innovative steps taken to continue generating revenue, transitioning from seeing customers face-to-face to telehealth and video, has continue to help sustain the course for providing quality services for our customers despite the pandemic.



The Center's regional area benefits from various major employers including public and higher education, farming and ranching, petrochemical plants, plastic products and other manufacturing, hospitals and other health related businesses, banking institutions, food distribution, power plants, oil and gas production, related servicing companies, and construction. The unemployment rate in the area has decreased over the course of the year from August 2020 to August 2021 from 7.5% to 6.0%, which was directly due to the State of Texas reopening for business following the closures due to the COVID-19 pandemic. According to the US Bureau of Labor Statistics, the Region's unemployment rate as of August 2021 has an average of 6.0% compared to the statewide rate of 5.9% and national average unemployment rate of 5.2%.

Approximately 44.12% of the Center's funding is from the State of Texas in the form of General Revenue, and the remaining funding is derived from Earned Income from Public and Private Insurances, Federal Grants and Waivers, State Grants, Contributions, and Other Local Funding Sources.

#### *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 and to maintain operations in case of unforeseen circumstances that might pre-empt the flow of funds from third parties, such as natural disasters or other circumstances beyond the Center's control.

This past fiscal year, the Center elected to pay off the principal balance of the Bond Series 2008A and B eliminating the long-term debt due to the Bonds. This has resulted in the Gulf Bend Regional Plaza office space to be utilized not only for the continued leasing to tenants, but also transitioning space needed for the Center's expansion of services as a Certified Community Behavior Health Clinic (CCBHC). The leased space continues to produce income that assists in the ongoing operational costs of the building.

#### *Operating Reserve Ratio*

The Center's Average Operating Reserve Ratio as of August 31, 2021, was 146 days for the fiscal year based on an average of expenditures per day of \$32,616 for the year. This means that GBC had the capacity to operate an additional 146 days in case of any unforeseen ability to operate the Center throughout the fiscal year 2021 including net of all receivables, payables, and assigned reserves. The state recommends reserves to be a minimum of sixty (60) days.

#### *Major Initiatives*

The 1115 Transformation Waiver has continued to offer the Center necessary resource capacity through the leveraging of federal funding to further build upon and enhance the Centers services currently provided. Under provisions of the Waiver, GBC, along with other local community centers have been designated as





having authority to make Intergovernmental Transfers (IGTs) necessary for leveraging federal funding to support service deliverables based on outcomes. Under the guidance of the Texas Health and Human Services Commission (HHS) and the Centers for Medicare and Medicaid Services (CMS) in Washington, D. C., GBC has participated in the projects identified for the past ten years of the Waiver.

On December 21, 2017, CMS approved a five-year renewal of the Texas 1115 Transformation Waiver from October 2017 to September 2022, Demonstration Years (DY) 7-11. The renewal continued Medicaid managed care statewide along with the Uncompensated Care pool and the Delivery System Reform Incentive Payment program pool. With the DYs 9-10 years crossing over fiscal years to include FY21, the 1115 waiver continued to provide an opportunity for providers to move further towards sustainability of their transformed systems, including development of an Alternative Payment Model (APM) which assisted in the continuation of services for Medicaid and low-income or uninsured individuals. As ten years of the waiver comes to an end and with DY11 upon us, HHSC released a statement on November 16, 2021, that CMS approved a smaller portion of the continuation of the 1115, the first of two pools, which is through a Direct Payment Program – Behavioral Health Services (DPP-BHS). Due to all centers providing various Intergovernmental Transfers (IGTs), which are being held at the state level with HHS, CMS approved the smaller of two pools that had been presented to CMS. The second larger pool, The Public Health Providers Charity Care Pool is still under negotiations between CMS and HHS.

Over the past decade, the State of Texas through Health and Human Service Administration (HHS), has made significant investments in the behavioral health delivery system, however there are still gaps that need to be addressed when it comes to the overall care and well-being of the individuals we serve. There have been twenty-eight of the thirty-nine centers across the State of Texas that have become federally certified as a Certified Community Behavioral Health Clinic (CCBHC) as of August 31, 2021. On January 22, 2021, GBC was officially certified as a CCBHC. The State of Texas continues to accept applications from the remaining Centers. As a CCBHC, GBC will be able to enhance its services by providing counseling services for substance use disorders, ambulatory detox, and other services required by the CCBHC model. Due to this federal certification, which is passed through HHS and Substance Abuse and Mental Health Service Administration (SAMHSA), this qualified the Center to be able to apply for Federal Grants through SAMHSA. GBC applied the first part of the year and on February 2, 2021, was awarded \$3,972,291 for a two-year period starting February 15, 2021, through February 14, 2023. These funds are being used to expand related services needed as a CCBHC.

With the expansion of the Center as a CCBHC, executive management began to assess the needs and lay out plans to renovate the clinic and other work-related areas for the first floor of GBC's Main Building. After many months of developing plans, procurement, board approvals, and related fund-raising, it is estimated that a complete renovation of the first floor of the Center will start construction in January 2022 and extend into the fall of FY23. An exact date of completion is not known at this time.



The Center has continued to contract with the state under the Psychiatric Emergency Service Center (PESC) agreement to serve the community with the availability of Rapid Crisis Stabilization bed days and Jail Diversion using Mental Health Deputies to assist local law enforcement and a Continuity of Care Case Manager to assist in diverting individuals that may need to be admitted to a State or Community Mental Health Hospital. This funding, which provided 429 bed days, allowed individuals in behavioral health crisis to receive treatment in the most appropriate and available setting. It also diverts respective individuals from the criminal justice system. The utilization of the Mental Health Deputies, under the PESC contract, provided GBC the means to initially develop the Mental Health Deputy (Officer) program under the Collaborative.

The Center's Executive Management Team has continued to work to develop community partnerships with other providers and stakeholder organizations to address gaps in local community mental health and developmental disability services. The Collaborative is made up of partnerships that have been developed across the seven-county catchment area with the local counties and city law enforcement in developing strategies and addressing the mental health needs of individuals that end up in the local jails and expanding those services needed by promoting mental health deputies within the community. Building these relationships has been necessary to the Center's ability and capacity to meet the needs of the region which exceed the Center's capacity today.

As a part of the Collaborative, which consists of members of the Center's Management Team, local officials, and other partners within the community, the continuation of mental health services was provided by the Community Response Team(s) (CRT), i.e., a Mental Health Deputy(s) paired with a Case Manager(s), with funding provided under House Bill 13 (HB13). This funding was specifically for the behavioral health crisis needs and Jail Diversion with the use of Mental Health Officers and Case Managers working together (CRT). Over the course of the year, along with the Mental Health Deputy and Case Managers, the CRT included services provided by a Registered Nurse (RN), a Continuity of Care Case Manager, and a Substance Use Counselor, to divert individuals from going to the emergency room, jails, and psychiatric hospitals. As a part of the state funding, the state also required a 50% match from the community for rural counties for every dollar the state would provide. HB13 Funding was awarded \$1,547,040 to GBC, for a two-year period of September 1, 2020, through August 31, 2022, as the financial steward for the communities' continued collaborative providing CRTs within the seven-county catchment area with an in-kind match of \$773,520.

Due to the unavailability of the State Psychiatric Hospitals, and the increased need of psychiatric inpatient services, which included an unprecedented surge due to Covid-19, the Center served individuals in crisis with third-party private psychiatric hospital stays, using state funding provided under PESC, Private Psychiatric Bed (PPB) Days, and General Revenue (GR) dollars. In addition to the 429 bed days under PESC, the PPB funding provided 1083 bed days, and GR funding provided 1072 bed days, for a total of 2584 bed days.



The Electronic Healthcare Record, (EHR) system, SmartCare, continues to improve in-house processes, procedures, and appropriate protocols which assists GBC in the ability to provide current information from hands on delivery of services. The electronic system capability assures that the Center is meeting compliance with federal laws and protect the gathering, storage, and portability of individual health information. This system allowed the Center to acclimate to the changes needed to appropriately enter services with ease and improved the capabilities and functionality covering the wide range of billing processes due to the many facets of services being provided at the Center and included the easy transition of services from face-to-face to telehealth and video due to COVID-19.

#### *Acknowledgements*

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the finance, billing, and all other administration departments. We would like to express our gratitude and appreciation to all members of the departments who assisted and contributed to the preparation of this report. Due credit should also be given to the GBC 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

**LIST OF PRINCIPAL OFFICIALS**

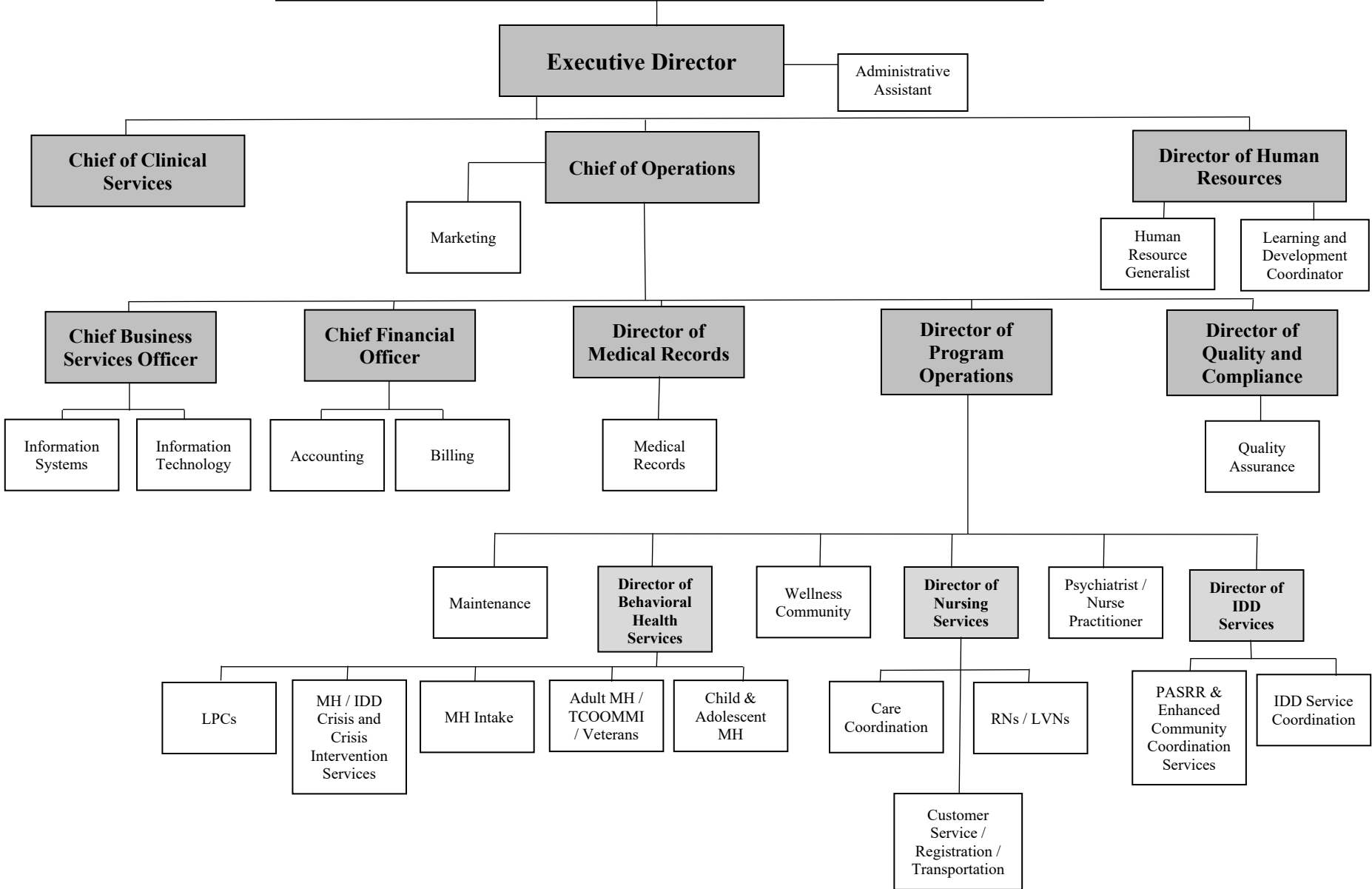
**Board of Trustees**

Steve Hipes	Victoria County	Board Chair
Melissa Lester	Calhoun County	Board Vice-Chair
Sylvester Walleck	Jackson County	Board Secretary
Jeana Bethany	Calhoun County	Board Member
Daryl Fowler	DeWitt County	Board Member
Shirley McMillan	Goliad County	Board Member
Micah Harmon	Lavaca County	Board Member
Hoss Whitt	Refugio County	Board Member
Gary Burns	Victoria County	Board Member
Carl Bowen	DeWitt County	Ex-Officio
A.J. Louderback	Jackson County	Ex-Officio

**Executive Management Staff**

Jeffrey Tunnell	Executive Director
Lane Johnson	Chief Clinical Services Officer
Darlyn Sustaita	Chief Operations Officer
Glenn Zengerle	Chief Business Services Officer
Anna Arage	Chief Financial Officer
Shelly Frank	Director of Human Resources
Julie Galvan	Director of Quality and Compliance
Channing Bruns	Executive Administrative Assistant

# BOARD OF TRUSTEES



## FINANCIAL SECTION



## Independent Auditor's Report

To the Board of Directors  
Gulf Bend Center  
Victoria, Texas

### Report on the Financial Statements

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

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Center as of August 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison information for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Notes 1 and 16 to the financial statements, Gulf Bend Center has adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, which has resulted in a restatement of the net position as of September 1, 2021. Our opinions are not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 12 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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

The combining and individual nonmajor fund financial statements and the schedule of expenditures of state and federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements.



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 expenditures 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.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated December 3, 2021, on our consideration of Gulf Bend Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Center's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP". The signature is written in black ink and is positioned above the typed name and address.

Abilene, Texas  
December 3, 2021

# GULF BEND CENTER

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

### FOR THE YEAR ENDED AUGUST 31, 2021

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, 2021. 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 vi in the introductory section of this report.

