

**GULF BEND CENTER**

**VICTORIA, TEXAS**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

For the Fiscal Year Ended August 31, 2024

ISSUED BY

**KASIE MUNDINE  
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, 2024, from Eide Bailly LLP, Certified Public Accountants, was reviewed and approved at a meeting of the Board of Trustees held on the 10<sup>th</sup> day of December 2024.

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

12-2-2024  
\_\_\_\_\_  
Date

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## INTRODUCTORY SECTION



# Gulf Bend Center

IMPROVING LIFE THROUGH RECOVERY.

December 10, 2024

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

Ladies and Gentlemen:

I am pleased to present the Annual Comprehensive Financial Report of Gulf Bend Center (the Center) for the fiscal year ended August 31, 2024. The report is intended for the information of the Board of Trustees, management, federal and state awarding agencies, citizens of our seven-county catchment area, 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 the Center. To the best of our knowledge, 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 Center. 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 financial and compliance audit to be prepared by an independent certified public accountant. The firm of Eide Bailly LLP, Abilene, Tx., was selected to perform the annual audit for fiscal year ended August 31, 2024. The audit was designed to be performed in accordance with generally accepted auditing standards, Governmental Auditing Standards, the Texas Grant 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. The Center's MD&A can be found immediately following the report of the independent auditors.

## *Profile of the Government*

Gulf Bend Center is a public entity which was established under the Texas Mental Health and Mental Retardation Act of 1965. This act provided for the creation of local boards of trustees. The Center provides mental health services, intellectual and developmental disabilities services, and substance use services to customers in Calhoun, DeWitt, Goliad, Jackson, Lavaca, Refugio, and Victoria counties. The Center is governed by a nine-member board of trustees whose members are appointed by the commissioner's court





# Gulf Bend Center

IMPROVING LIFE THROUGH RECOVERY.

of each county. The Center has been designated as a tax-exempt charitable organization as described in Section 501(c)(3) of the Internal Revenue Code.

The Center 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. The Center also provides extended services which include jail and emergency room diversion and tele-med services throughout the seven-county area. The Center partners with local law enforcement Mental Health Officers that team up with a Gulf Bend case manager as a Community Response Team (CRT) across all seven counties.

The Center's management is responsible for establishing and maintaining an effective compliance program with an internal control structure designed to ensure that the assets of the government are protected from loss, theft, or misuse and to ensure that adequate accounting data 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, the Center is responsible for ensuring that an adequate internal control structure is in place also 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 is the Center's main clinical and administrative office and is located within the thriving agricultural and industrial city of Victoria, Texas.

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. According to the US Bureau of Labor Statistics, the Region's unemployment rate as of August 2024 was an average of 4.5% as compared to the statewide rate of 4.1% and national average unemployment rate of 4.2%.





# Gulf Bend Center

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Approximately 42.86% of the Center's funding is from the State of Texas in the form of General Revenue. The remaining funding is derived from earned income from public and private payors, federal grants, state grants, and local contributions.

## *Long-term Financial Planning and Operating Reserves*

Using the Center's Investment Policy as a guide, fund balance investments are monitored to ensure the best rates of return are received. The policy also provides assurance that funds are available 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.

The Center's Average Operating Reserve Ratio as of August 31, 2024, was 4.36 months. This means the Center has the capacity to operate slightly over four months in case of any unforeseen circumstances prohibiting the Center's receipt of funding. The state recommends reserves to be a minimum of three months, and the Center has adopted this financial standard.

The Center approved its fiscal year 2025 operating budget in August 2024. The Center anticipates its operating revenues to be \$15,359,563. The Center also budgeted \$1,079,214 for various capital projects; including \$724,214 for updating the second and third floor administrative offices as well as the common spaces shared with tenants. These various capital projects will be funded with prior year reserves and are reflected on the Balance Sheet-Governmental Funds as Assigned for capital projects.

## *Major Initiatives*

The Directed Payment Program for Behavioral Health Services (DPP BHS) is one of four directed payment programs (DPP) HHSC submitted to CMS for approval as part of the Delivery System Reform Incentive Payment Transition Plan. CMS approved DPP BHS on November 15, 2021. DPP BHS is a DPP for community mental health centers (CMHC) to promote and improve access to behavioral health services, care coordination, and successful care transitions for individuals enrolled in the STAR, STAR+PLUS, and STAR Kids Medicaid managed care programs. It also incentivizes continuation of care for these individuals using the Certified Community Behavioral Health Clinic (CCBHC) model of care. In fiscal year 2024, the program funds the Center through two components. Component 1 is a uniform dollar increase issued in monthly payments to entities participating in the program. As a condition of participation, providers will report on progress made toward certification or maintenance of CCBHC status and provide status updates on quality improvement activities. Component 2 is a uniform percent increase on certain CCBHC services. As a condition of participation, providers are required to report on metrics that align with CCBHC measures and goals. Providers that have CCBHC certification are eligible for a higher rate enhancement. In fiscal





# Gulf Bend Center

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year 2025, the program structure will change to include one component - a uniform dollar increase in the form of prospective, monthly payments.

Also, as part of the transition plan, HHSC developed the Public Health Provider – Charity Care Program (PHP-CCP). This program is designed to allow CMHCs to receive reimbursement for the cost of delivering healthcare services, including behavioral health services, immunizations, and other preventative services, when those costs are not reimbursed by another source. A cost report was submitted in November 2024 to HHSC based on FFY2024 financials. Payment is expected to be received in Spring 2025.

In January 2021, the Center was officially certified as a CCBHC. The Center was re-certified in January 2024 for another three years. As a CCBHC, the Center has enhanced its services by providing counseling services for substance use disorders, an intensive outpatient program, and other services as required by the CCBHC model. This federal certification, which passed through HHSC and Substance Abuse and Mental Health Service Administration (SAMHSA), also qualified the Center to be able to apply for federal grants through SAMHSA. The Center was awarded its first SAMHSA grant in February 2021 which ended February 2024. These funds were used to expand services related to the CCBHC model. The Center was awarded a second SAMSA grant in the amount of \$1,000,000 beginning September 2022, for the improvement and advancement of CCBHC services. This second grant was renewed for a second year beginning September 2023 as well as a third year beginning September 2024 at \$1,000,000 per year.

The Center is currently conducting a beta program and funding it through SAMHSA for Jail In-reach. Jail in-reach services work with incarcerated individuals who are determined to be incompetent to stand trial. A case manager focuses on training and education in order to reduce symptoms of mental illness so that the individual's competency can be re-evaluated.

The Center also conducted a second beta program titled Bend the Trend. Bend the Trend partners a case manager with school district employees in order to identify and assist children who are most at risk of developing a mental illness or dependency issues in the future. This program was originally also funded through SAMHSA, however the Center qualified for a state grant in fiscal year 2024 under the Supporting Mental Health and Resiliency in Texas (SMART) Innovation grant program through HHSC. This grant began July 2024.



# Gulf Bend Center

IMPROVING LIFE THROUGH RECOVERY.

The Center's management team continues to develop community partnerships with other providers and stakeholder organizations to address gaps in local community mental health and developmental disability services. The Center established a Collaborative many years ago made up of law enforcement, county judges, hospital administrators, school district personnel and other related agencies across the seven-county catchment area to assist in developing strategies. Most recently, the Collaborative provided local support to the 88<sup>th</sup> legislative session that brought funding to our area for a future mental health facility. The Center also partners with other local agencies to establish a Community Resource Center (CRC) to allow ease of access to other community-based programs which address at a minimum food insecurities and housing needs. The Center works closely with the school districts and Education Service Center in our region. Building these relationships has been necessary to the Center's ability to meet the needs of the region.