#### FINANCIAL HIGHLIGHTS

- The assets of the Center's governmental activities exceeded its liabilities at the close of the most recent fiscal year by \$11,265,894 (net position). Of this amount, \$6,552,616 (unrestricted net position) may be used to meet the Center's ongoing obligations to consumers and creditors.
- The Center's governmental activities total net position increased by \$1,550,571.
- As of the end of the current fiscal year, the Center's total governmental funds reported a combined ending fund balance of \$7,584,316, an increase of \$240,158 over the prior year.
- Of the Center's total governmental fund balance, \$5,245,597 represents the unassigned fund balance of the General Fund, which is approximately 44% 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 13 through 15 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, 2021

**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 Fund.

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 16 through 20 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 funds to charge the different programs for usage of the fleet of vehicles, occupancy costs of the Nursery Drive building, and 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 funds 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 fiduciary fund to account for its Cafeteria Plan. The basic fiduciary fund financial statements can be found on page 24 through 25 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 26 through 41 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); Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; and the State of Texas Single Audit Circular. This supplementary information can be found on pages 42 through 73 of this report.

**GULF BEND CENTER**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**FOR THE YEAR ENDED AUGUST 31, 2021**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

A portion of the Center's governmental activities total net position (approximately 42%) 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's governmental activities had no debt outstanding on capital assets as of the end of the current fiscal year. The Center's governmental activities uses its capital assets to provide services to the community; consequently, these assets are not available for future spending. The remaining portion of the Center's governmental activities total net position, \$6,552,616, or 58%, represents unrestricted financial resources available for future operations.

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.

The following Statement of Net Position provides an overview for the last two years:

	<u>Governmental</u>		<u>Business-type</u>		<u>Total</u>		<u>Change</u>
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	
Current assets	\$ 8,199,868	\$ 8,594,729	\$ 532,206	\$ 485,707	\$ 8,732,074	\$ 9,080,436	-4%
Capital assets (net)	4,713,278	4,890,362	749,094	776,686	5,462,372	5,667,048	-4%
Total Assets	<u>12,913,146</u>	<u>13,485,091</u>	<u>1,281,300</u>	<u>1,262,393</u>	<u>14,194,446</u>	<u>14,747,484</u>	-4%
Current liabilities	1,378,470	1,134,996	22,138	22,344	1,400,608	1,157,340	21%
Long-term liabilities	268,782	2,634,772	-	5,000	268,782	2,639,772	-90%
Total Liabilities	<u>1,647,252</u>	<u>3,769,768</u>	<u>22,138</u>	<u>27,344</u>	<u>1,669,390</u>	<u>3,797,112</u>	-56%
Net Position:							
Net investment in capital assets	4,713,278	3,903,362	749,094	771,686	5,462,372	4,675,048	17%
Unrestricted	<u>6,552,616</u>	<u>5,811,961</u>	<u>510,068</u>	<u>463,363</u>	<u>7,062,684</u>	<u>6,275,324</u>	13%
Total Net Position	<u>\$11,265,894</u>	<u>\$ 9,715,323</u>	<u>\$ 1,259,162</u>	<u>\$ 1,235,049</u>	<u>\$12,525,056</u>	<u>\$10,950,372</u>	14%

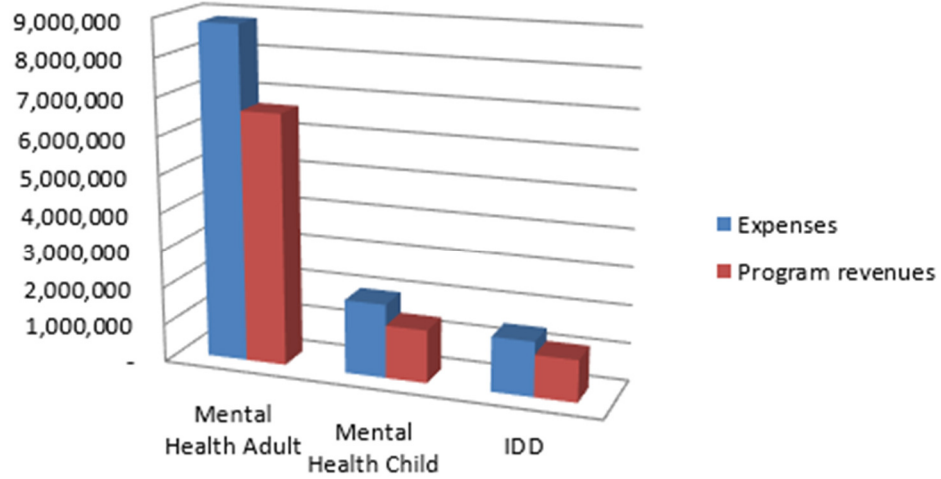
**GULF BEND CENTER**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**FOR THE YEAR ENDED AUGUST 31, 2021**

The Center's total governmental net position increased by \$1,550,571 as shown below:

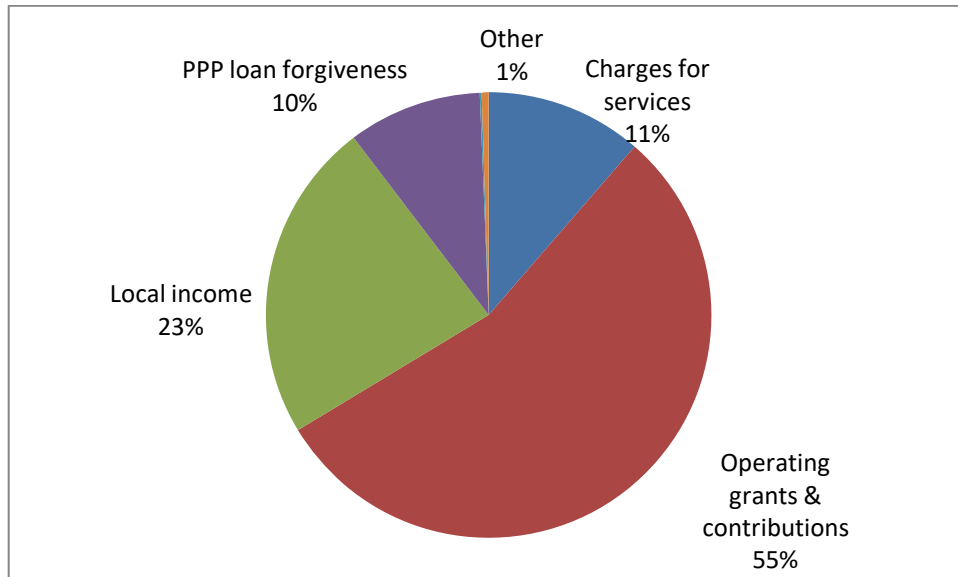
	<b>Governmental</b>		<b>Business-type</b>		<b>Total</b>		<b>Change</b>
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	
<b>REVENUES</b>							
Program revenues:							
Charges for services	\$ 1,564,063	\$ 1,843,603	\$ 155,203	\$ 174,786	\$ 1,719,266	\$ 2,018,389	-15%
Operating grants	7,586,672	6,978,236	-	-	7,586,672	6,978,236	9%
General revenues:							
General income	3,208,208	3,247,656	-	-	3,208,208	3,247,656	-1%
Gain on sale	17,199	121,173	-	-	17,199	121,173	-86%
PPP loan forgiveness	1,336,600	-	-	-	1,336,600	-	0%
Investment earnings	72,687	84,131	-	-	72,687	84,131	-14%
<b>Total Revenues</b>	<b>13,785,429</b>	<b>12,274,799</b>	<b>155,203</b>	<b>174,786</b>	<b>13,940,632</b>	<b>12,449,585</b>	<b>12%</b>
<b>EXPENSES</b>							
Mental Health-Adult	8,832,671	7,017,173	-	-	8,832,671	7,017,173	26%
Mental Health-Child	1,950,425	1,878,508	-	-	1,950,425	1,878,508	4%
IDD	1,443,067	1,520,239	-	-	1,443,067	1,520,239	-5%
Interest	8,695	8,241	107	412	8,802	8,653	2%
Rental	-	-	130,983	139,700	130,983	139,700	-6%
<b>Total Expenses</b>	<b>12,234,858</b>	<b>10,424,161</b>	<b>131,090</b>	<b>140,112</b>	<b>12,365,948</b>	<b>10,564,273</b>	<b>17%</b>
Change in Net Position	1,550,571	1,850,638	24,113	34,674	1,574,684	1,885,312	-16%
Net Position - Beginning	9,715,323	7,864,685	1,235,049	1,200,375	10,950,372	9,065,060	21%
Net Position - Ending	<u>\$11,265,894</u>	<u>\$ 9,715,323</u>	<u>\$ 1,259,162</u>	<u>\$ 1,235,049</u>	<u>\$12,525,056</u>	<u>\$10,950,372</u>	14%

**GULF BEND CENTER**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**FOR THE YEAR ENDED AUGUST 31, 2021**

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, 2021**

**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 total Governmental Funds, as presented in the balance sheet on page 16, reported a combined fund balance of \$7,584,316. The fund balance increased \$240,158 from prior year. The unassigned fund balance of the General Fund was \$5,245,597. 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 44% of total General Fund expenditures for the current fiscal year.

During the year, the General Fund local revenues decreased by \$491,903 (approximately 10%) from prior year. This decrease is due to several factors: 1) a decrease of \$185,000 in contributions, 2) a decrease of \$163,000 in billable services, and 3) a decrease of \$85,000 in Delivery system reform incentive payment (DSRIP). General Fund state program revenues decreased by \$13,212 (less than 1%) from prior year. General Fund federal program revenues increased \$443,564 (approximately 36%) from prior year. This increase is primarily due to the addition of the SAMHSA grant awarded February 2021.

**General Fund Budgetary Highlights:** The Center did not amend its budget during the fiscal year.

Total actual revenues were \$158,750, or 1%, more than budgeted revenues. The largest variances are due to Billable customer services, DSRIP revenues, and SAMHSA revenues. The Center's Billed customer services were under budget 11% largely still due to COVID-19. The Center received more DSRIP revenues than budgeted. Also, the SAMHSA funding was not approved until February 2021.

Total actual expenditures were \$89,872 under budget, less than 1%. The largest variances in expenditures are related to personnel, professional and consultant fees, and building and operating costs.

**Proprietary Funds:** The Center's proprietary funds provide the same type of information found in the government-wide financial statements.

*Internal Service Funds:* The Center allocates the Internal Service Fund's respective operating income or expenses to the programs as Charges for Services provided. Therefore, the total net position of the internal service funds did not change from prior year.

*Enterprise Fund:* During the year, the Center rented office space to five tenants. These rentals resulted in an increase of the enterprise net position by \$24,113.

## GULF BEND CENTER

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

#### FOR THE YEAR ENDED AUGUST 31, 2021

#### 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 \$5,462,372 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, vehicles, furniture, and equipment.

	2021	2020	Change
Construction in progress	\$ 256,345	\$ -	0%
Buildings and improvements	8,346,622	8,326,744	0%
Furniture and equipment	851,124	840,453	1%
Vehicles	161,276	272,627	-41%
Totals at Historical Cost	9,615,367	9,439,824	2%
Accumulated Depreciation	(4,152,995)	(3,772,776)	10%
Net Capital Assets	\$ 5,462,372	\$ 5,667,048	-4%

Additional information can be found in Note 6, Capital Assets on page 34 of this report.

**Long-term Debt:** As of the current year-end, the Center had long-term debt outstanding of \$298,647. This amount is entirely comprised of compensated absences. The Center is not subject to a limit. Note 7 on page 35 provides additional information related to long-term debt. The following table summarizes the Center's long-term debt outstanding at year-end:

	2021	2020	Change
Compensated Absences	\$ 298,647	\$ 311,172	-4%
Revenue Bonds	-	992,000	-100%
Paycheck protection program	-	1,336,600	-
Total	\$ 298,647	\$ 2,639,772	-89%

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

The Center's service area, known also as the Crossroads Region, has been a major contributor to the Texas economy for many years. Although there was a significant impact due to COVID-19 in 2020, there has been an increase during 2021 for the Nation, the State of Texas, and the Crossroads Region according to the US Bureau of Economic Analysis. The second quarter Gross Domestic Product (GDP) for the Nation was 6.7%, the State of Texas was 6.4%. The increase in the second quarter GDP reflected the continued economic recovery, reopening of establishments, and continued government response related to the COVID-19 pandemic. In the second quarter of 2021, government assistance payments in the form of loans to businesses and grants to state and local governments increased, while social benefits to households, such as the direct economic impact payments, declined.

COVID-19 continued to bring a new normalcy to Victoria and the surrounding counties and affecting how GBC continued to provide services. For the Fiscal Year 2021, Texas Health and Human Services Commission (HHS) continued guidance to GBC and all other community centers from providing face-to-face services to phone and telehealth. GBC continued to have providers work remotely from home to support social distancing and safety due to the pandemic.



## **GULF BEND CENTER**

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

#### **FOR THE YEAR ENDED AUGUST 31, 2021**

The Federal Emergency Management Agency (FEMA) approved the State of Texas to receive Crisis Counseling Assistance and Training Program (CCP) to help with stress and anxiety because of the coronavirus. GBC was awarded CCP funding which started in March 2020 and ended June 2021.

In summary, although there were many concerns about what would be the impact of COVID-19, with the reopening of the State, the Crossroads Region's economy has bounced back despite the pandemic. During FY21, GBC's Behavioral Health and IDD services have had a blend of remote and face-to-face provider services. Most services continued to be virtual or over the phone with less face-to-face. However, with time passing, GBC is seeing that transition to more face-to-face. These changes and transitions to providing services has continued to have an impact on the generation of Earned Revenue. GBC foresees this to continue until all services are back to face-to-face for all programs.

Oil prices for a barrel of oil have averaged \$54.12 during the fiscal year with the high being \$70.12 in July 2021. Oil prices have continued to trend upwardly since the drastic market drop in April 2020 which was due to COVID-19. The current price of WTI crude oil as of November 18, 2021, was \$78.65 per barrel. Despite the challenges in the market, oil production continued to produce close to 1.1 million barrels daily as of August 2021 within the Eagle Ford Shale and surrounding area. Currently, a total number of 87 rigs are drilling horizontal wells within the Eagle Ford and no drilling directional or vertical rigs.

Formosa continues to be one of the region's largest contributors to our local economy providing new employment opportunities to this area. Currently Formosa employs over 2400 employees at the Point Comfort location and operates twenty production units in six different business divisions.

The expansion of the University of Houston-Victoria continues to make progress in helping the university become a place of destination, with its added facilities, dorms, curriculum, and sports programs. This results in providing a draw of more students and faculty to this region and will assist in the future economic growth of this region as well.

Historically, Victoria and the Crossroads Region have produced and maintained a stable labor force available at a cost that ranks below comparable U.S. markets despite the challenges of COVID-19. Since the pandemic, the unemployment rate in the area has decreased from August 2020 to August 2021 from 7.5% to 6.0%. According to the Texas Comptroller, the Region's unemployment rate has an average of 6.0% as compared to the statewide rate of 5.9% and national average unemployment rate of 5.2%.

Victoria is home to the largest medical community in the Region which was faced with challenges of meeting the needs due to the increase in admissions due to COVID-19. The local medical network, which includes both De Tar Hospital (private) and Citizens Medical Center (county-owned), provides ready access to state-of-the-art care with more than 650 beds located on three campuses. However, due to the increase in admissions related to COVID-19 cases, a temporary shortage of ICU beds existed in the Crossroads community during peak times within the fiscal year.

The local seven county area's uninsured population has averaged 18.7% compared to the state average of 18.4%. Texas is ranked #1 for the greatest percentage of uninsured across the U.S. reflecting the statewide average for Texas and exceeding the national average. One of the main reasons is that Texas did not expand Medicaid under the Affordable Care Act. Looking to the future, emphasis will be on healthcare providers working together to pool resources where possible to address the ongoing challenges that the behavioral health population have related to crisis that end up at the medical center's emergency rooms.

Even in the best of economic times the fact remains, GBC serves 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 to include managed care organizations and other third-party payers. This includes both public and private insurances. The Center must continue to develop a practice management capability that supports doing business with a diverse

## **GULF BEND CENTER**

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

#### **FOR THE YEAR ENDED AUGUST 31, 2021**

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.

GBC, who is now certified as a Certified Community Behavioral Health Clinic (CCBHC), along with the other community centers that are certified and/or those still transitioning to become a CCBHC, determinations of how related services will be paid for has not been finalized. Consideration has been given to providing an Alternative Payment Methodology (APM) which would be a monthly payment for all services that would be required for the individuals served. With the 1115 Transformation Waiver continuing for another year, the state is endeavoring to request an extension of the 1115 waiver to include two pools of funding. The first pool requiring all centers to provide Intergovernmental Transfer (IGTs) to the state for a Direct Payment Program – Behavioral Health Services (DPP-BHS). A second larger pool considered would be the Public Health Providers Charity Care Pool, which is still in negotiations between Texas Health and Human Services Commission (HHS) and the Centers for Medicare and Medicaid Services (CMS) in Washington DC.

The information contained in this discussion and analysis served to inform Center management's thinking in the planning and implementation of operations in FY 2021. This remains true as we look to planning and implementing operations in FY 2022.

#### **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, Accounting - Billing Department, 6502 Nursery Drive, Suite 100, Victoria, Texas 77904.

## BASIC FINANCIAL STATEMENTS

**GULF BEND CENTER**  
**STATEMENT OF NET POSITION**  
August 31, 2021

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,987,864	\$ -	\$ 2,987,864
Investments	4,468,337	-	4,468,337
Deposit	256,434	-	256,434
Accounts receivable, net	334,774	-	334,774
Receivables from other governments	600,267	-	600,267
Prepaid items	81,880	2,518	84,398
Internal balances	(529,688)	529,688	-
Capital assets (net of accumulated depreciation)	4,713,278	749,094	5,462,372
<b>Total assets</b>	<u>12,913,146</u>	<u>1,281,300</u>	<u>14,194,446</u>
<b>LIABILITIES</b>			
Accounts payable	373,283	-	373,283
Accrued salaries and related payables	432,148	-	432,148
Unearned revenue	-	22,138	22,138
Due to other governments	543,174	-	543,174
Non-current liabilities:			
Due within one year	29,865	-	29,865
Due in more than one year	268,782	-	268,782
<b>Total liabilities</b>	<u>1,647,252</u>	<u>22,138</u>	<u>1,669,390</u>
<b>NET POSITION</b>			
Net investment in capital assets	4,713,278	749,094	5,462,372
Unrestricted	6,552,616	510,068	7,062,684
<b>Total net position</b>	<u>\$ 11,265,894</u>	<u>\$ 1,259,162</u>	<u>\$ 12,525,056</u>

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

**GULF BEND CENTER**

*STATEMENT OF ACTIVITIES*

*For the year ended August 31, 2021*

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	\$ 8,010,884	\$ 821,787	\$ 8,832,671	\$ 455,915	\$ 6,191,948
Mental Health-Child	1,768,958	181,467	1,950,425	472,687	925,354
IDD	1,308,805	134,262	1,443,067	635,461	469,370
Administration	1,137,516	(1,137,516)	-	-	-
Interest on long-term debt	8,695	-	8,695	-	-
Total governmental activities	<u>12,234,858</u>	<u>-</u>	<u>12,234,858</u>	<u>1,564,063</u>	<u>7,586,672</u>
<b>Business-type Activities</b>					
Rental	<u>131,090</u>	<u>-</u>	<u>131,090</u>	<u>155,203</u>	<u>-</u>
<b>Total</b>	<u>\$ 12,365,948</u>	<u>\$ -</u>	<u>\$ 12,365,948</u>	<u>\$ 1,719,266</u>	<u>\$ 7,586,672</u>

General revenues:  
 Unrestricted general income  
 Gain on sale of capital assets  
 PPP loan forgiveness  
 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

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Governmental Activities	Business-type Activities	Total
\$ (2,184,808)	\$ -	\$ (2,184,808)
(552,384)	-	(552,384)
(338,236)	-	(338,236)
-	-	-
(8,695)	-	(8,695)
(3,084,123)	-	(3,084,123)
-	24,113	24,113
(3,084,123)	24,113	(3,060,010)
3,208,208	-	3,208,208
17,199	-	17,199
1,336,600	-	1,336,600
72,687	-	72,687
4,634,694	-	4,634,694
1,550,571	24,113	1,574,684
9,715,323	1,235,049	10,950,372
\$ 11,265,894	\$ 1,259,162	\$ 12,525,056

**GULF BEND CENTER**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
August 31, 2021

	General Fund	Capital Projects Fund	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,984,243	\$ -	\$ 2,984,243
Investments	4,468,337	-	4,468,337
Deposits	256,434	-	256,434
Accounts receivable, net	334,774	-	334,774
Receivables from other governments	600,267	-	600,267
Due from other funds	-	1,864,536	1,864,536
Prepaid items	24,183	-	24,183
<b>Total assets</b>	<b>8,668,238</b>	<b>\$ 1,864,536</b>	<b>\$ 10,532,774</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts payable	373,283	\$ -	\$ 373,283
Accrued salaries and related payables	422,725	-	422,725
Due to other governments	543,174	-	543,174
Due to other funds	1,609,276	-	1,609,276
<b>Total liabilities</b>	<b>2,948,458</b>	<b>-</b>	<b>2,948,458</b>
<b>Fund balances</b>			
Nonspendable for prepaid items	24,183	-	24,183
Assigned for healthcare	300,000	-	300,000
Assigned for building improvements	150,000	-	150,000
Assigned for capital projects	-	1,864,536	1,864,536
Unassigned	5,245,597	-	5,245,597
<b>Total fund balances</b>	<b>5,719,780</b>	<b>1,864,536</b>	<b>7,584,316</b>
<b>Total liabilities and fund balances</b>	<b>\$ 8,668,238</b>	<b>\$ 1,864,536</b>	<b>\$ 10,532,774</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, 2021

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**Total governmental fund balances** \$ 7,584,316

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

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	8,306,243	
Accumulated depreciation of governmental capital assets	<u>(3,592,965)</u>	4,713,278

Internal service funds are used by Gulf Bend Center to charge the costs of certain activities, such as vehicle, IT, and building costs, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position - unrestricted. (733,053)

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:

Compensated absences	<u>(298,647)</u>
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**Net position of governmental activities** **\$ 11,265,894**

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, 2021*

	General Fund	Capital Projects Fund	Total Governmental Funds
<b>REVENUES</b>			
Local funds	\$ 4,409,337	\$ 351,002	\$ 4,760,339
State programs	6,355,209	-	6,355,209
Federal programs	1,243,397	-	1,243,397
Interest income	72,687	-	72,687
<b>Total revenues</b>	<u>12,080,630</u>	<u>351,002</u>	<u>12,431,632</u>
<b>EXPENDITURES</b>			
Current			
Mental Health-Adult	7,814,293	-	7,814,293
Mental Health-Child	1,725,547	-	1,725,547
IDD	1,276,686	-	1,276,686
Administration	1,088,482	30,120	1,118,602
Capital outlay	-	256,346	256,346
<b>Total expenditures</b>	<u>11,905,008</u>	<u>286,466</u>	<u>12,191,474</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>175,622</u>	<u>64,536</u>	<u>240,158</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in (out) for Capital Projects	<u>(1,800,000)</u>	<u>1,800,000</u>	<u>-</u>
<b>Total other financing sources (uses)</b>	<u>(1,800,000)</u>	<u>1,800,000</u>	<u>-</u>
Net change in fund balances	(1,624,378)	1,864,536	240,158
Fund balances, beginning of year	<u>7,344,158</u>	<u>-</u>	<u>7,344,158</u>
<b>Fund balances, end of year</b>	<u>\$ 5,719,780</u>	<u>\$ 1,864,536</u>	<u>\$ 7,584,316</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, 2021*

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<b>Total net change in fund balances - governmental funds</b>		<b>\$ 240,158</b>
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
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	256,345	
Depreciation expense	<u>(206,866)</u>	49,479
The net effect of various transactions involving capital assets (i.e., transfers, adjustment and dispositions) decrease net position.		
		(14,302)
Loan proceeds from the Small Business Administration program are recorded as Other Financing Sources in the fund financial statements but do not require the use of current financial resources and therefore are not reported as revenue in the government-wide statement.		
		1,262,711
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:		
Decrease in compensated absences		<u>12,525</u>
<b>Change in net position of governmental activities</b>		<b><u>\$ 1,550,571</u></b>

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, 2021*

	Original / Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Local Funds:			
City/County contributions	\$ 167,593	\$ 167,097	\$ (496)
Billed customer services	2,061,177	1,339,695	(721,482)
Residential rental income	210,900	214,673	3,773
Delivery system reform incentive payment	1,702,150	2,359,038	656,888
Local grants	213,850	210,120	(3,730)
Other income	<u>109,050</u>	<u>118,714</u>	<u>9,664</u>
Total local funds	<u>4,464,720</u>	<u>4,409,337</u>	<u>(55,383)</u>
State Programs:			
General revenue	5,550,421	5,330,372	(220,049)
TCOOMMI grant	263,456	288,987	25,531
Diversion program	773,520	735,850	(37,670)
Other state programs	<u>10,000</u>	<u>-</u>	<u>(10,000)</u>
Total state programs	<u>6,597,397</u>	<u>6,355,209</u>	<u>(242,188)</u>
Federal Programs:			
Community mental health block grant	226,608	226,608	-
Social services block grant	41,868	41,868	-
TITLE XX - TANF	92,717	92,717	-
FEMA funding	82,536	66,532	(16,004)
SAMHSA funding	-	589,340	589,340
Medicaid administrative claiming	<u>360,000</u>	<u>226,332</u>	<u>(133,668)</u>
Total federal programs	<u>803,729</u>	<u>1,243,397</u>	<u>439,668</u>
Interest	<u>56,034</u>	<u>72,687</u>	<u>16,653</u>
<b>Total revenues</b>	<u>11,921,880</u>	<u>12,080,630</u>	<u>158,750</u>
<b>EXPENDITURES</b>			
Current			
Personnel	6,210,761	5,691,915	518,846
Employee benefits	1,903,295	1,872,022	31,273
Professional and consultants fees	2,115,069	2,580,840	(465,771)
Training and travel	348,656	227,878	120,778
Consumable supplies	179,894	191,270	(11,376)
Building occupancy and operating costs	1,058,346	1,216,567	(158,221)
Other expenditures	<u>178,859</u>	<u>124,516</u>	<u>54,343</u>
<b>Total expenditures</b>	<u>11,994,880</u>	<u>11,905,008</u>	<u>89,872</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in (out) for Capital Projects	-	(1,800,000)	(1,800,000)
<b>Total other financing sources (uses)</b>	-	(1,800,000)	(1,800,000)
Net change in fund balance	(73,000)	(1,624,378)	(1,551,378)
Fund balance, beginning of year	<u>7,344,158</u>	<u>7,344,158</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 7,271,158</u>	<u>\$ 5,719,780</u>	<u>\$ (1,551,378)</u>

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

**GULF BEND CENTER**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
*August 31, 2021*

	<u>Business-type Activities Enterprise Fund</u>	<u>Governmental Activities Internal Service Funds</u>
<b>ASSETS</b>		
Current:		
Due from other funds	\$ 529,688	\$ 139,515
Prepaid items	2,518	57,697
Noncurrent:		
Capital assets, net	<u>749,094</u>	<u>1,292,615</u>
<b>Total assets</b>	<u>1,281,300</u>	<u>1,489,827</u>
<b>LIABILITIES</b>		
Current:		
Unearned revenue	22,138	-
Due to other funds	<u>-</u>	<u>930,265</u>
<b>Total liabilities</b>	<u>22,138</u>	<u>930,265</u>
<b>NET POSITION</b>		
Net investment in capital assets	749,094	1,292,615
Unrestricted	<u>510,068</u>	<u>(733,053)</u>
<b>Total net position</b>	<u>\$ 1,259,162</u>	<u>\$ 559,562</u>