In the last several years, the Center has seen an unprecedented increase in the need for psychiatric hospitalizations. Due to the unavailability of placement in the state hospital, the Center has contracted with third-party private psychiatric hospitals. These hospitalizations are paid for using state funding provided under the Center's Local Mental Health Authority Performance Grant Agreement for community-based crisis programs, Private Psychiatric Bed (PPB) funds, and General Revenue (GR) funds. In FY24, this funding provided a total of 2466 bed days.

## *Acknowledgements*

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the finance and 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 Board of Trustees who serve in a governance role in the planning and implementation of the Center's operations.

Respectfully submitted,



Kasie Mundine  
Chief Financial Officer



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Gulf Bend Center  
Texas**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

August 31, 2023

*Christopher P. Morill*

Executive Director/CEO

**LIST OF PRINCIPAL OFFICIALS**

**Board of Trustees**

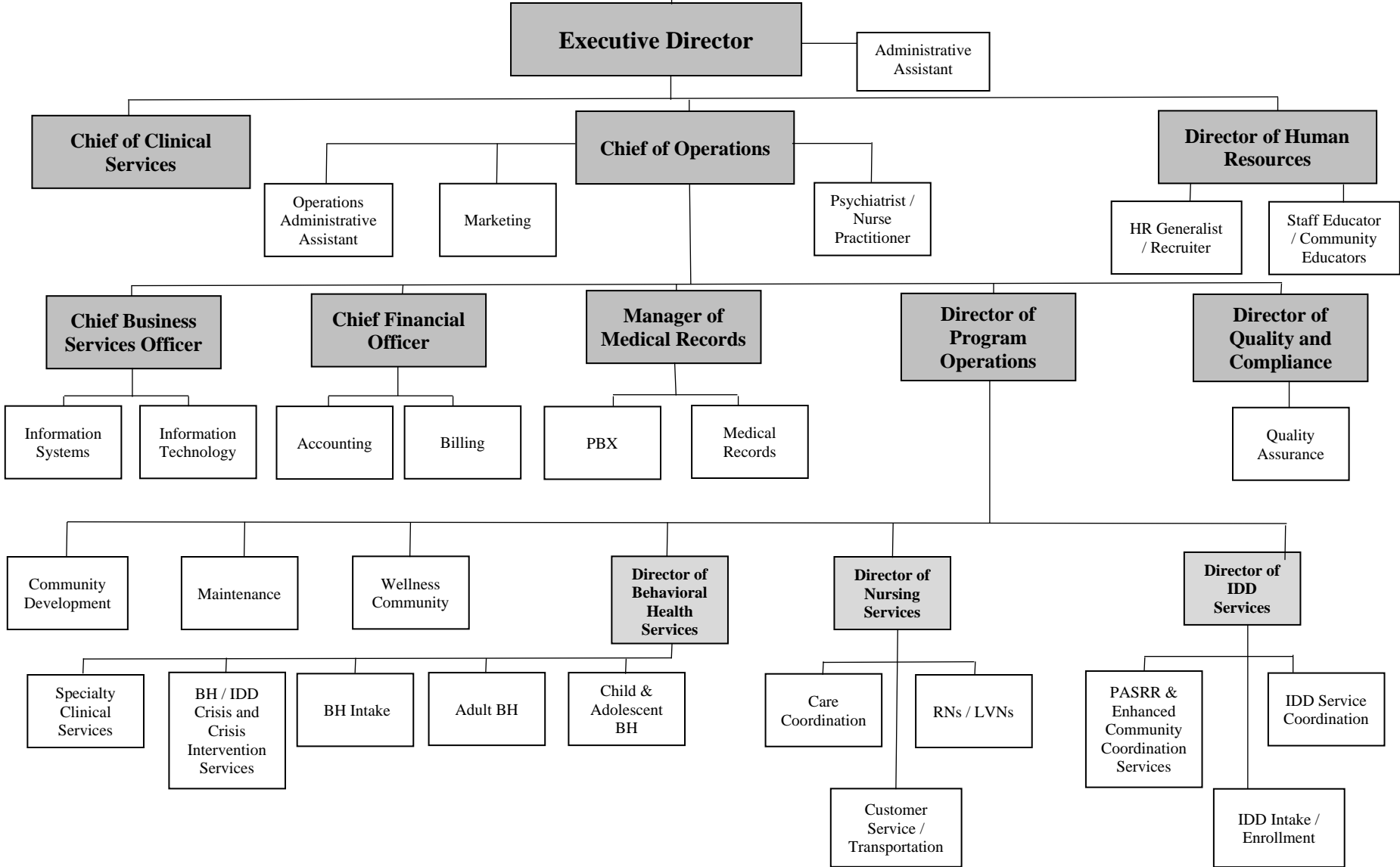
|                   |                 |                  |
|-------------------|-----------------|------------------|
| Steve Hipes       | Victoria County | Board Chair      |
| Melissa Lester    | Calhoun County  | Board Vice-Chair |
| Sylvester Walleck | Jackson County  | Board Secretary  |
| Jeana Bethany     | Calhoun County  | Board Member     |
| Daryl Fowler      | DeWitt County   | Board Member     |
| Edward Ousley     | Goliad County   | Board Member     |
| Micah Harmon      | Lavaca County   | Board Member     |
| Corey Wasicek     | Refugio County  | Board Member     |
| Gary Burns        | Victoria County | Board Member     |
| Carl Bowen        | DeWitt County   | Ex-Officio       |
| Justin Marr       | Victoria County | Ex-Officio       |

**Executive Management Staff**

|                 |                                    |
|-----------------|------------------------------------|
| Jeffrey Tunnell | Executive Director                 |
| Lane Johnson    | Chief Clinical Services Officer    |
| Nicole Way      | Chief Operations Officer           |
| Glenn Zengerle  | Chief Business Services Officer    |
| Kasie Mundine   | Chief Financial Officer            |
| Yvette Hausmann | Director of Human Resources        |
| Julie Galvan    | Director of Quality and Compliance |
| Sara Ramos      | 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 Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Gulf Bend MHMR Center dba Gulf Bend Center ("the Center") as of and for the year ended August 31, 2024, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Center, as of August 31, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

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

#### *Responsibilities of Management for the Financial Statements*

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.



We have applied certain limited procedures to the required supplementary information in accordance with GAAS , which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Center’s basic financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of state and federal awards are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of state and federal awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* , and the Texas Grant Management Standards, is presented for purposes of additional analysis and is also not a required part of the basic 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the 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.

### ***Other Information***

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2024 on our consideration of the Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Center's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.

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

Abilene, Texas  
December 3, 2024

# GULF BEND CENTER

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

### FOR THE YEAR ENDED AUGUST 31, 2024

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, 2024. Management encourages readers to consider the information presented here in conjunction with additional information furnished in the letter of transmittal, which can be found on pages i through v in the introductory section of this report.

#### FINANCIAL HIGHLIGHTS

- The assets of the Center's governmental activities exceeded its liabilities at the close of the most recent fiscal year by \$13,393,757 (net position). Of this amount, \$6,394,160 (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 decreased by \$447,998.
- As of the end of the current fiscal year, the Center's total governmental funds reported a combined ending fund balance of \$6,897,177, a decrease of \$272,690 from the prior year.
- Of the Center's total governmental fund balance, \$5,370,672 represents the unassigned fund balance of the General Fund, which is approximately 36% 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 the Center's assets, liabilities, and deferred inflows of resources, with the difference 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, Intellectual and Developmental Disability (IDD), and Substance Use.
- 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, 2024

**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 Capital Projects Fund records on-going projects. Currently, it is recording renovations being completed on the second and third floor of the Center's Nursery Drive building.