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

**GULF BEND CENTER***STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**PROPRIETARY FUNDS**For the year ended August 31, 2021*

	Business-type Activities Enterprise Fund	Governmental Activities Internal Service Funds
<b>OPERATING REVENUES:</b>		
Rental revenues	\$ 155,203	\$ -
Charges for service	-	1,061,665
Delivery system reform incentive payment	-	133,650
<b>Total operating revenues</b>	<u>155,203</u>	<u>1,195,315</u>
<b>OPERATING EXPENSES:</b>		
Personnel	-	257,002
Employee benefits	-	91,527
Professional and consultants fees	19,175	69,754
Training and travel	-	1,801
Consumable supplies	518	1,817
Other expenses	-	28,383
Depreciation	47,470	256,830
Occupancy costs	61,405	-
Computer expense	-	303,051
Vehicle expense	-	100,722
Building expense	-	181,122
Taxes	2,415	-
<b>Total operating expenses</b>	<u>130,983</u>	<u>1,292,009</u>
<b>OPERATING INCOME (LOSS)</b>	<u>24,220</u>	<u>(96,694)</u>
<b>NON-OPERATING REVENUE (EXPENSE):</b>		
Gain (loss) on sale of assets	-	31,500
PPP loan forgiveness	-	73,889
Interest expense	(107)	(8,695)
<b>Total non-operating revenue (expense)</b>	<u>(107)</u>	<u>96,694</u>
Change in net position	24,113	-
Net position, beginning of year	<u>1,235,049</u>	<u>559,562</u>
<b>Net position, end of year</b>	<u>\$ 1,259,162</u>	<u>\$ 559,562</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, 2021

	Business-type Activities Enterprise Fund	Governmental Activities Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from lessees	\$ 165,039	\$ -
Cash received from users	-	2,053,382
Cash payments to suppliers	<u>(139,848)</u>	<u>(1,044,620)</u>
<b>Net cash provided (used) by operating activities</b>	<u>25,191</u>	<u>1,008,762</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>		
Cash received from sale of capital assets	-	31,500
Acquisition of capital assets	(19,878)	(44,567)
Interest paid on capital debt	(313)	(8,695)
Principal paid on capital debt	<u>(5,000)</u>	<u>(987,000)</u>
<b>Net cash provided (used) by capital financing activities</b>	<u>(25,191)</u>	<u>(1,008,762)</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 TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
<b>Operating income (loss):</b>	\$ 24,220	\$ (96,694)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	47,470	256,830
Change in assets and liabilities:		
(Increase) decrease in internal balances	(56,335)	853,474
(Increase) decrease in prepaid items	<u>9,836</u>	<u>(4,848)</u>
<b>Net cash provided by operating activities</b>	<u>\$ 25,191</u>	<u>\$ 1,008,762</u>

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

**GULF BEND CENTER**  
*STATEMENT OF FIDUCIARY NET POSITION*  
*CUSTODIAL FUND*  
*August 31, 2021*

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	<u>Custodial Fund</u>
<b>ASSETS</b>	
Cash	\$ 3,622
Due from General Fund	<u>5,802</u>
<b>Total assets</b>	<u>9,424</u>
<b>LIABILITIES</b>	
Due to others	<u>-</u>
<b>Total liabilities</b>	<u>-</u>
<b>NET POSITION</b>	
Restricted	<u>9,424</u>
<b>Total net position</b>	<u>\$ 9,424</u>

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

**GULF BEND CENTER**

*STATEMENT OF CHANGES IN FIDUCIARY NET POSITION*

*CUSTODIAL FUND*

*For the year ended August 31, 2021*

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	<u>Custodial Fund</u>
<b>ADDITIONS</b>	
Contributions	\$ <u>162,376</u>
<b>Total additions</b>	<u>162,376</u>
<b>DEDUCTIONS</b>	
Distributions for medical and dental	<u>162,074</u>
<b>Total deductions</b>	<u>162,074</u>
Net change in net position	<u>302</u>
Net position, beginning as restated	9,122
<b>Net position, end of year</b>	<u><u>\$ 9,424</u></u>

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



## NOTES TO BASIC FINANCIAL STATEMENTS

## GULF BEND CENTER

### NOTES TO BASIC FINANCIAL STATEMENTS

August 31, 2021

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#### **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, as amended. 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, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

##### 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 and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation - (continued)

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 120 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. 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 net investment in capital assets, 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 assigned for capital outlay expenditures including the acquisition or construction of capital facilities and other capital assets.

*Fiduciary Fund* to account for resources held for others in a custodial capacity. The Custodial 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 non-related party rental of office space in its building.

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

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 fleet usage, building occupancy and IT 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.

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)****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 amortized costs. For investments in local government investment pools, the reported value of the pool is the same as the fair value of the pool shares.

**Due To / From**

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**

Accounts receivable from customers and insurance carriers for services rendered are reduced by the amount of such billings deemed by management to be ultimately uncollectible. The Center writes off insurance and customer receivables after 90 days and/or collection attempts have been exhausted. The Center has recorded an allowance against these receivables of \$50,391 at August 31, 2021. Accounts receivable from cost reimbursement contracts are determined to be 100% collectible based on past collection history from various granting agencies.

**Net Customer Service Revenue**

The Center has agreements with third-party payors that provide for payments to the Center at contractually agreed upon rates. Net customer service revenue is reported at the estimated net realizable amounts from patients, clients, third-party payors and others for services rendered. The Center also entered into payment agreements with Medicare, certain commercial insurance carriers (managed care organizations) and other organizations. The basis for payment under these agreements is mostly based on fee for service arrangements.

For uninsured patients, the Center recognizes revenue on the basis of its standard rates for services provided, adjusted for the minimum monthly fee provisions as mandated by the state of Texas. Revenue from Medicaid Waiver programs (such as 1115, Home and Community Based Services, Texas Home Living, YES) are recognized when services are rendered. These programs are billed based on state negotiated rates.

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

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

E. Other Accounting Policies - (continued)

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).

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 and proprietary fund 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, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value.

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 and 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 are deferred and amortized over the life of the bonds using the effective interest method. Bond issuance costs are expensed as incurred. 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 sources. 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 nonspendable include amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. All amounts reported as nonspendable at August 31, 2021 are nonspendable in form. The Center has not reported any amounts that are legally or contractually required to be maintained intact. Restricted fund balances 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.

Any deficits within the Internal Service Funds' unrestricted net position will be covered by the General Fund.

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.

**Fiduciary Activities**

As of September 1, 2020, the Center adopted GASB Statement No. 84, Fiduciary Activities. The objective of this Statement is to improve the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement will enhance consistency and comparability by establishing specific criteria for identifying activities that should be reported as fiduciary activities. Greater consistency and comparability enhance the value provided by the information reported in financial statements for assessing government accountability and stewardship. The impact to the Center resulted in a reclassification of agency funds to custodial funds that resulted in a restatement of net position of custodial funds. The effect of the implementation of this standard on beginning net position is disclosed in Note 16.

**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.

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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 \$2,987,864 and the bank balances totaled \$3,260,538. 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	\$ 128,737
Certificates of Deposit	<u>4,339,600</u>
Total investments	<u>\$ 4,468,337</u>

The Center's certificates of deposits are measured at amortized cost and maturities range 12 to 24 months.

**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 investment policy requires money market mutual funds to be AAA rated and be restricted to investments authorized by the Act. 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.

**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.



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**NOTE 3: DEPOSITS AND INVESTMENTS - (Continued)**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. At year-end, \$472,950 of the cash deposit and investment balances at 4 different financial institutions were covered by FDIC insurance. The remainder of the deposits were covered by collateral at 2 different financial institutions with a fair market value of \$12,560,032. Therefore, the Center was not exposed to custodial credit risk at year-end.

Custodial Credit Risk – Investments

The Center's policy provides that investment securities are held by a third-party custodian in an account in the Center's name. 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 UNEARNED 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	
Medicaid Administrative Claiming	\$ 199,541
Managed Care Organizations	39,937
Medicare / Medicaid	66,280
Commercial insurance	19,335
Customer	35,554
Allowance for contractual / bad debt	(50,391)
Other	<u>24,518</u>
Total	<u>\$ 334,774</u>
Other Governments	
Texas Department of Criminal Justice	\$ 52,737
Texas Health and Human Services Commission	373,486
U.S. Department of Health and Human Services	112,427
Other	<u>61,617</u>
Total	<u>\$ 600,267</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 \$22,138.

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**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	\$ -	\$ 1,609,276
Capital Projects Fund	1,864,536	-
Custodial Fund	5,802	-
Enterprise Fund	529,688	-
Motor Pool Fund	-	23,787
Information Technology Fund	139,515	-
Admin Building Improvements	-	906,478
Total	<u>\$ 2,539,541</u>	<u>\$ 2,539,541</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. Balances are not expected to be paid back within one year.

**NOTE 6: CAPITAL ASSETS**

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

	<u>Beginning</u>		<u>Ending</u>	
	<u>Balances</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balances</u>
Governmental activities:				
Capital assets not being depreciated:				
Construction in progress	\$ -	\$ 256,345	\$ -	\$ 256,345
Total capital assets not being depreciated	-	256,345	-	256,345
Capital assets being depreciated:				
Buildings and improvements	\$7,037,498	\$ -	\$ -	\$7,037,498
Furniture, equipment and computers	840,453	10,671	-	851,124
Vehicles	272,627	33,977	145,328	161,276
Total capital assets being depreciated	8,150,578	44,648	145,328	8,049,898
Accumulated depreciation				
Buildings and improvements	2,543,229	314,145	-	2,857,374
Furniture, equipment and computers	522,959	127,386	-	650,345
Vehicles	194,028	23,489	132,271	85,246
Total accumulated depreciation	3,260,216	465,020	132,271	3,592,965
Governmental activities capital assets, net	<u>\$4,890,362</u>	<u>\$(164,027)</u>	<u>\$ 13,057</u>	<u>\$4,713,278</u>

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

Business-type activities:

Depreciable assets:

Buildings and improvements	\$ 1,289,246	\$ 19,878	\$ -	\$ 1,309,124
Less accumulated depreciation	<u>512,560</u>	<u>47,470</u>	<u>-</u>	<u>560,030</u>
Business-type activities capital assets, net	<u>\$ 776,686</u>	<u>\$ (27,592)</u>	<u>\$ -</u>	<u>\$ 749,094</u>

Depreciation expense was charged to functions as follows:

Governmental activities:

Mental Health-Adult	\$ 305,233
Mental Health-Child	67,401
IDD	49,869
Administration	<u>42,517</u>
Total governmental	465,020
Business activities:	
Rental	<u>47,470</u>
Total government wide	<u>\$ 512,490</u>

**NOTE 7: LONG-TERM OBLIGATIONS**Long-term Obligations

In 2008, the Center's Board of Directors approved a bond issue in the amount of \$2,875,000 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 internal service fund and enterprise funds. Effective interest rates range from 1.67% to 8.25%. Interest expense for the year ended was \$8,695.

On December 4, 2020, the Center paid off the bond in full.

In May 2020, the Center was granted a \$1,336,600 loan under the Paycheck Protection Program administered by a Small Business Administration (SBA) approved partner. Upon meeting certain requirements, the Center was eligible for loan forgiveness of up to 100% of the loan. Proceeds from the loan are eligible for forgiveness if they are used for certain payroll, rent, and utility expenses. On November 13, 2020, the Center was notified that its Paycheck Protection Program note payable was forgiven in full. As a result, the Center recognized \$1,336,600 of loan forgiveness revenue for the year ended August 31, 2021 in the statement of activities.

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**NOTE 7: LONG-TERM OBLIGATIONS – (Continued)**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	\$ 311,172	\$ -	\$ 12,525	\$ 298,647	\$ 29,865
Revenue bonds	987,000	-	987,000	-	-
Paycheck protection program	<u>1,336,600</u>	<u>-</u>	<u>1,336,600</u>	<u>-</u>	<u>-</u>
Total Governmental Activities	<u>2,634,772</u>	<u>-</u>	<u>2,336,125</u>	<u>298,647</u>	<u>29,865</u>
Business-type Activities					
Revenue bonds	<u>5,000</u>	<u>-</u>	<u>5,000</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 2,639,772</u>	<u>\$ -</u>	<u>\$ 2,341,125</u>	<u>\$ 298,647</u>	<u>\$ 29,865</u>

Debt Service Requirements

There were no debt service requirements at year-end.

Line of Credit

In FY20, the Center entered into an agreement with First National Bank of Shiner to maintain a \$1,300,000 line-of-credit. The agreement is set to expire May 26, 2023. The line is used primarily to fund intergovernmental transfers for the Delivery System Reform Incentive Payments. There was no amount outstanding at year-end.

**NOTE 8: LEASE RECEIVABLE**

The Center leases office space to several unrelated parties under separate lease agreements with expiration dates varying through June 2025. Total rental income under the leases was \$155,203 for the fiscal year. Estimated future minimum rental payments to be received from unrelated parties under the formal leases are as follows:

Year-end <u>August 31,</u>	
2022	\$ 104,641
2023	38,825
2024	36,513
2025	<u>30,427</u>
Total	<u>\$ 210,406</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 \$1,309,123 and \$560,030, 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, vehicles, and equipment provide for minimum future rental payments at year-end:

Year-end <u>August 31,</u>		
2022	\$	85,790
2023		47,374
2024		6,867
2025		277
2026		100
Thereafter		<u>8,100</u>
Total	\$	<u>148,508</u>

Rental expenditures for the year were \$106,545.

**NOTE 10: EMPLOYEES' PENSION PLAN**

The Center has a retirement plan, TCRT, a Gulf Bend Center Retirement Plan (the "Plan"), that is a combination 401(a) money purchase plan, Code Section 457 plan, and a Roth deferral plan which is sponsored by ISC Group Incorporated. Full-time 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 \$191,863 and \$292,680, 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.

**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 not involved in any lawsuits that would have a material effect on the Center's financial position.