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 21 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 22 through 24 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 25 through 26 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 27 through 44 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 Texas Grant Management Standards. This supplementary information can be found on pages 45 through 77 of this report.



**GULF BEND CENTER**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**FOR THE YEAR ENDED AUGUST 31, 2024**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

A portion of the Center's governmental activities total net position (approximately 52%) reflects its investment in capital assets and right-of-use 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 however, it did have outstanding lease and subscription liabilities related to its right-of-use assets. 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, \$6,394,160, or 48%, 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 helps offset general expenditures.

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

|                                     | Governmental  |               | Business-type |              | Total         |               | Change |
|-------------------------------------|---------------|---------------|---------------|--------------|---------------|---------------|--------|
|                                     | 2024          | 2023          | 2024          | 2023         | 2024          | 2023          |        |
| Current assets                      | \$ 8,452,589  | \$ 8,528,379  | \$ 853,564    | \$ 882,956   | \$ 9,306,153  | \$ 9,411,335  | -1%    |
| Capital assets (net)                | 8,019,289     | 8,403,365     | 709,616       | 749,509      | 8,728,905     | 9,152,874     | -5%    |
| Total Assets                        | 16,471,878    | 16,931,744    | 1,563,180     | 1,632,465    | 18,035,058    | 18,564,209    | -3%    |
| Current liabilities                 | 2,066,438     | 1,748,597     | 8,261         | 15,404       | 2,074,699     | 1,764,001     | 18%    |
| Long-term liabilities               | 1,011,683     | 1,341,392     | -             | -            | 1,011,683     | 1,341,392     | -25%   |
| Total Liabilities                   | 3,078,121     | 3,089,989     | 8,261         | 15,404       | 3,086,382     | 3,105,393     | -1%    |
| Deferred inflows<br>of resources    | -             | -             | 328,819       | 386,945      | 328,819       | 386,945       | 0%     |
| Net Position:                       |               |               |               |              |               |               |        |
| Net investment in<br>capital assets | 6,999,597     | 7,399,357     | 709,616       | 749,509      | 7,709,213     | 8,148,866     | -5%    |
| Unrestricted                        | 6,394,160     | 6,442,398     | 516,484       | 480,607      | 6,910,644     | 6,923,005     | 0%     |
| Total Net Position                  | \$ 13,393,757 | \$ 13,841,755 | \$ 1,226,100  | \$ 1,230,116 | \$ 14,619,857 | \$ 15,071,871 | -3%    |

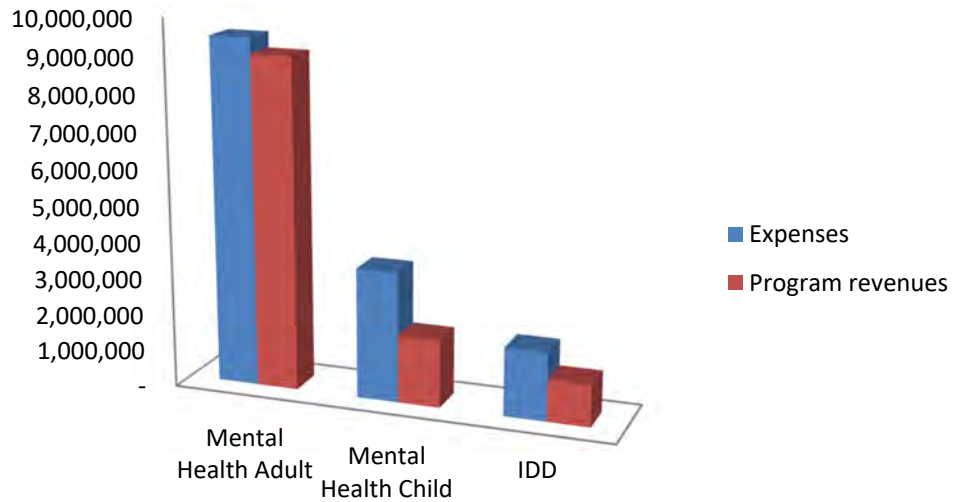
**GULF BEND CENTER**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**FOR THE YEAR ENDED AUGUST 31, 2024**

The Center's total governmental net position decreased by \$447,998 as shown below:

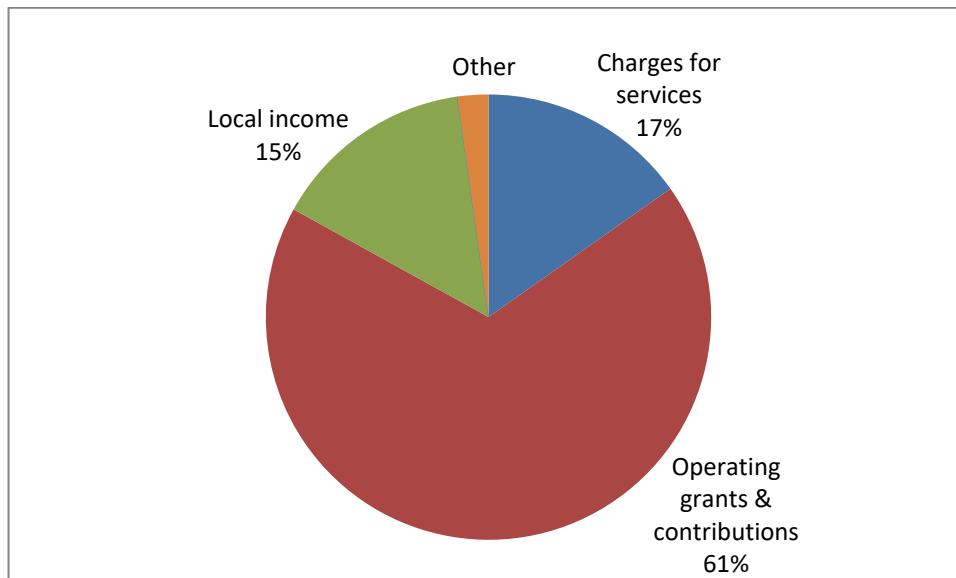
|                               | <b>Governmental</b>  |                      | <b>Business-type</b> |                     | <b>Total</b>         |                      | <b>Change</b> |
|-------------------------------|----------------------|----------------------|----------------------|---------------------|----------------------|----------------------|---------------|
|                               | <b>2024</b>          | <b>2023</b>          | <b>2024</b>          | <b>2023</b>         | <b>2024</b>          | <b>2023</b>          |               |
| <b>REVENUES</b>               |                      |                      |                      |                     |                      |                      |               |
| Program revenues:             |                      |                      |                      |                     |                      |                      |               |
| Charges for services          | \$ 2,210,324         | \$ 2,610,161         | \$ 69,997            | \$ 64,390           | \$ 2,280,321         | \$ 2,674,551         | -15%          |
| Operating grants              | 9,843,927            | 9,358,501            | -                    | -                   | 9,843,927            | 9,358,501            | 5%            |
| General revenues:             |                      |                      |                      |                     |                      |                      |               |
| General income                | 2,137,619            | 3,499,902            | -                    | -                   | 2,137,619            | 3,499,902            | -39%          |
| Gain on sale                  | (135)                | 97,592               | -                    | -                   | (135)                | 97,592               | -100%         |
| Investment earnings           | 324,209              | 139,791              | 18,694               | 14,590              | 342,903              | 154,381              | 122%          |
| <b>Total Revenues</b>         | <b>14,515,944</b>    | <b>15,705,947</b>    | <b>88,691</b>        | <b>78,980</b>       | <b>14,604,635</b>    | <b>15,784,927</b>    | <b>-7%</b>    |
| <b>EXPENSES</b>               |                      |                      |                      |                     |                      |                      |               |
| Mental Health-Adult           | 9,476,709            | 10,055,882           | -                    | -                   | 9,476,709            | 10,055,882           | -6%           |
| Mental Health-Child           | 3,567,478            | 2,624,765            | -                    | -                   | 3,567,478            | 2,624,765            | 36%           |
| IDD                           | 1,870,558            | 1,676,976            | -                    | -                   | 1,870,558            | 1,676,976            | 12%           |
| Interest                      | 49,197               | 47,653               | -                    | -                   | 49,197               | 47,653               | 3%            |
| Rental                        | -                    | -                    | 92,707               | 113,776             | 92,707               | 113,776              | -19%          |
| <b>Total Expenses</b>         | <b>14,963,942</b>    | <b>14,405,276</b>    | <b>92,707</b>        | <b>113,776</b>      | <b>15,056,649</b>    | <b>14,519,052</b>    | <b>4%</b>     |
| Excess (Deficiency) of        |                      |                      |                      |                     |                      |                      |               |
| Revenues over Expenses        | (447,998)            | 1,300,671            | (4,016)              | (34,796)            | (452,014)            | 1,265,875            | -136%         |
| Internal transfers            | -                    | (8,101)              | -                    | 8,101               | -                    | -                    | 0%            |
| <b>Change in Net Position</b> | <b>(447,998)</b>     | <b>1,292,570</b>     | <b>(4,016)</b>       | <b>(26,695)</b>     | <b>(452,014)</b>     | <b>1,265,875</b>     | <b>-136%</b>  |
| Net Position - Beginning      | 13,841,755           | 12,549,185           | 1,230,116            | 1,256,811           | 15,071,871           | 13,805,996           | 9%            |
| <b>Net Position - Ending</b>  | <b>\$ 13,393,757</b> | <b>\$ 13,841,755</b> | <b>\$ 1,226,100</b>  | <b>\$ 1,230,116</b> | <b>\$ 14,619,857</b> | <b>\$ 15,071,871</b> | <b>-3%</b>    |

**GULF BEND CENTER**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**FOR THE YEAR ENDED AUGUST 31, 2024**

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, 2024

##### 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. This fund, as presented in the balance sheet on page 16, reported a combined fund balance of \$6,934,617. The fund balance decreased \$235,250 from prior year. The unassigned fund balance of the General Fund was \$5,370,672. 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 36% of total General Fund expenditures for the current fiscal year.

During the year, the General Fund local revenues decreased by \$1,020,495 (20%) from prior year. This is directly related to the Charity Care Program revenues. In FY23, shortfalls for underinsured individuals as well as all uninsured charges were captured in the report. However, in FY24, only uninsured individuals could be reported. General Fund state program revenues increased \$808,089 (12%) from prior year. The Center received additional funds in FY24 to assist with the increased costs of psychiatric hospital bed day stays. General Fund federal program revenues decreased \$316,312 (or 11%) from prior year. This decrease is directly related to the Center's first SAMHSA grant expiring February 2024.

The Center's second governmental fund is a Capital Projects Fund. This fund is used to account for revenues and expenditures resulting from on-going capital projects. Currently, the Center is renovating the second and third floor of the Nursery Drive building. This project is expected to be completed in FY25.

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

Total actual revenues were \$322,033, or 2%, less than budgeted revenues. The largest variance is due to Billable customer services. The Center's Billed customer services were under budget 42% mostly due to turnover in staffing.

Total actual expenditures were \$405,613, or 3%, less than budgeted expenditures. The largest variances in expenditures are in Personnel and Professional and consultant fees. Personnel is under budget 18% largely due to turnover in staffing and difficulties filling licensed positions. Professional and consultant fees are over budget 27% due to the Center having to contract for medication management services due to turnover in personnel.

**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 three tenants. These rentals resulted in a decrease of the enterprise net position by \$4,016.

## GULF BEND CENTER

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

#### FOR THE YEAR ENDED AUGUST 31, 2024

#### CAPITAL ASSETS, RIGHT-OF-USE 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 \$8,728,905 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, vehicles, furniture, equipment, right-of-use lease assets, and right-of-use subscription assets. The Center has \$545,851 invested in right-to-use assets which are leased assets in the form of copiers, water coolers, and vehicles. The Center also has several subscription-based information technology arrangements amounting to \$533,564 at year-end.

|                                       | 2024         | 2023         | Change |
|---------------------------------------|--------------|--------------|--------|
| Construction in progress              | \$ 37,440    | \$ -         | 0%     |
| Buildings and improvements            | 11,411,109   | 12,147,222   | -6%    |
| Furniture and equipment               | 1,128,940    | 1,113,800    | 1%     |
| Vehicles                              | 86,360       | 86,360       | 0%     |
| Right-of-use lease assets             | 786,645      | 502,196      | 57%    |
| Right-of-use subscription assets      | 813,386      | 782,495      | 0%     |
| Totals at Historical Cost             | 14,263,880   | 14,632,073   | -3%    |
| Accumulated depreciation/amortization | (5,534,975)  | (5,479,199)  | 1%     |
| Net Capital Assets                    | \$ 8,728,905 | \$ 9,152,874 | -5%    |

Additional information can be found in Note 6, Capital Assets on page 37 of this report. See Notes 8 and 9 for additional information on right-of use assets on pages 39 and 40.

**Long-term Debt:** As of the current year-end, the Center had debt outstanding of \$1,351,527. This amount is comprised of compensated absences, lease liabilities, and subscription liabilities. Of this total, \$1,011,683 is long-term and \$339,844 is current. The Center is not subject to a limit. Note 7 on page 38 provides additional information related to long-term debt. The following table summarizes the Center's long-term debt outstanding at year-end:

|                          | 2024         | 2023         | Change |
|--------------------------|--------------|--------------|--------|
| Compensated absences     | \$ 331,835   | \$ 337,384   | -2%    |
| Lease liabilities        | 554,807      | 394,355      | 41%    |
| Subscription liabilities | 464,885      | 609,653      | -24%   |
| Total                    | \$ 1,351,527 | \$ 1,341,392 | 1%     |

## **GULF BEND CENTER**

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

#### **FOR THE YEAR ENDED AUGUST 31, 2024**

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

According to the State of Texas Economic Development's website, when combined with steady employment and income growth, forecasters rank Texas first in the nation for five-year growth projections and Victoria is at the center of South Texas' industry and exports. Major employers such as Caterpillar, DOW, Formosa Plastics, Seadrift Operations, INVISTA and Inteplast Group contribute to sustaining a healthy business environment.

Victoria is also home to two higher education campuses. The University of Houston-Victoria offers 80 academic programs to its 4,500 enrolled students. Victoria College, enrolling nearly 4,000 credit students and having more than 3,300 workforce and continuing education students. The Center continues to see these campuses grow, resulting in an increase in students and faculty in the area. The Center has a good working relationship with both colleges which helps the Center recruit potential future employees.

The Center's regional unemployment rate was the same as Texas and the national unemployment rate averages at 4.1% at year-end. As of August 31, 2024, the Center had 147 full-time employees, 6 part-time/PRN employees, and 15 open positions.

Fiscal year 2025's budgeted operating revenues are \$15,359,562. These revenues exclude rental activities of the Enterprise fund. This budget exceeds fiscal year 2024's budget by 3.5%. The Center's operating activities are expected to balance; however, the Center is budgeting \$1,079,214 in capital expenditures in FY25. These capital expenditures include second and third floor renovations and vehicles and will be funded through prior year surpluses.

##### **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, Finance Department, 6502 Nursery Drive, Suite 100, Victoria, Texas 77904.