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**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. 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.

The Center is protected against catastrophic individual and aggregate losses by stop-loss insurance coverage through BCBS. The individual stop-loss limit insurance reimburses the Center for any losses exceeding a specified amount per participant per year. Such limit was \$75,000 for the fiscal year ended. Specific loss reimbursements for the year were \$173,753.

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 health stop-loss limit was \$768,971. The Center did not exceed the aggregate loss reimbursement limit for the year.

Total contributions to the Plan (including stop-loss insurance premiums and administrative fees) were \$1,252,421 for the year.

The accompanying statement of net position and balance sheet include a loss reserve grouped with Accrued salaries and related payables for estimated outstanding medical claims of \$229,732. 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.

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**NOTE 12: RISK MANAGEMENT – (Continued)****Health Insurance – (Continued)**

Changes in the health claims liability are presented below:

	Year Ended August 31,	
	<u>2021</u>	<u>2020</u>
Beginning of year balance	\$ 6,429	\$ 105,854
Claims incurred	1,395,467	746,977
Claims paid	<u>(1,172,164)</u>	<u>(846,402)</u>
End of year balance	<u>\$ 229,732</u>	<u>\$ 6,429</u>

**NOTE 13: ECONOMIC DEPENDENCE**

The Center received a substantial portion of its revenues in the form of annual performance contracts with HHSC to provide mental health and/or IDD services to its service area. The Center is economically dependent on the continuation of these contracts. As of August 31, 2021, these contracts have been renewed to continue through August 31, 2023.

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

	<u>Amount</u>	<u>Percent</u>
Billable services (Medicaid, Medicare, Pvt Insurance)	\$ 1,339,695	11.09%
Delivery system reform incentive payment	2,359,038	19.53%
General revenue (state only)	5,330,372	44.12%

**NOTE 14: MEDICAID 1115 WAIVER**

The State of Texas was originally approved for a five-year Medicaid demonstration waiver (through September 30, 2016) that will enable hospitals and other providers to earn up to \$11.4 billion in funds for Delivery System Reform Incentive Payment (DSRIP) projects. DSRIP projects were designed to improve Texas' health care delivery system, including access to care, quality of care, and health outcomes. Texas allocated a minimum of 10% of the DSRIP funds to the community mental health centers that serve mentally ill Medicaid and indigent patients throughout the state. An extension was granted until December 2017. On December 21, 2017, the Centers for Medicare & Medicaid Services (CMS) approved Texas HHSC's request to extend Texas' section 1115(a) demonstration project effective from January 1, 2018 through September 30, 2022. Under the new terms, there are two years of level funding, followed by two years of funding which will decrease each year. The fifth year of the extension, from October 1, 2021 through September 30, 2022, is reserved for any payments for performance metrics earned from the previous four years. The Center reports twice a year on milestone and outcome achievements in order to earn DSRIP funds.

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

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**NOTE 14: MEDICAID 1115 WAIVER – (Continued)**

In November 2021, CMS approved the Directed Payment Program for Behavioral Health Services (DPP BHS) for the period covering September 1, 2021 through August 31, 2022 in the amount of \$176 million. This program will take the place of the DSRIP program, but community mental health centers (CMHC) are encouraged to continue successful DSRIP innovations. DPP BHS is a value-based payment program to promote and improve access to behavioral health services, care coordination, and successful care transitions. It also incentivizes continuation of services to Medicaid-enrolled individuals that are aligned with the Certified Community Behavioral Health Clinic (CCBHC) model of care. DPP BHS payments will be included in MCO capitation rates and distributed through two components to enrolled CMHCs who meet program requirements. Component 1 is a uniform dollar increase issued in monthly payments to all qualifying providers participating in the program. As a condition of participation, providers will report on progress made toward certification or maintenance of CCBHC status. Enrolled providers will also be required to report on the implementation status of activities foundational to quality improvement, such as telehealth services, collaborative care, integration of physical and behavioral health, and improved data exchange. Component 2 is a uniform percent increase on certain CCBHC services based on achievement of quality metrics that align with CCBHC measures and goals. The Center has enrolled in the program and, as of August 31, 2021, has sent HHSC one intergovernmental transfer (IGT) in the amount of \$256,434, in order to leverage federal funding. This amount can be found in the Current Assets section of the Balance Sheet. The Center will be expected to report a second IGT in December 2021. Reporting as a participation condition of the program will also begin in December 2021.

**NOTE 15: PATIENT ASSISTANCE PROGRAM**

Consumers periodically receive prescription medications through a program known as the Patient Assistance Program (PAP). These prescriptions are provided at no cost to the consumer. These items do not meet the criteria for recognition on the Center's financial statements; however, they do provide significant assistance to the consumers the Center serves. Management estimates that consumers received prescription medications through this program valued at \$694,294 during the year ending August 31, 2021.

**NOTE 16: ADOPTION OF NEW STANDARD**

As of September 1, 2020, the Center adopted GASB Statement No. 84, Fiduciary Activities (GASB 84). The impact to the Center resulted in a reclassification of agency funds to custodial funds that resulted in a restatement of net position of custodial funds.

In addition to the restatements of opening net position, the agency funds previously accounted for MH and IDD consumer income from social security, family allowances, job income, etc. collected by the Center on behalf of the consumers and subsequently remitted to the appropriate entity, individual, etc. Those activities are now reported as custodial funds.

The following table describes the effects of the implementation of GASB 84 on beginning net position.

	<u>Custodial Fund</u>
Net position at September 1, 2020 as previously reported	\$ -
Reclassification of agency fund to custodial funds	<u>9,122</u>
Net position at September 1, 2020 as restated	<u>\$ 9,122</u>



## COMBINING FUND STATEMENTS

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.

**Admin Building Improvements Fund** - Accounts for the costs associated with improvements made on Administrative Building.

**GULF BEND CENTER***COMBINING STATEMENT OF NET POSITION**INTERNAL SERVICE FUNDS**August 31, 2021*

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	<u>Motor Pool</u>	<u>Information Technology</u>	<u>Administrative Building</u>	<u>Totals</u>
<b>ASSETS</b>				
Current:				
Due from other funds	\$ -	\$ 139,515	\$ -	\$ 139,515
Prepaid items	11,090	28,409	18,198	57,697
Noncurrent:				
Capital assets, net	<u>49,706</u>	<u>166,944</u>	<u>1,075,965</u>	<u>1,292,615</u>
<b>Total assets</b>	<u>60,796</u>	<u>334,868</u>	<u>1,094,163</u>	<u>1,489,827</u>
<b>LIABILITIES</b>				
Current:				
Due to other funds	<u>23,787</u>	<u>-</u>	<u>906,478</u>	<u>930,265</u>
<b>Total liabilities</b>	<u>23,787</u>	<u>-</u>	<u>906,478</u>	<u>930,265</u>
<b>NET POSITION</b>				
Net investment in capital assets	49,706	166,944	1,075,965	1,292,615
Unrestricted	<u>(12,697)</u>	<u>167,924</u>	<u>(888,280)</u>	<u>(733,053)</u>
<b>Total net position</b>	<u>\$ 37,009</u>	<u>\$ 334,868</u>	<u>\$ 187,685</u>	<u>\$ 559,562</u>

**GULF BEND CENTER***COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND NET POSITION  
INTERNAL SERVICE FUNDS**For the year ended August 31, 2021*

	<u>Motor Pool</u>	<u>Information Technology</u>	<u>Administrative Building</u>	<u>Totals</u>
<b>OPERATING REVENUES:</b>				
Charges for service	\$ 101,780	\$ 529,875	\$ 430,010	\$ 1,061,665
Delivery system reform incentive payment	-	133,650	-	133,650
<b>Total operating revenues</b>	<u>101,780</u>	<u>663,525</u>	<u>430,010</u>	<u>1,195,315</u>
<b>OPERATING EXPENSES:</b>				
Personnel	17,157	195,532	44,313	257,002
Employee benefits	9,279	66,595	15,653	91,527
Professional and consultants fees	-	22,169	47,585	69,754
Training and travel	92	1,545	164	1,801
Consumable supplies	115	370	1,332	1,817
Other expenditures	1,909	23,415	3,059	28,383
Depreciation	11,243	110,051	135,536	256,830
Computer expense	-	303,051	-	303,051
Vehicle expense	100,722	-	-	100,722
Building expense	-	-	181,122	181,122
<b>Total operating expenses</b>	<u>140,517</u>	<u>722,728</u>	<u>428,764</u>	<u>1,292,009</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(38,737)</u>	<u>(59,203)</u>	<u>1,246</u>	<u>(96,694)</u>
<b>NON-OPERATING REVENUE (EXPENSE):</b>				
Gain (loss) on sale of assets	31,500	-	-	31,500
PPP loan forgiveness	7,237	59,203	7,449	73,889
Interest expense	-	-	(8,695)	(8,695)
<b>Total non-operating revenue (expense)</b>	<u>38,737</u>	<u>59,203</u>	<u>(1,246)</u>	<u>96,694</u>
Net change in net position	-	-	-	-
Net position, beginning of year	<u>37,009</u>	<u>334,868</u>	<u>187,685</u>	<u>559,562</u>
<b>Net position, end of year</b>	<u>\$ 37,009</u>	<u>\$ 334,868</u>	<u>\$ 187,685</u>	<u>\$ 559,562</u>

**GULF BEND CENTER***COMBINING STATEMENT OF CASH FLOWS**INTERNAL SERVICE FUNDS**For the year ended August 31, 2021*

	<u>Motor Pool</u>	<u>Information Technology</u>	<u>Administrative Building</u>	<u>Totals</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from users	\$ 131,751	\$ 623,267	\$ 1,298,364	\$ 2,053,382
Cash payments to suppliers	<u>(129,274)</u>	<u>(612,677)</u>	<u>(302,669)</u>	<u>(1,044,620)</u>
<b>Net cash provided (used) by operating activities</b>	<u>2,477</u>	<u>10,590</u>	<u>995,695</u>	<u>1,008,762</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>				
Cash received from sale of capital assets	31,500	-	-	31,500
Acquisition of capital assets	(33,977)	(10,590)	-	(44,567)
Interest paid on capital debt	-	-	(8,695)	(8,695)
Principal paid on capital debt	<u>-</u>	<u>-</u>	<u>(987,000)</u>	<u>(987,000)</u>
<b>Net cash provided (used) by capital financing activities</b>	<u>(2,477)</u>	<u>(10,590)</u>	<u>(995,695)</u>	<u>(1,008,762)</u>
Net increase in cash and cash equivalents	-	-	-	-
Cash and cash equivalents, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ -</u>	<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>	\$ (38,737)	\$ (59,203)	\$ 1,246	\$ (96,694)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	11,243	110,051	135,536	256,830
Change in assets and liabilities:				
(Increase) decrease in internal balances	29,676	(44,556)	868,354	853,474
(Increase) decrease in prepaid items	<u>295</u>	<u>4,298</u>	<u>(9,441)</u>	<u>(4,848)</u>
<b>Net cash provided (used) by operating activities</b>	<u>\$ 2,477</u>	<u>\$ 10,590</u>	<u>\$ 995,695</u>	<u>\$ 1,008,762</u>

## STATISTICAL SECTION

This part of the Center's annual comprehensive 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									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Governmental activities										
Net investments in capital assets	\$ 4,713,278	\$ 3,903,362	\$ 4,267,385	\$ 4,285,179	\$ 4,385,516	\$ 4,212,203	\$ 4,355,485	\$ 2,843,505	\$ 485,158	\$ 296,875
Restricted	-	-	-	-	-	-	-	240,840	5,238	-
Unrestricted	<u>6,552,616</u>	<u>5,811,961</u>	<u>3,597,300</u>	<u>2,971,308</u>	<u>2,445,705</u>	<u>2,732,295</u>	<u>860,448</u>	<u>2,930,124</u>	<u>2,888,838</u>	<u>2,913,640</u>
Total governmental activities										
Net position	<u>11,265,894</u>	<u>9,715,323</u>	<u>7,864,685</u>	<u>7,256,487</u>	<u>6,831,221</u>	<u>6,944,498</u>	<u>5,215,933</u>	<u>6,014,469</u>	<u>3,379,234</u>	<u>3,210,515</u>
Business-type activities										
Net investments in capital assets	749,094	771,686	805,752	852,296	898,807	923,173	966,902	1,010,630	1,054,359	1,098,088
Unrestricted	<u>510,068</u>	<u>463,363</u>	<u>394,623</u>	<u>256,834</u>	<u>129,579</u>	<u>20,322</u>	<u>384,069</u>	<u>258,214</u>	<u>161,704</u>	<u>535,154</u>
Total business-type activities										
Net position	<u>1,259,162</u>	<u>1,235,049</u>	<u>1,200,375</u>	<u>1,109,130</u>	<u>1,028,386</u>	<u>943,495</u>	<u>1,350,971</u>	<u>1,268,844</u>	<u>1,216,063</u>	<u>1,633,242</u>
4 Total primary government	<u>\$ 12,525,056</u>	<u>\$ 10,950,372</u>	<u>\$ 9,065,060</u>	<u>\$ 8,365,617</u>	<u>\$ 7,859,607</u>	<u>\$ 7,887,993</u>	<u>\$ 6,566,904</u>	<u>\$ 7,283,313</u>	<u>\$ 4,595,297</u>	<u>\$ 4,843,757</u>