## BASIC FINANCIAL STATEMENTS



**GULF BEND CENTER**  
**STATEMENT OF NET POSITION**  
August 31, 2024

|  | Governmental<br>Activities | Business-type<br>Activities | Total                |
|--|----------------------------|-----------------------------|----------------------|
| <b>ASSETS</b>                              |                            |                             |                      |
| Cash and cash equivalents                  | \$ 326,511                 | \$ -                        | \$ 326,511           |
| Investments                                | 7,123,389                  | -                           | 7,123,389            |
| Deposit                                    | 315,313                    | -                           | 315,313              |
| Accounts receivable, net                   | 530,236                    | -                           | 530,236              |
| Lease receivable                           | -                          | 328,819                     | 328,819              |
| Receivables from other governments         | 469,677                    | -                           | 469,677              |
| Prepaid items                              | 193,933                    | 18,275                      | 212,208              |
| Internal balances                          | (506,470)                  | 506,470                     | -                    |
| Capital assets, net                        |                            |                             |                      |
| Nondepreciable                             | 37,440                     | -                           | 37,440               |
| Depreciable                                | 6,902,434                  | 709,616                     | 7,612,050            |
| Right-of-use lease assets                  | 545,851                    | -                           | 545,851              |
| Right-of-use subscription assets           | 533,564                    | -                           | 533,564              |
| <b>Total assets</b>                        | <u>16,471,878</u>          | <u>1,563,180</u>            | <u>18,035,058</u>    |
| <b>LIABILITIES</b>                         |                            |                             |                      |
| Accounts payable                           | 464,762                    | -                           | 464,762              |
| Accrued salaries and related payables      | 462,383                    | -                           | 462,383              |
| Other payables                             | 2,685                      | -                           | 2,685                |
| Unearned revenue                           | -                          | 8,261                       | 8,261                |
| Due to other governments                   | 796,764                    | -                           | 796,764              |
| Non-current liabilities:                   |                            |                             |                      |
| Due within one year                        | 339,844                    | -                           | 339,844              |
| Due in more than one year                  | 1,011,683                  | -                           | 1,011,683            |
| <b>Total liabilities</b>                   | <u>3,078,121</u>           | <u>8,261</u>                | <u>3,086,382</u>     |
| <b>DEFERRED INFLOWS OF RESOURCES</b>       |                            |                             |                      |
| Lease related                              | -                          | 328,819                     | 328,819              |
| <b>Total deferred inflows of resources</b> | <u>-</u>                   | <u>328,819</u>              | <u>328,819</u>       |
| <b>NET POSITION</b>                        |                            |                             |                      |
| Net investment in capital assets           | 6,999,597                  | 709,616                     | 7,709,213            |
| Unrestricted                               | 6,394,160                  | 516,484                     | 6,910,644            |
| <b>Total net position</b>                  | <u>\$ 13,393,757</u>       | <u>\$ 1,226,100</u>         | <u>\$ 14,619,857</u> |

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

**GULF BEND CENTER**  
**STATEMENT OF ACTIVITIES**  
For the year ended August 31, 2024

| 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             | \$ 6,991,087         | \$ 2,485,622              | \$ 9,476,709                                | \$ 955,926           | \$ 8,089,778                       |
| Mental Health-Child             | 2,631,734            | 935,744                   | 3,567,478                                   | 573,465              | 1,288,750                          |
| IDD                             | 1,379,915            | 490,643                   | 1,870,558                                   | 680,933              | 465,399                            |
| Administration                  | 3,912,009            | (3,912,009)               | -   | -                    | -                                  |
| Interest on long-term debt      | 49,197               | -                         | 49,197                                      | -                    | -                                  |
| Total governmental activities   | <u>14,963,942</u>    | <u>-</u>                  | <u>14,963,942</u>                           | <u>2,210,324</u>     | <u>9,843,927</u>                   |
| <b>Business-type Activities</b> |                      |                           |   |                      |                                    |
| Rental                          | <u>92,707</u>        | <u>-</u>                  | <u>92,707</u>                               | <u>69,997</u>        | <u>-</u>                           |
| <b>Total</b>                    | <u>\$ 15,056,649</u> | <u>\$ -</u>               | <u>\$ 15,056,649</u>                        | <u>\$ 2,280,321</u>  | <u>\$ 9,843,927</u>                |

General revenues:  
Unrestricted general income  
Loss on disposal of capital assets  
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<br>Activities | Business-type<br>Activities | Total         |
|----------------------------|-----------------------------|---------------|
| \$ (431,005)               | \$ -                        | \$ (431,005)  |
| (1,705,263)                | -                           | (1,705,263)   |
| (724,226)                  | -                           | (724,226)     |
| -                          | -                           | -             |
| (49,197)                   | -                           | (49,197)      |
| (2,909,691)                | -                           | (2,909,691)   |
| -                          | (22,710)                    | (22,710)      |
| (2,909,691)                | (22,710)                    | (2,932,401)   |
| 2,137,619                  | -                           | 2,137,619     |
| (135)                      | -                           | (135)         |
| 324,209                    | 18,694                      | 342,903       |
| 2,461,693                  | 18,694                      | 2,480,387     |
| (447,998)                  | (4,016)                     | (452,014)     |
| 13,841,755                 | 1,230,116                   | 15,071,871    |
| \$ 13,393,757              | \$ 1,226,100                | \$ 14,619,857 |

**GULF BEND CENTER**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
August 31, 2024

|  | General<br>Fund     | Capital<br>Projects Fund | Total<br>Governmental<br>Funds |
|--|---------------------|--------------------------|--------------------------------|
| <b>ASSETS</b>                              |                     |                          |                                |
| Cash and cash equivalents                  | \$ 318,476          | \$ -                     | \$ 318,476                     |
| Investments                                | 7,123,389           | -                        | 7,123,389                      |
| Deposits                                   | 315,313             | -                        | 315,313                        |
| Accounts receivable, net                   | 530,236             | -                        | 530,236                        |
| Receivables from other governments         | 469,677             | -                        | 469,677                        |
| Prepaid items                              | 34,731              | -                        | 34,731                         |
| <b>Total assets</b>                        | <b>8,791,822</b>    | <b>\$ -</b>              | <b>\$ 8,791,822</b>            |
| <b>LIABILITIES AND FUND BALANCES</b>       |                     |                          |                                |
| <b>Liabilities</b>                         |                     |                          |                                |
| Accounts payable                           | 459,120             | -                        | 459,120                        |
| Accrued salaries and related payables      | 454,674             | -                        | 454,674                        |
| Other payables                             | 2,685               | -                        | 2,685                          |
| Due to other governments                   | 796,764             | -                        | 796,764                        |
| Due to other funds                         | 143,962             | 37,440                   | 181,402                        |
| <b>Total liabilities</b>                   | <b>1,857,205</b>    | <b>37,440</b>            | <b>1,894,645</b>               |
| <b>Fund balances</b>                       |                     |                          |                                |
| Nonspendable for prepaid items             | 34,731              | -                        | 34,731                         |
| Assigned for healthcare                    | 300,000             | -                        | 300,000                        |
| Assigned for building improvements         | 150,000             | -                        | 150,000                        |
| Assigned for capital projects              | 1,079,214           | -                        | 1,079,214                      |
| Unassigned                                 | 5,370,672           | (37,440)                 | 5,333,232                      |
| <b>Total fund balances</b>                 | <b>6,934,617</b>    | <b>(37,440)</b>          | <b>6,897,177</b>               |
| <b>Total liabilities and fund balances</b> | <b>\$ 8,791,822</b> | <b>\$ -</b>              | <b>\$ 8,791,822</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, 2024

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|   |  |                     |
|---|--|---------------------|
| <b>Total governmental fund balances</b> |  | <b>\$ 6,897,177</b> |
|---|--|---------------------|

*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                       | 11,403,767         |           |
| Accumulated depreciation of governmental capital assets | <u>(4,463,893)</u> | 6,939,874 |

Right-of-use assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. These assets are report net of accumulated amortization.

1,079,415

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 programs. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position - unrestricted.

(171,182)

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:

|                          |                  |                    |
|--------------------------|------------------|--------------------|
| Lease liabilities        | (554,807)        |                    |
| Subscription liabilities | (464,885)        |                    |
| Compensated absences     | <u>(331,835)</u> | <u>(1,351,527)</u> |

|  |  |                             |
|--|--|-----------------------------|
| <b>Net position of governmental activities</b> |  | <b><u>\$ 13,393,757</u></b> |
|--|--|-----------------------------|

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

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

For the year ended August 31, 2024

|  | General<br>Fund     | Capital<br>Projects Fund | Total<br>Governmental<br>Funds |
|--|---------------------|--------------------------|--------------------------------|
| <b>REVENUES</b>  |                     |                          |                                |
| Local funds  | \$ 4,194,051        | \$ -                     | \$ 4,194,051                   |
| State programs   | 7,392,395           | -                        | 7,392,395                      |
| Federal programs   | 2,605,424           | -                        | 2,605,424                      |
| Interest income  | 324,209             | -                        | 324,209                        |
| <b>Total revenues</b>                                    | <u>14,516,079</u>   | <u>-</u>                 | <u>14,516,079</u>              |
| <b>EXPENDITURES</b>                                      |                     |                          |                                |
| Current  |                     |                          |                                |
| Mental Health-Adult                                      | 6,870,770           | -                        | 6,870,770                      |
| Mental Health-Child                                      | 2,584,648           | -                        | 2,584,648                      |
| IDD  | 1,355,226           | -                        | 1,355,226                      |
| Administration   | 3,843,850           | -                        | 3,843,850                      |
| Debt service   |                     |                          |                                |
| Principal  | 79,762              | -                        | 79,762                         |
| Interest   | 17,073              | -                        | 17,073                         |
| Capital outlay   | 20,861              | 37,440                   | 58,301                         |
| <b>Total expenditures</b>                                | <u>14,772,190</u>   | <u>37,440</u>            | <u>14,809,630</u>              |
| <b>Excess (deficiency) of revenues over expenditures</b> | <u>(256,111)</u>    | <u>(37,440)</u>          | <u>(293,551)</u>               |
| <b>OTHER FINANCING SOURCES (USES)</b>                    |                     |                          |                                |
| Leases   | 20,861              | -                        | 20,861                         |
| <b>Total other financing sources (uses)</b>              | <u>20,861</u>       | <u>-</u>                 | <u>20,861</u>                  |
| Net change in fund balances                              | (235,250)           | (37,440)                 | (272,690)                      |
| Fund balances, beginning of year                         | 7,169,867           | -                        | 7,169,867                      |
| <b>Fund balances, end of year</b>                        | <u>\$ 6,934,617</u> | <u>\$ (37,440)</u>       | <u>\$ 6,897,177</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, 2024*

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**Total net change in fund balances - governmental funds** **\$ (272,690)**

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

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

|                                       |                  |           |
|---------------------------------------|------------------|-----------|
| Capital outlay                        | 58,301           |           |
| Depreciation and amortization expense | <u>(306,757)</u> | (248,456) |

The net effect of various transactions involving capital assets (i.e., transfers, adjustment and dispositions) increase net position. 8,698

The issuance of long-term debt provides current financial resources to governmental funds, but are not reported as revenues in the statement of activities.

|                |  |          |
|----------------|--|----------|
| Lease proceeds |  | (20,861) |
|----------------|--|----------|

Debt service payments for principal payments are reported as expenditures in the governmental funds, but are not reported as expenses in the statement of activities.

|                          |  |        |
|--------------------------|--|--------|
| Lease principal payments |  | 79,762 |
|--------------------------|--|--------|

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>5,549</u> |
|----------------------------------|--|--------------|

**Change in net position of governmental activities** **\$ (447,998)**

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, 2024*

|   | Original /<br>Final<br>Budget | Actual            | Variance with Budget<br>Positive<br>(Negative) |
|---|-------------------------------|-------------------|--|
| <b>REVENUES</b>                             |                               |                   |  |
| Local Funds:                                |                               |                   |  |
| County contributions                        | \$ 186,216                    | \$ 183,699        | \$ (2,517)                                     |
| Billed customer services                    | 2,267,507                     | 1,322,533         | (944,974)                                      |
| Residential rental income                   | 234,360                       | 252,765           | 18,405   |
| Public Health Provider-Charity Care Program | 1,484,658                     | 1,582,683         | 98,025   |
| Directed Payment Program                    | 596,028                       | 412,673           | (183,355)                                      |
| Directed Payment Program - FY22             | -                             | 12,682            | 12,682   |
| Local grants                                | 336,000                       | 308,845           | (27,155)                                       |
| Other income                                | 80,857                        | 118,171           | 37,314   |
| Total local funds                           | <u>5,185,626</u>              | <u>4,194,051</u>  | <u>(991,575)</u>                               |
| State Programs:                             |                               |                   |  |
| General revenue                             | 5,894,596                     | 6,264,570         | 369,974  |
| TCOOMMI grant                               | 297,136                       | 285,343           | (11,793)                                       |
| Diversion program                           | 773,520                       | 820,307           | 46,787   |
| SMART grant                                 | -                             | 22,175            | 22,175   |
| Total state programs                        | <u>6,965,252</u>              | <u>7,392,395</u>  | <u>427,143</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            | -  |
| SAMHSA funding                              | 1,609,455                     | 1,575,780         | (33,675)                                       |
| Medicaid administrative claiming            | 400,000                       | 460,000           | 60,000   |
| Other federal programs                      | 210,572                       | 208,451           | (2,121)  |
| Total federal programs                      | <u>2,581,220</u>              | <u>2,605,424</u>  | <u>24,204</u>                                  |
| Interest                                    | <u>106,014</u>                | <u>324,209</u>    | <u>218,195</u>                                 |
| <b>Total revenues</b>                       | <u>14,838,112</u>             | <u>14,516,079</u> | <u>(322,033)</u>                               |

(Continued)

|   | Original /<br>Final<br>Budget | Actual              | Variance with Budget<br>Positive<br>(Negative) |
|---|-------------------------------|---------------------|--|
| <b>EXPENDITURES</b>                         |                               |                     |  |
| Current                                     |                               |                     |  |
| Personnel                                   | 8,333,000                     | 6,795,196           | 1,537,804                                      |
| Employee benefits                           | 2,264,786                     | 2,118,196           | 146,590  |
| Professional and consultants fees           | 2,569,288                     | 3,251,911           | (682,623)                                      |
| Training and travel                         | 399,718                       | 470,971             | (71,253)                                       |
| Consumable supplies                         | 104,978                       | 210,913             | (105,935)                                      |
| Building occupancy and operating costs      | 1,037,758                     | 1,590,539           | (552,781)                                      |
| Other expenditures                          | 128,585                       | 216,768             | (88,183)                                       |
| Debt service                                |                               |                     |  |
| Principal                                   | -                             | 79,762              | (79,762)                                       |
| Interest                                    | -                             | 17,073              | (17,073)                                       |
| Capital Outlay                              | 339,690                       | 20,861              | 318,829  |
| <b>Total expenditures</b>                   | <u>15,177,803</u>             | <u>14,772,190</u>   | <u>405,613</u>                                 |
| <b>OTHER FINANCING SOURCES (USES)</b>       |                               |                     |  |
| Leases                                      | -                             | 20,861              | 20,861   |
| <b>Total other financing sources (uses)</b> | <u>-</u>                      | <u>20,861</u>       | <u>20,861</u>                                  |
| Net change in fund balance                  | (339,691)                     | (235,250)           | 104,441  |
| Fund balance, beginning of year             | 7,169,867                     | 7,169,867           | 7,169,867                                      |
| <b>Fund balance, end of year</b>            | <u>\$ 6,830,176</u>           | <u>\$ 6,934,617</u> | <u>\$ 7,274,308</u>                            |