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

	Fiscal Year			
	2021	2020	2019	2018
Expenses, governmental activities:				
Mental Health-Adult	\$ 8,832,671	\$ 7,017,173	\$ 6,810,444	\$ 6,441,077
Mental Health-Child	1,950,425	1,878,508	1,725,174	1,622,864
IDD	1,443,067	1,520,239	2,405,720	2,543,892
Interest on long-term debt	8,695	8,241	70,046	79,171
Total expenses, governmental	<u>12,234,858</u>	<u>10,424,161</u>	<u>11,011,384</u>	<u>10,687,004</u>
Program revenues, governmental activities:				
Charges for services				
Mental Health-Adult	455,915	634,610	630,088	501,359
Mental Health-Child	472,687	403,446	139,648	222,727
IDD	635,461	805,547	828,400	898,079
Total charges for services	<u>1,564,063</u>	<u>1,843,603</u>	<u>1,598,136</u>	<u>1,622,165</u>
Operating grants and contributions	<u>7,586,672</u>	<u>6,978,236</u>	<u>6,560,366</u>	<u>6,185,958</u>
Total program revenues, governmental	<u>9,150,735</u>	<u>8,821,839</u>	<u>8,158,502</u>	<u>7,808,123</u>
Total net program expenses	<u>(3,084,123)</u>	<u>(1,602,322)</u>	<u>(2,852,882)</u>	<u>(2,878,881)</u>
General revenues, governmental activities:				
Local income	3,208,208	3,247,656	3,363,114	3,252,858
Investment earnings	72,687	84,131	85,649	50,397
Total general revenues, governmental	<u>3,280,895</u>	<u>3,331,787</u>	<u>3,448,763</u>	<u>3,303,255</u>
Nonoperating income:				
PPP loan forgiveness	1,336,600	-	-	-
Transfer	-	-	-	-
Gain (Loss) on asset disposal	17,199	121,173	12,317	892
	<u>1,353,799</u>	<u>121,173</u>	<u>12,317</u>	<u>892</u>
Total changes in net position, Governmental activities	<u>1,550,571</u>	<u>1,850,638</u>	<u>608,198</u>	<u>425,266</u>
Expenses, business-type activities:				
Rental	130,983	139,700	138,867	147,547
Interest on long-term debt	107	412	413	412
Total expenses, business-type	<u>131,090</u>	<u>140,112</u>	<u>139,280</u>	<u>147,959</u>
Program revenues, business-type activities:				
Charges for services				
Rental	<u>155,203</u>	<u>174,786</u>	<u>230,525</u>	<u>228,703</u>
Nonoperating income:				
Transfer	-	-	-	-
Gain on sale of assets	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total changes in net position, Business-type activities	<u>24,113</u>	<u>34,674</u>	<u>91,245</u>	<u>80,744</u>
Changes in net position, Primary government	<u>\$ 1,574,684</u>	<u>\$ 1,885,312</u>	<u>\$ 699,443</u>	<u>\$ 506,010</u>

		Fiscal Year					
2017		2016	2015	2014	2013	2012	
\$	6,394,805	\$ 4,120,633	\$ 3,877,071	\$ 4,381,497	\$ 3,026,708	\$ 3,550,423	
	1,555,665	1,728,731	1,418,102	1,858,645	995,178	853,819	
	2,651,123	5,959,165	7,500,216	4,867,680	5,147,572	4,783,264	
	88,933	93,686	102,730	111,366	119,590	127,410	
	<u>10,690,526</u>	<u>11,902,215</u>	<u>12,898,119</u>	<u>11,219,188</u>	<u>9,289,048</u>	<u>9,314,916</u>	
	507,495	766,866	653,538	914,356	474,363	527,406	
	154,882	307,716	269,305	487,260	219,428	230,650	
	<u>866,786</u>	<u>2,163,206</u>	<u>3,419,125</u>	<u>3,251,617</u>	<u>3,030,281</u>	<u>3,232,086</u>	
	1,529,163	3,237,788	4,341,968	4,653,233	3,724,072	3,990,142	
	<u>5,885,700</u>	<u>5,421,739</u>	<u>5,174,199</u>	<u>4,642,606</u>	<u>4,145,348</u>	<u>4,235,758</u>	
	7,414,863	8,659,527	9,516,167	9,295,839	7,869,420	8,225,900	
	<u>(3,275,663)</u>	<u>(3,242,688)</u>	<u>(3,381,952)</u>	<u>(1,923,349)</u>	<u>(1,419,628)</u>	<u>(1,089,016)</u>	
	3,092,272	3,055,209	2,550,676	4,564,136	1,056,105	571,825	
	38,851	37,049	32,740	38,233	18,342	37,102	
	<u>3,131,123</u>	<u>3,092,258</u>	<u>2,583,416</u>	<u>4,602,369</u>	<u>1,074,447</u>	<u>608,927</u>	
	-	500,000	-	-	500,000	-	
	-	500,000	-	-	500,000	-	
	31,263	1,378,995	-	(7,046)	80,038	-	
	<u>31,263</u>	<u>1,878,995</u>	<u>-</u>	<u>(7,046)</u>	<u>580,038</u>	<u>-</u>	
	<u>(113,277)</u>	<u>1,728,565</u>	<u>(798,536)</u>	<u>2,671,974</u>	<u>234,857</u>	<u>(480,089)</u>	
	150,632	140,037	148,404	170,251	133,814	147,007	
	412	412	412	412	412	412	
	<u>151,044</u>	<u>140,449</u>	<u>148,816</u>	<u>170,663</u>	<u>134,226</u>	<u>147,419</u>	
	<u>235,935</u>	<u>232,973</u>	<u>230,943</u>	<u>223,444</u>	<u>217,047</u>	<u>264,714</u>	
	-	(500,000)	-	-	(500,000)	-	
	-	-	-	-	-	60,019	
	-	(500,000)	-	-	(500,000)	60,019	
	<u>84,891</u>	<u>(407,476)</u>	<u>82,127</u>	<u>52,781</u>	<u>(417,179)</u>	<u>177,314</u>	
\$	<u>(28,386)</u>	<u>\$ 1,321,089</u>	<u>\$ (716,409)</u>	<u>\$ 2,724,755</u>	<u>\$ (182,322)</u>	<u>\$ (302,775)</u>	



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

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	Fiscal Year									
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Governmental funds										
Nonspendable	\$ 24,183	\$ 25,323	\$ 24,396	\$ 37,250	\$ 18,799	\$ 54,646	\$ 285,632	\$ 267,790	\$ 262,506	\$ 228,375
Assigned	2,314,536	450,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000
Restricted	-	-	-	-	-	-	-	240,840	-	-
Unassigned	<u>5,245,597</u>	<u>6,868,835</u>	<u>3,658,798</u>	<u>2,883,017</u>	<u>2,464,579</u>	<u>2,270,181</u>	<u>291,208</u>	<u>2,463,467</u>	<u>2,449,862</u>	<u>2,487,258</u>
Total governmental funds	<u>\$ 7,584,316</u>	<u>\$ 7,344,158</u>	<u>\$ 4,033,194</u>	<u>\$ 3,270,267</u>	<u>\$ 2,833,378</u>	<u>\$ 2,674,827</u>	<u>\$ 926,840</u>	<u>\$ 3,322,097</u>	<u>\$ 3,062,368</u>	<u>\$ 3,065,633</u>

**GULF BEND CENTER**

*CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS*

*Last ten fiscal years*

		Fiscal Year									
		2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Revenues											
Local funds		\$ 4,760,339	\$ 4,901,240	\$ 4,822,626	\$ 4,675,338	\$ 4,171,943	\$ 5,900,353	\$ 6,597,756	\$ 8,496,198	\$ 4,695,407	\$ 4,608,739
State programs		6,355,209	6,368,421	5,560,861	5,209,897	5,522,807	5,053,528	4,683,566	4,254,072	3,738,189	3,695,589
Federal programs		1,243,397	799,833	1,138,130	1,175,746	812,385	760,855	785,519	1,109,705	491,929	493,397
Interest income		<u>72,687</u>	<u>84,131</u>	<u>85,649</u>	<u>50,397</u>	<u>38,851</u>	<u>37,049</u>	<u>32,740</u>	<u>38,233</u>	<u>18,342</u>	<u>37,102</u>
Total revenues		<u>12,431,632</u>	<u>12,153,625</u>	<u>11,607,266</u>	<u>11,111,378</u>	<u>10,545,986</u>	<u>11,751,785</u>	<u>12,099,581</u>	<u>13,898,208</u>	<u>8,943,867</u>	<u>8,834,827</u>
Expenditures											
Mental Health-Adult		7,814,293	5,075,923	5,967,844	5,857,616	5,883,957	3,622,035	3,416,267	3,636,406	2,441,695	2,981,829
Mental Health-Child		1,725,547	1,358,832	1,511,733	1,475,857	1,431,391	1,519,554	1,249,555	1,542,575	839,794	738,629
IDD		1,276,686	1,099,675	2,108,080	2,313,455	2,439,340	5,238,105	6,608,790	4,039,912	4,318,762	4,104,232
Administration		1,118,602	2,642,343	1,023,379	746,354	881,311	1,349,680	1,252,153	1,674,949	1,380,103	1,266,532
Capital outlay		256,346	63,443	4,222	18,900	88,468	98,208	1,692,025	2,473,395	299,429	79,943
Debt service principal		-	-	-	186,836	185,017	177,000	169,000	161,000	153,000	145,000
Debt service interest		-	-	-	75,471	71,629	31,532	107,048	115,480	123,499	131,115
Total Expenditures		<u>12,191,474</u>	<u>10,240,216</u>	<u>10,615,258</u>	<u>10,674,489</u>	<u>10,981,113</u>	<u>12,036,114</u>	<u>14,494,838</u>	<u>13,643,717</u>	<u>9,556,282</u>	<u>9,447,280</u>
Excess (deficiency) of revenues over expenditures		<u>240,158</u>	<u>1,913,409</u>	<u>992,008</u>	<u>436,889</u>	<u>(435,127)</u>	<u>(284,329)</u>	<u>(2,395,257)</u>	<u>254,491</u>	<u>(612,415)</u>	<u>(612,453)</u>
49 Other financing sources (uses)											
Proceeds from sale of asset		-	134,844	3,400	-	-	1,635,316	-	-	114,388	-
Loan proceeds		-	1,262,711	-	-	-	-	-	-	-	-
Transfers in		-	-	6,875	-	-	397,000	-	-	500,000	-
Transfers out		-	-	(239,356)	-	(1,905,846)	-	-	-	-	-
Total other financing sources (uses)		-	<u>1,397,555</u>	<u>(229,081)</u>	-	<u>(1,905,846)</u>	<u>2,032,316</u>	-	-	<u>614,388</u>	-
Net changes in fund balances		<u>\$ 240,158</u>	<u>\$ 3,310,964</u>	<u>\$ 762,927</u>	<u>\$ 436,889</u>	<u>\$ (2,340,973)</u>	<u>\$ 1,747,987</u>	<u>\$ (2,395,257)</u>	<u>\$ 254,491</u>	<u>\$ 1,973</u>	<u>\$ (612,453)</u>
Debt service as a percentage of non-capital expenditures		N/A	N/A	N/A	<u>2.46%</u>	<u>2.36%</u>	<u>1.75%</u>	<u>2.16%</u>	<u>2.48%</u>	<u>2.99%</u>	<u>2.95%</u>

**GULF BEND CENTER***SCHEDULE OF REVENUE AND EXPENDITURES BY SOURCE OF FUNDS***GENERAL FUND***For the year ended August 31, 2021*

<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	\$ 5,691,915	\$ 2,984,688	\$ 905,645	\$ 708,283	\$ 4,598,616	\$ 1,093,299
Employee benefits	1,872,022	905,969	227,688	215,860	1,349,517	522,505
Consultant services	2,580,840	2,269,928	178,452	65,185	2,513,565	67,275
Training and travel	336,771	187,344	68,006	41,611	296,961	39,810
Pharmaceutical expense	124,159	82,096	42,063	-	124,159	-
Other operating expense	<u>1,299,301</u>	<u>773,643</u>	<u>168,855</u>	<u>145,984</u>	<u>1,088,482</u>	<u>210,819</u>
<b>Total Expenditures</b>	<b><u>\$ 11,905,008</u></b>	<b><u>\$ 7,203,668</u></b>	<b><u>\$ 1,590,709</u></b>	<b><u>\$ 1,176,923</u></b>	<b><u>\$ 9,971,300</u></b>	<b><u>\$ 1,933,708</u></b>
<b>Method of Finance:</b>						
General revenue - MH	\$ 4,774,266	\$ 4,173,859	\$ 600,407	\$ -	\$ 4,774,266	\$ -
General revenue - IDD	465,093	-	-	465,093	465,093	-
Mental health block grant	226,608	157,404	69,204	-	226,608	-
Title XX-TANF	92,717	13,776	78,941	-	92,717	-
Title XX-SS block grant	41,868	41,868	-	-	41,868	-
Other federal funds	882,203	558,286	210,752	113,165	882,203	-
Other state funds	1,024,837	1,024,837	-	-	1,024,837	-
Earned income	1,339,694	374,384	438,737	526,573	1,339,694	-
Required local match	885,492	851,755	-	33,737	885,492	-
Additional local funds	<u>2,347,852</u>	<u>1,705,677</u>	<u>358,703</u>	<u>283,472</u>	<u>2,347,852</u>	<u>-</u>
<b>Total Expended Sources</b>	<b><u>\$ 12,080,630</u></b>	<b><u>\$ 8,901,846</u></b>	<b><u>\$ 1,756,744</u></b>	<b><u>\$ 1,422,040</u></b>	<b><u>\$ 12,080,630</u></b>	<b><u>\$ -</u></b>

**GULF BEND CENTER***RECONCILIATION OF TOTAL REVENUE TO FOURTH QUARTER**FINANCIAL REPORT - GENERAL FUND**For the year ended August 31, 2021*