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

**GULF BEND CENTER**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
August 31, 2024

|  | Business-type Activities<br>Enterprise Fund | Governmental Activities<br>Internal Service<br>Funds |
|--|---|--|
| <b>ASSETS</b>                              |   |  |
| Current:                                   |   |  |
| Lease receivable                           | \$ 55,127                                   | \$ -   |
| Due from other funds                       | 506,470                                     | 286,947  |
| Prepaid items                              | 18,275                                      | 159,202  |
| <b>Total current assets</b>                | <b>579,872</b>                              | <b>446,149</b>                                       |
| Noncurrent:                                |   |  |
| Lease receivable                           | 273,692                                     | -  |
| Capital assets, net                        | 709,616                                     | 4,339,816  |
| Right-of-use assets, net                   | -   | 721,728  |
| <b>Total noncurrent assets</b>             | <b>983,308</b>                              | <b>5,061,544</b>                                     |
| <b>Total assets</b>                        | <b>1,563,180</b>                            | <b>5,507,693</b>                                     |
| <b>LIABILITIES</b>                         |   |  |
| Current:                                   |   |  |
| Accounts payable                           | -   | 5,642  |
| Lease liability                            | -   | 219,485  |
| Unearned revenue                           | 8,261                                       | -  |
| Due to other funds                         | -   | 611,689  |
| <b>Total current liabilities</b>           | <b>8,261</b>                                | <b>836,816</b>                                       |
| Noncurrent:                                |   |  |
| Lease liability                            | -   | 475,099  |
| <b>Total noncurrent liabilities</b>        | <b>-</b>                                    | <b>475,099</b>                                       |
| <b>Total liabilities</b>                   | <b>8,261</b>                                | <b>1,311,915</b>                                     |
| <b>DEFERRED INFLOWS OF RESOURCES</b>       |   |  |
| Lease related                              | 328,819                                     | -  |
| <b>Total deferred inflows of resources</b> | <b>328,819</b>                              | <b>-</b>   |
| <b>NET POSITION</b>                        |   |  |
| Net investment in capital assets           | 709,616                                     | 4,366,960  |
| Unrestricted                               | 516,484                                     | (171,182)  |
| <b>Total net position</b>                  | <b>\$ 1,226,100</b>                         | <b>\$ 4,195,778</b>                                  |

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 FUND**

For the year ended August 31, 2024

|  | Business-type Activities<br>Enterprise Fund | Governmental Activities<br>Internal Service<br>Funds |
|--|---|--|
| <b>OPERATING REVENUES:</b>                   |   |  |
| Rental revenues                              | \$ 7,584                                    | \$ -   |
| Charges for service                          | -   | 1,587,886  |
| Miscellaneous                                | -   | 31,263   |
| <b>Total operating revenues</b>              | <b>7,584</b>                                | <b>1,619,149</b>                                     |
| <b>OPERATING EXPENSES:</b>                   |   |  |
| Personnel                                    | -   | 325,304  |
| Employee benefits                            | -   | 103,371  |
| Professional and consultants fees            | 8,296                                       | 57,704   |
| Training and travel                          | -   | 9,107  |
| Consumable supplies                          | -   | 1,343  |
| Other expenses                               | 1,000                                       | 40,621   |
| Depreciation                                 | 40,849                                      | 315,895  |
| Amortization                                 | -   | 224,458  |
| Occupancy costs                              | 42,562                                      | -  |
| Computer expense                             | -   | 142,542  |
| Vehicle expense                              | -   | 136,696  |
| Building expense                             | -   | 229,984  |
| <b>Total operating expenses</b>              | <b>92,707</b>                               | <b>1,587,025</b>                                     |
| <b>OPERATING INCOME (LOSS)</b>               | <b>(85,123)</b>                             | <b>32,124</b>  |
| <b>NON-OPERATING REVENUE (EXPENSE):</b>      |   |  |
| Lease revenues                               | 62,413                                      | -  |
| Interest income - leases                     | 18,694                                      | -  |
| Interest expense                             | -   | (32,124)   |
| <b>Total non-operating revenue (expense)</b> | <b>81,107</b>                               | <b>(32,124)</b>                                      |
| Change in net position                       | (4,016)                                     | -  |
| Net position, beginning of year              | 1,230,116                                   | 4,195,778  |
| <b>Net position, end of year</b>             | <b>\$ 1,226,100</b>                         | <b>\$ 4,195,778</b>                                  |

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

**GULF BEND CENTER**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
For the year ended August 31, 2024

|  | Business-type<br>Activities<br>Enterprise Fund | Governmental Activities<br>Internal Service<br>Funds |
|--|--|--|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |  |  |
| Cash received from lessees   | \$ 441   | \$ -   |
| Cash received from users   | -  | 1,444,959  |
| Cash payments to suppliers   | (80,592)                                       | (1,091,385)  |
| <b>Net cash provided (used) by operating activities</b>  | <u>(80,151)</u>                                | <u>353,574</u>                                       |
| <b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>  |  |  |
| Acquisition of capital assets  | (956)  | (69,929)   |
| Acquisition of right-to-use asset  | -  | (39,591)   |
| Payments received (paid) on lease receivable (liability)                                       | 62,413   | (197,859)  |
| Interest received (paid) on lease  | 18,694   | (32,124)   |
| Adjustment to lease liability  | -  | (14,071)   |
| <b>Net cash provided (used) by capital financing activities</b>                                | <u>80,151</u>                                  | <u>(353,574)</u>                                     |
| Net increase in cash and cash equivalents  | -  | -  |
| Cash and cash equivalents, beginning of year   | -  | -  |
| <b>Cash and cash equivalents, end of year</b>  | <u>\$ -</u>                                    | <u>\$ -</u>  |
| <b>RECONCILIATION OF OPERATING INCOME TO NET</b>   |  |  |
| <b>CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>  |  |  |
| <b>Operating income (loss):</b>  | \$ (85,123)                                    | \$ 32,124  |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities: |  |  |
| Depreciation and amortization  | 40,849   | 540,353  |
| Change in assets and liabilities:  |  |  |
| (Increase) decrease in receivables   | -  | 62,344   |
| (Increase) decrease in internal balances   | (14,167)                                       | (236,534)  |
| (Increase) decrease in prepaid items   | (14,567)                                       | (50,355)   |
| Increase (decrease) in unearned revenue  | (7,143)  | -  |
| Increase (decrease) in payables  | -  | 5,642  |
| <b>Net cash provided (used) by operating activities</b>  | <u>\$ (80,151)</u>                             | <u>\$ 353,574</u>                                    |
| <b>NON-CASH INVESTING ACTIVITIES</b>   |  |  |
| Lease liabilities for the acquisition of right to use asset / subscriptions                    | -  | 270,280  |
| <b>Total non-cash investing activities</b>   | <u>\$ -</u>                                    | <u>\$ 270,280</u>                                    |

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

**GULF BEND CENTER**  
*STATEMENT OF FIDUCIARY NET POSITION*  
*CUSTODIAL FUND*  
August 31, 2024

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|                           | <u>Custodial<br/>Fund</u> |
|---------------------------|---------------------------|
| <b>ASSETS</b>             |                           |
| Cash                      | \$ <u>8,035</u>           |
| <b>Total assets</b>       | <u>8,035</u>              |
| <br>                      |                           |
| <b>LIABILITIES</b>        |                           |
| Due from General Fund     | <u>326</u>                |
| <b>Total liabilities</b>  | <u>326</u>                |
| <br>                      |                           |
| <b>NET POSITION</b>       |                           |
| Restricted                | <u>7,709</u>              |
| <b>Total net position</b> | <u><u>\$ 7,709</u></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, 2024*

|                                      | <u>Custodial<br/>Fund</u> |
|--------------------------------------|---------------------------|
| <b>ADDITIONS</b>                     |                           |
| Contributions                        | \$ <u>261,187</u>         |
| <b>Total additions</b>               | <u>261,187</u>            |
| <br><b>DEDUCTIONS</b>                |                           |
| Distributions for medical and dental | <u>272,001</u>            |
| <b>Total deductions</b>              | <u>272,001</u>            |
| Net change in net position           | (10,814)                  |
| Net position, beginning of year      | <u>18,523</u>             |
| <b>Net position, end of year</b>     | <u>\$ <u>7,709</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, 2024

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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, intellectual and developmental disabilities (IDD), and substance use treatment 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.