	<u>CARE Report III</u>	<u>Additions</u>	<u>Deletions</u>	<u>Audited Financial Statements</u>
<b>Local Funds:</b>				
City/County contributions	\$ 167,097	\$ -	\$ -	\$ 167,097
Billed customer services	-	1,339,695	-	1,339,695
Residential rental income	-	214,673	-	214,673
Delivery system reform incentive	-	2,359,038	-	2,359,038
Patient Assistance Program (PAP)	694,294	-	694,294	-
Miscellaneous income and contributions	88,250	121,870	-	210,120
Other income	<u>352,319</u>	<u>-</u>	<u>233,605</u>	<u>118,714</u>
Total Local Funds	<u>1,301,960</u>	<u>4,035,276</u>	<u>927,899</u>	<u>4,409,337</u>
<b>State Programs:</b>				
General revenue	5,334,649	-	4,277	5,330,372
TCOOMMI grant	288,987	-	-	288,987
Diversion program	<u>735,850</u>	<u>-</u>	<u>-</u>	<u>735,850</u>
Total State Programs	<u>6,359,486</u>	<u>-</u>	<u>4,277</u>	<u>6,355,209</u>
<b>Federal Programs:</b>				
Community mental health block grant	226,608	-	-	226,608
Social services block grant	41,868	-	-	41,868
Title XX-TANF	92,717	-	-	92,717
Medicaid assistance programs	1,250,417	-	1,250,417	-
FEMA grants	66,532	-	-	66,532
COVID Cares Act	72,004	-	72,004	-
SAMHSA funding	589,340	-	-	589,340
Delivery system reform incentive	2,359,038	-	2,359,038	-
Medicaid administrative claiming	226,332	-	-	226,332
Other	<u>12,998</u>	<u>-</u>	<u>12,998</u>	<u>-</u>
Total Federal Programs	<u>4,937,854</u>	<u>-</u>	<u>3,694,457</u>	<u>1,243,397</u>
Interest Income	<u>-</u>	<u>72,687</u>	<u>-</u>	<u>72,687</u>
Total Revenues	<u>\$ 12,599,300</u>	<u>\$ 4,107,963</u>	<u>\$ 4,626,633</u>	<u>\$ 12,080,630</u>
<b>Total Revenues per Report III</b>	<b>\$ 12,599,300</b>			
<b>Net Income</b>	<b>175,622</b>			
<b>PAP</b>	<b>(694,294)</b>			
<b>Rounding</b>	<b><u>2</u></b>			
<b>Total Revenues per FY21 Audit</b>	<b><u>\$ 12,080,630</u></b>			

Source: Gulf Bend Center

**GULF BEND CENTER***RECONCILIATION OF TOTAL EXPENDITURES TO FOURTH QUARTER  
FINANCIAL REPORT - GENERAL FUND  
For the year ended August 31, 2021*

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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	\$ 5,045,076	\$ 646,839	\$ -	5,691,915
Employee benefits	1,476,038	395,984	-	1,872,022
Professional and consultant services	2,553,549	27,291	-	2,580,840
Training and travel	319,197	(91,319)	-	227,878
Consumable supplies	-	191,270	-	191,270
Building occupancy and operating costs	-	1,216,567	-	1,216,567
Other expenditures	-	124,516	-	124,516
Pharmaceutical expenses (other)	126,171	-	126,171	-
Pharmaceutical expenses (PAP)	694,292	-	694,292	-
Other operating expenses	<u>768,644</u>	<u>-</u>	<u>768,644</u>	<u>-</u>
Total Expenditures	<u>\$ 10,982,967</u>	<u>\$ 2,511,148</u>	<u>\$ 1,589,107</u>	<u>\$ 11,905,008</u>

## GULF BEND CENTER

### RATIOS OF OUTSTANDING DEBT BY TYPE

Last ten fiscal years

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<u>Fiscal Year</u>	<u>Governmental Activities Revenue Bonds (1)</u>	<u>Business-type Activities Revenue Bonds (1)</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income</u>	<u>Per Capita (2)</u>
2012	2,451,000	5,000	2,456,000	0.0504%	41,212
2013	2,298,000	5,000	2,303,000	0.0448%	43,084
2014	2,137,000	5,000	2,142,000	0.0391%	45,407
2015	1,968,000	5,000	1,973,000	0.0356%	45,497
2016	1,791,000	5,000	1,796,000	0.0344%	42,847
2017	1,605,000	5,000	1,610,000	0.0270%	49,060
2018	1,409,000	5,000	1,414,000	0.0228%	51,045
2019	987,000	5,000	992,000	0.0205%	52,632
2020	987,000	5,000	992,000	0.0202%	53,881
2021	-	-	-	(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 BY FUNCTION/PROGRAM

Last five years

August 31, 2021						
Function/Program:	Buildings and Improvements		Furniture and Equipment		Vehicles	
	Original Cost	Book Value	Original Cost	Book Value	Original Cost	Book Value
Mental Health Adult	\$ 5,650,798	\$ 3,406,100	\$ 559,055	\$ 131,880	\$ 105,933	\$ 49,940
Mental Health Child	1,247,805	752,133	123,450	29,122	23,392	11,028
IDD	923,218	556,483	91,337	21,546	17,307	8,159
Administration	781,146	470,847	77,282	18,231	14,644	6,903
Total Capital Assets	<u>\$ 8,602,967</u>	<u>\$ 5,185,563</u>	<u>\$ 851,124</u>	<u>\$ 200,779</u>	<u>\$ 161,276</u>	<u>\$ 76,030</u>
August 31, 2020						
Function/Program:	Buildings and Improvements		Furniture and Equipment		Vehicles	
	Original Cost	Book Value	Original Cost	Book Value	Original Cost	Book Value
Mental Health Adult	\$ 4,157,543	\$ 2,631,984	\$ 419,638	\$ 158,744	\$ 136,123	\$ 39,244
Mental Health Child	1,113,286	704,779	112,369	42,508	36,450	10,509
IDD	900,954	570,360	90,937	34,400	29,498	8,504
Administration	2,154,961	1,363,394	217,509	82,281	70,556	20,341
Total Capital Assets	<u>\$ 8,326,744</u>	<u>\$ 5,270,517</u>	<u>\$ 840,453</u>	<u>\$ 317,933</u>	<u>\$ 272,627</u>	<u>\$ 78,598</u>
August 31, 2019						
Function/Program:	Buildings and Improvements		Furniture and Equipment		Vehicles	
	Original Cost	Book Value	Original Cost	Book Value	Original Cost	Book Value
Mental Health Adult	\$ 4,048,180	\$ 2,709,295	\$ 484,895	\$ 237,459	\$ 167,514	\$ 13,350
Mental Health Child	1,025,457	686,300	122,830	60,152	42,433	3,382
IDD	1,429,979	957,031	171,284	83,880	59,172	4,715
Administration	682,178	456,557	81,713	40,014	28,229	2,250
Total Capital Assets	<u>\$ 7,185,794</u>	<u>\$ 4,809,183</u>	<u>\$ 860,722</u>	<u>\$ 421,505</u>	<u>\$ 297,348</u>	<u>\$ 23,697</u>
August 31, 2018						
Function/Program:	Buildings and Improvements		Furniture and Equipment		Vehicles	
	Original Cost	Book Value	Original Cost	Book Value	Original Cost	Book Value
Mental Health Adult	\$ 4,164,586	\$ 3,538,594	\$ 84,453	\$ 607	\$ 20,388	\$ 7,136
Mental Health Child	15,588	12,048	-	-	20,550	7,877
IDD	185,474	37,811	-	-	26,669	14,700
Administration	4,098,481	2,392,390	765,637	528,839	313,981	11,440
Total Capital Assets	<u>\$ 8,464,129</u>	<u>\$ 5,980,843</u>	<u>\$ 850,090</u>	<u>\$ 529,446</u>	<u>\$ 381,588</u>	<u>\$ 41,153</u>
August 31, 2017						
Function/Program:	Buildings and Improvements		Furniture and Equipment		Vehicles	
	Original Cost	Book Value	Original Cost	Book Value	Original Cost	Book Value
Mental Health Adult	\$ 4,259,724	\$ 3,774,344	\$ 191,957	\$ 53,866	\$ 20,388	\$ 11,214
Mental Health Child	15,588	13,120	-	-	20,550	11,987
IDD	168,710	25,964	21,907	15,265	24,894	19,500
Administration	3,979,322	2,498,559	544,533	157,103	411,421	37,009
Total Capital Assets	<u>\$ 8,423,344</u>	<u>\$ 6,311,987</u>	<u>\$ 758,397</u>	<u>\$ 226,234</u>	<u>\$ 477,253</u>	<u>\$ 79,710</u>

Source: Gulf Bend Center

**GULF BEND CENTER***SCHEDULE OF INDIRECT COSTS**For the year ended August 31, 2021*

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	<u>Total Costs</u>	<u>Unallowable Costs</u>	<u>Total Adjusted Costs</u>	<u>Direct Costs</u>	<u>Indirect Costs</u>
Personnel	\$ 5,691,915	\$ -	\$ 5,691,915	\$ 4,745,699	\$ 946,216
Employee benefits	1,872,022	-	1,872,022	1,582,231	289,791
Capital outlay	256,346	256,346	-	-	-
Other	<u>3,432,706</u>	<u>125,703</u>	<u>3,307,003</u>	<u>2,957,838</u>	<u>349,165</u>
Total Expenditures	11,252,989	382,049	10,870,940	9,285,768	1,585,172
Other Uses:					
Depreciation	465,020	-	465,020	454,046	10,974
Internal Service Fund costs	<u>938,485</u>	<u>-</u>	<u>938,485</u>	<u>938,485</u>	<u>-</u>
Total Expenditures and Other Uses	<u>\$ 12,656,494</u>	<u>\$ 382,049</u>	<u>\$ 12,274,445</u>	<u>\$ 10,678,299</u>	<u>\$ 1,596,146</u>
Indirect Costs					<u>\$ 1,596,146</u>
Direct Costs					<u>\$ 10,678,299</u>
Indirect Cost Rate					<u>13.00%</u>



## GULF BEND CENTER

### SCHEDULE OF INSURANCE IN EFFECT

For the year ended August 31, 2021

Type of Insurance	Coverage	Terms/Deductible	Effective Period
Workers' compensation*	Statutory Limit	Statutory/deductible N/A	09/01/20 - 08/31/21
General liability*	\$1,000,000	Combined single limit per occurrence and annual aggregate/\$1,000 deductible	09/01/20 - 08/31/21
Automobile liability*	\$1,000,000	Combined single limit per occurrence and annual aggregate/\$1,000 deductible	09/01/20 - 08/31/21
Professional liability*	\$1,000,000	Per occurrence annual aggregate/\$3,000,000 \$1,000 deductible -Sexual misconduct endorsement annual aggregate/\$300,000 - Expanded Employment Practices per occurrence/\$50,000 annual aggregate/\$100,000	09/01/20 - 08/31/21
Errors and omissions*	\$1,000,000	Per claim and annual aggregate/\$2,500 deductible	09/01/20 - 08/31/21
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	09/01/20 - 08/31/21
Auto physical damage*	Actual Cash Value	Deductible varies by vehicle	09/01/20 - 08/31/21
Professional defense*	\$25,000	Per occurrence annual aggregate/\$50,000	09/01/20 - 08/31/21
Cyber security Liability coverage*	\$2,000,000	Aggregate limit regulatory defense & penalties sublimit / \$2,000,000 PCI fines, expenses & costs sublimit / \$2,000,000 \$10,000 Retention	09/01/20 - 08/31/21

\* Most Insurance coverage is provided by the Texas Council Risk Management Fund. Cyber security is provided by Beazley Group. Employee dishonesty insurance is provided by CNA Surety.

**GULF BEND CENTER**

*SCHEDULE OF BOND COVERAGE*

*For the year ended August 31, 2021*

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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	10/14/19- 10/14/21

**GULF BEND CENTER***SCHEDULE OF LEASES IN EFFECT**For the year ended August 31, 2021*

<u>Lessor</u>	<u>Description/Location</u>	<u>Period</u>	<u>Terms</u>
Office Systems 2000, Inc., Purified H2O	5 Water Coolers	7/12/19 to 6/25/24	\$ 386 mo
Toshiba Business Solutions, Inc.	18 Copiers	03/27/18 to 03/26/23	2,550 mo
Transfirst, LLC	Merchant Card Machine(s)		
	Front Desk GBC - Victoria	11/01/17 to 10/31/21	40 mo
	Contract #052-1470143-000		
	Place 4 - Port Lavaca	11/01/17 to 10/31/21	40 mo
	Contract #052-1470144-000		
Enterprise FM Trust	Vehicle Leases		
	Enterprise FM Trust-3509	5/31/16 to 09/30/20	346 mo
	Enterprise FM Trust-1109	4/1/17 to 09/30/20	348 mo
	Enterprise FM Trust-1022	4/1/17 to 09/30/20	348 mo
	Enterprise FM Trust-0775	4/1/17 to 09/30/20	348 mo
	Enterprise FM Trust-9877	5/31/16 to 10/31/20	346 mo
	Enterprise FM Trust-3167	5/31/16 to 10/31/20	346 mo
	Enterprise FM Trust-9675	5/31/16 to 10/31/20	346 mo
	Enterprise FM Trust-2026	5/31/16 to 10/31/20	346 mo
	Enterprise FM Trust-1337	4/1/17 to 11/30/21	348 mo
	Enterprise FM Trust-1583	4/1/17 to 11/30/21	348 mo
	Enterprise FM Trust-4485	6/1/17 to 5/31/22	720 mo
	Enterprise FM Trust-8882	10/1/17 to 5/31/22	351 mo
	Enterprise FM Trust-8779	10/1/17 to 5/31/22	351 mo
	Enterprise FM Trust-8737	10/1/17 to 5/31/22	351 mo
	Enterprise FM Trust-3043	8/1/18 to 7/31/23	343 mo
	Enterprise FM Trust-2974	8/1/18 to 7/31/23	343 mo
	Enterprise FM Trust-2947	8/1/18 to 7/31/23	347 mo
	Enterprise FM Trust-4806	8/1/18 to 7/31/23	341 mo
	Enterprise FM Trust-3333	8/1/18 to 7/31/23	347 mo
	Enterprise FM Trust-3292	8/1/18 to 7/31/23	347 mo
	Enterprise FM Trust-3375	5/1/19 to 4/30/24	275 mo
Holladay Properties	501 E. Colorado St. Victoria, TX 77901	11/1/19 to 10/31/22	281 mo
Pitney Bowes	Mailing Machine	7/25/19 to 10/25/24	59 mo
Cuero Regional Hospital	2550 N Esplanade St. Cuero, TX 77954	Until termed	50/100 usage
DeTar Ground Lease	6502 Nursery Drive	5/2008 to 5/2108	100 year

Source: Gulf Bend Center

**GULF BEND CENTER***SCHEDULE OF PROFESSIONAL AND CONSULTING SERVICES**For the year ended August 31, 2021*

Name	City	Type of Service	Amount
Aries Psychiatric Services	Corpus Christi	C&A MH Services	\$ 95,525
Atzenhoffer Chevrolet Co Lin	Victoria	Vehicle Repairs	5,117
Blackbaud Inc	Boston, MA	Financial Support Services	15,902
Bluebonnet Trails Community Center	Round Rock	IDD Crisis Respite	11,760
CDW Government LLC	Chicago, IL	IT Support Services	15,818
City of Victoria	Victoria	MHO Services	169,715
Clean All Janitorial Supplies	Victoria	Janitorial Services	8,928
Cleaning Pro Janitorial Services	Victoria	Janitorial Services	34,075
Clinical Pathology Lab	Victoria	Laboratory & Medical Care	19,613
Cross Creek Hospital	Austin	Inpatient Psychiatric Services	228,600
Datavox	Houston	IT Support Services	93,101
Datis HR	Cincinnati, OH	HR Payroll System	35,316
Delores White	Victoria	Evaluation Services	8,320
Donald Polzin	Victoria	Fundraising	14,000
East Texas Behavioral Healthcare	Lufkin	Monthly Dues & Authorization Srvs	83,625
Eide Bailly LLP	Abilene	External Auditors	39,500
Frio A.C. & Mechanical	Victoria	Repairs	15,996
Hatch Learning	Weimer	ABA Therapy	11,520
Indeed Inc.	Victoria	Employment	9,109
Masterword Services	Houston	Contract Monitoring	7,661
Outburst Advertising	Victoria	Fundraising	7,122
Paul Hamilton	Victoria	Diagnostics and Counseling	16,873
Rawley McCoy & Associates PLLC	Victoria	Construction contractor	268,538
Rayasam Psychiatric Services	Corpus Christi	C&A MH Services	108,895
RiosAdvantage, LLC	Woodbridge, VA	Training	8,360
Sun Behavioral Houston	Houston	Inpatient Psychiatric Services	618,600
Texas Council	Austin	Risk Management Services	20,793
The Back Office	Victoria	Record Storage	8,634
The Harris Center	Houston	Crisis Hotline	68,664
Townsquare Media Victoria LLC	Victoria	Fundraising	10,421
Victoria City County Health Dept	Victoria	Medical Care	70,500
Victoria County	Victoria	MHO Services	345,032
Walker & Associates	Corpus Christi	Health Insurance Consultant	30,875
Westpark Springs	Richmond	Inpatient Psychiatric Services	657,600
Woolson Real Estate	Victoria	Property Management	71,500

Source: Gulf Bend Center

**GULF BEND CENTER**

*SCHEDULE OF LEGAL SERVICES*

*For the year ended August 31, 2021*

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<u>Name</u>	<u>City</u>	<u>Type of Service</u>	<u>Amount</u>
None			

## 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>
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
2016	5,421	0	12,451
2017	4,837	0	0
2018	6,382	0	0
2019	6,616	0	0
2020	5,192	0	0
2021	5,421	0	0

## GULF BEND CENTER

### TEN LARGEST EMPLOYERS

Current Year and Ten Years Ago

Employer	2021		
	Employees	Rank	Percent of Total Regional Employment
Formosa Plastics Group	3,400	1	29.62%
Victoria Independent School District	2,025	2	17.64%
The Inteplast Group	1,248	3	10.87%
Citizen's Medical Center	1,220	4	10.63%
DeTar Healthcare System	775	5	6.75%
Calhoun Independent School District	634	6	5.52%
INVISTA	600	7	5.23%
Caterpillar - NAHEX Victoria	600	8	5.23%
DOW - Seadrift Operations	578	9	5.03%
Regency Post Acute Healthcare System	400	10	3.48%
	<u>11,480</u>		<u>100.00%</u>

Employer	2012		
	Employees	Rank	Percent of Total Regional Employment
Victoria Independent School District	2,165	1	19.96%
The Inteplast Group	1,975	2	18.21%
Formosa Plastics	1,663	3	15.33%
Citizen's Medical Center	1,127	4	10.39%
DeTar Healthcare System	939	5	8.66%
DOW - Seadrift Operations	600	6	5.53%
INVISTA	600	7	5.53%
ALCOA	599	8	5.52%
Calhoun Independent School District	597	9	5.50%
Victoria County	580	10	5.35%
	<u>10,845</u>		<u>100.00%</u>

## GULF BEND CENTER

### DEMOGRAPHIC AND ECONOMIC STATUS STATISTICS

Last ten years

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<u>Fiscal Year</u>		<u>Population</u>	<u>Personal Income</u> (amounts expressed in thousands) (1)	<u>Per Capita</u> <u>Personal</u> <u>Income</u> (1)	<u>Unemployment</u> <u>Rate</u> (2)
2012	*	118,188	4,870,783	41,212	5.90%
2013	*	119,336	5,141,505	43,084	5.50%
2014	*	120,515	5,472,258	45,407	4.30%
2015	*	121,808	5,541,956	45,497	4.20%
2016	*	121,949	5,225,180	42,847	5.50%
2017	*	121,604	5,965,892	49,060	5.00%
2018	*	121,598	6,206,970	51,045	3.80%
2019	*	113,357	4,846,565	52,632	3.40%
2020		180,327	4,920,359	53,881	8.20%
2021		(A)	(A)	(A)	6.00%

Sources:

(1) Bureau of Economic Analysis

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

(A) Data was unavailable

\* Prior year data includes mostly the areas of Victoria & Calhoun Counties for reporting purposes. Current year data includes entire catchment area.



## GULF BEND CENTER

### FULL-TIME EQUIVALENT EMPLOYEES BY PROGRAM

Last ten fiscal years

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	<u>Full-time Equivalent Employees as of August 31.</u>									
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Program										
Mental Health-Adult	56	54	59	55	57	52	68	60	60	50
Mental Health-Child	30	18	17	20	17	27	17	17	10	10
IDD	17	13	20	24	25	24	64	72	72	75
General and Administrative	<u>32</u>	<u>30</u>	<u>33</u>	<u>32</u>	<u>30</u>	<u>34</u>	<u>40</u>	<u>31</u>	<u>22</u>	<u>28</u>
Total	<u>135</u>	<u>115</u>	<u>129</u>	<u>131</u>	<u>129</u>	<u>137</u>	<u>189</u>	<u>180</u>	<u>164</u>	<u>163</u>

**GULF BEND CENTER**  
*RETIREMENT PLAN DATA*  
*As of August 31, 20201*

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Number of Plan Participants:

Active	139
Inactive	<u>50</u>
Total	<u><u>189</u></u>

Plan Assets and Liabilities (at fair value):

Plan assets:	
Investments:	
Fixed Income	\$ 611,100
Equity	<u>5,953,439</u>
Total plan assets	<u><u>\$ 6,564,539</u></u>
Plan liabilities	None

SINGLE AUDIT SECTION



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

To the Board of Directors  
Gulf Bend Center  
Victoria, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Gulf Bend Center (“the Center”) as of and for the year ended August 31, 2021, and the related notes to the financial statements, which collectively comprise Gulf Bend Center’s basic financial statements, and have issued our report thereon dated December 3, 2021.

**Internal Control over Financial Reporting**

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

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Center's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

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

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

Abilene, Texas  
December 3, 2021



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

To the Board of Directors  
Gulf Bend Center  
Victoria, Texas

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

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

**Management’s Responsibility**

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

**Auditor’s Responsibility**

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

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

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

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

### **Report on Internal Control over Compliance**

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

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

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

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



Abilene, Texas  
December 3, 2021

**GULF BEND CENTER**

*SCHEDULE OF EXPENDITURES OF STATE AND FEDERAL AWARDS*

*Year ended August 31, 2021*

Federal and State Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Financial Assistance Listing/ Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
<b>STATE EXPENDITURES</b>			
<b>Texas Health &amp; Human Services Commission</b>			
General Revenue - MH		HHS000522500001	\$ 2,417,546
General Revenue - C&A		HHS000522500001	383,030
General Revenue - Crisis Services		HHS000522500001	379,825
General Revenue - PESC		HHS000522500001	480,923
General Revenue - PPB		HHS000522500001	697,109
General Revenue - Veterans		HHS000522500001	70,000
General Revenue - Waitlist		HHS000522500001	250,000
General Revenue - ESC		HHS000522500001	95,833
Youth Empowerment Services Waiver		2017-049587-001	4,228
Mental Health First Aid Grant Program		HHS000177500001	27,460
General Revenue - IDD		HHS625900001	337,367
Permanency Planning		HHS625900001	4,946
IDD Crisis Intervention Specialists		HHS625900001	117,802
IDD Crisis Respite Services		HHS625900001	4,978
Nursing Facility Specialized Services		HHS625900001	4,277
Community Mental Health Grant Program		HHS000149700018	735,850
<b>Total State Expenditures</b>			<b><u>\$ 6,011,174</u></b>
<b>FEDERAL EXPENDITURES</b>			
<b>U.S. Department of Health and Human Services</b>			
<b>Pass-through Texas Health &amp; Human Services Commission</b>			
TANF Title XX Block Grant - TANF Cluster	93.558	HHS000522500001	\$ 92,717
Base Title XX Block Grant	93.667	HHS000522500001	41,868
MH Block Grant	93.958	HHS000522500001	226,608
Enhanced Community Coordination	93.791	HHS625900001	8,771
Medicaid Administrative Claiming - Medicaid Cluster	93.778	529-09-0032-0001	226,332
COVID-19 CARES Act Provider Relief Fund	93.498	N/A	37,879
<b>Pass-through Substance Abuse and Mental Health Services Administration</b>			
CCBHC Expansion Grants	93.829	1H79SM083240-01	589,340
<b>Total U.S. Department of Health and Human Services</b>			<b><u>1,223,515</u></b>
<b>Substance Abuse and Mental Health Services Administration</b>			
<b>Pass-through Texas Health &amp; Human Services Commission</b>			
Mental Health First Aid Outreach Worker Funds	93.958	HHS000177500001	63,553
<b>Federal Emergency Management Agency</b>			
<b>Pass-through Texas Department of Health and Human Services Commission</b>			
COVID-19 Immediate Services Crisis Counseling Program	93.982	HHS000434500006	66,532
<b>U.S. Department of Housing and Urban Development</b>			
<b>Pass-through City of Victoria</b>			
Community Development Block Grant - CDBG Cluster	14.218	N/A	5,000
<b>Total Federal Expenditures</b>			<b><u>\$ 1,358,600</u></b>
<b>TOTAL STATE AND FEDERAL FINANCIAL ASSISTANCE</b>			<b><u>\$ 7,369,774</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, 2021

**NOTE 1: BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying schedule of expenditures of state and federal awards includes 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 Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; 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. The Center did not elect to use the 10% de minimis indirect cost rate.

**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 Mental Health Adult and IDD as a type A major state program.

**NOTE 4: RECONCILIATION TO FINANCIAL STATEMENTS**

Total expenditures of state awards - Schedule of Expenditures of State and Federal Awards	\$	6,011,174
Plus: Contracts not considered a grant TCOOMMI		288,987
Plus: Federal Mental Health First Aid Grant grouped with Federal Programs		63,553
Less: Nursing Facility Specialized Services grouped with billed services (local funds)		4,277
Less: Contracts grouped with billed services (local funds) Youth Empowerment Services Waiver		<u>4,228</u>
Total state program revenues - Statement of Revenues, Expenditures, and Changes in Fund Balances	\$	<u><u>6,355,209</u></u>
Total expenditures of federal awards - Schedule of Expenditures of State and Federal Awards	\$	1,358,600
Less: City of Victoria pass-through grant grouped with Local grants in Local Funds		5,000
Less: Contracts grouped with billed services (local funds) Enhanced Community Coordination		8,771
Less: Federal Mental Health First Aid Grant grouped with State Programs		63,553
Less: CARE Provider Relief Funds included in FY2020 revenue		<u>37,879</u>
Total federal program revenues - Statement of Revenues, Expenditures, and Changes in Fund Balances	\$	<u><u>1,243,397</u></u>

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**NOTE 5: SUBRECIPIENTS**

The Center does not pass any of their state or federal financial assistance through to subrecipients.

**NOTE 6: PROVIDER RELIEF FUNDS**

The Center received amounts from the U.S. Department of Health and Human Services (HHS) through the Provider Relief Fund (PRF) program (Federal Financial Assistance Listing/CFDA #93.498) during the year ended August 31, 2020 and 2021. The Organization incurred eligible expenditures and, therefore, recognized revenues totaling \$37,879 and \$72,003 for the year ended August 31, 2020 and 2021, respectively, on the financial statements. In accordance with the compliance supplement addendum, the PRF expenditures recognized on the schedule are based on the reporting to HHS for the calendar year ending December 31, 2020, as required under the PRF program.

**GULF BEND CENTER**

*SCHEDULE OF FINDINGS AND QUESTIONED COSTS*

*For the year ended August 31, 2021*

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

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?  yes  no
- Significant deficiency(s) identified?  yes  none reported

Noncompliance material to financial statements noted?

yes  no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified?  yes  no
- Significant deficiency(s) identified?  yes  none reported

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

Any audit findings disclosed that are required to be reported with Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards?

yes  no

Identification of major programs:

<i>CFDA Number(s)</i>	<i>Name of State or Federal Program or Cluster</i>
93.829	CCBHC Expansion Grants

State Awards

Internal control over major programs:

- Material weakness(es) identified?  yes  no
- Significant deficiency(s) identified?  yes  none reported

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

Any audit findings disclosed that are required to be reported in accordance with 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)	GR- Behavioral Health (Adult, Child, Crisis, PESC and PPB) and IDD

Dollar threshold used to distinguish between type A and type B programs: Federal-\$750,000 State-\$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, 2021*

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#### **Financial Statement Findings**

The audit disclosed no findings required to be reported.

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

The audit disclosed no findings required to be reported.