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

### **C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the 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.

Fiduciary funds use the *economic resources measurement focus* and the *accrual basis of accounting* to report financial information. This basis of accounting recognizes contributions in the accounting period in which they are earned and become measurable and distributions in the accounting period in which they are incurred and become measurable.

### **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* accounts for resources held for individuals in a custodial capacity. The Custodial Fund holds employee payroll deductions for FSA accounts until funds are used by the employee. The Center uses a third-party administrator to monitor employee accounts however employee funds are held by the Center.

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

D. Fund Accounting – (Continued)

*Proprietary funds* distinguish operating revenue and expenses from non-operating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenue and expenses not meeting this definition are reported as non-operating revenue and expenses. 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. Operating revenues of the Enterprise Fund consist of rental income and operating expenses include those required to run and maintain the building and depreciation.

The *Internal Service Funds* are used by the Center to charge certain costs to programs within individual funds. Operating revenues of the Internal Service Funds are charges for fleet usage, building occupancy and IT usage. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets.

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."

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**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 \$69,956 at August 31, 2024. 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, customers, third-party payors and others for services rendered. The Center also entered into payment agreements with Managed Care Organizations, Medicare, certain commercial insurance carriers, 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 Directed Payment Program, 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 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.

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.

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

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            |

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

Right-to-use subscription IT assets are recognized at the subscription commencement date and represent the Center's right to use an underlying IT asset for the subscription term. Right-to-use subscription IT assets are measured at the initial value of the subscription liability plus any payments made to the vendor at or before the commencement of the subscription term, plus any capitalizable initial implementation costs necessary to place the subscription asset into service. Right-to-use subscription IT assets are amortized over the shorter of the subscription term or useful life of the underlying asset using the interest rate method. The amortization period varies from 2 to 5 years.

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.

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)**Lease Receivables

Lease receivables are recorded by the Center as the present value of future lease payments expected to be received from the lessee during the lease term, reduced by any provision for estimated uncollectible amounts. Lease receivables are subsequently reduced over the life of the lease as cash is received in the applicable reporting period. The present value of future lease payments to be received are discounted based on the interest rate the Center charges the lessee.

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.

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

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

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*, represent a consumption of net assets 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*, represent an acquisition of net assets 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 deferred inflows in its Enterprise Fund where it is the lessor. The deferred inflow of resources (revenues) are related to leases recognized using the interest rate method over the term of the lease.



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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**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, 2024 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.

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.

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**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.

B. Budgetary Compliance

Budgetary control is maintained at the department level.

**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 \$326,511 and the bank balances totaled \$424,055. 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   | \$ | 3,629,663        |
| Certificates of Deposit/Certificate of Deposit Account Registry Service |    | <u>3,493,726</u> |
| Total investments   | \$ | <u>7,123,389</u> |

The Center's certificates of deposits are measured at amortized cost and maturities range 3 to 12 months.

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

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, \$1,329,877 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 \$8,774,441. 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.

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**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                          | \$ 260,754        |
| Managed Care Organizations                                | 60,992            |
| Medicare / Medicaid                                       | 100,760           |
| Commercial insurance                                      | 24,452            |
| Customer  | 56,339            |
| Allowance for contractual / bad debt                      | (69,956)          |
| Other   | 96,895            |
| Total   | <u>\$ 530,236</u> |
| Other Governments   |                   |
| Texas Department of Criminal Justice                      | \$ 63,819         |
| Texas Health and Human Services Commission                | 371,724           |
| Substance Abuse and Mental Health Services Administration | 10,652            |
| Other   | 23,482            |
| Total   | <u>\$ 469,677</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 \$8,261.

**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                | \$ -              | \$ 181,402        |
| Custodial Fund              | -                 | 326               |
| Enterprise Fund             | 506,470           | -                 |
| Motor Pool Fund             | 670               | -                 |
| Information Technology Fund | 286,277           | -                 |
| Admin Building Improvements | -                 | 611,689           |
| Total                       | <u>\$ 793,417</u> | <u>\$ 793,417</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><br><u>Balances</u> | <u>Additions</u>    | <u>Disposals</u> | <u>Adjustments</u> | <u>Ending</u><br><u>Balances</u> |
|---|-------------------------------------|---------------------|------------------|--------------------|----------------------------------|
| Governmental activities:                          |                                     |                     |                  |                    |                                  |
| Capital assets not being depreciated:             |                                     |                     |                  |                    |                                  |
| Construction in progress                          | \$ -                                | \$ 37,440           | \$ -             | \$ -               | \$ 37,440                        |
| Total capital assets not being depreciated        | <u>-</u>                            | <u>37,440</u>       | <u>-</u>         | <u>-</u>           | <u>37,440</u>                    |
| Capital assets being depreciated:                 |                                     |                     |                  |                    |                                  |
| Buildings and improvements                        | \$ 10,742,276                       | \$ 32,945           | \$ 491,958       | \$ (132,236)       | \$ 10,151,027                    |
| Furniture, equipment and computers                | 1,113,800                           | 36,984              | 141,329          | 119,485            | 1,128,940                        |
| Vehicles  | <u>86,360</u>                       | <u>-</u>            | <u>-</u>         | <u>-</u>           | <u>86,360</u>                    |
| Total capital assets being depreciated            | <u>11,942,436</u>                   | <u>69,929</u>       | <u>633,287</u>   | <u>(12,751)</u>    | <u>11,366,327</u>                |
| Accumulated depreciation                          |                                     |                     |                  |                    |                                  |
| Buildings and improvements                        | 3,600,312                           | 476,784             | 491,823          | (5,603)            | 3,579,670                        |
| Furniture, equipment and computers                | 878,823                             | 68,013              | 141,328          | 2,833              | 808,341                          |
| Vehicles  | <u>63,944</u>                       | <u>11,938</u>       | <u>-</u>         | <u>-</u>           | <u>75,882</u>                    |
| Total accumulated depreciation                    | <u>4,543,079</u>                    | <u>556,735</u>      | <u>633,151</u>   | <u>(2,770)</u>     | <u>4,463,893</u>                 |
| Capital assets, net                               | <u>\$ 7,399,357</u>                 | <u>\$ (449,366)</u> | <u>\$ 136</u>    | <u>\$ (9,981)</u>  | <u>\$ 6,939,874</u>              |
| Right-of-use lease assets being amortized:        |                                     |                     |                  |                    |                                  |
| Right-of-use vehicles                             | \$ 421,289                          | \$ 270,280          | \$ 6,692         | \$ -               | \$ 684,877                       |
| Right-of-use equipment                            | <u>80,907</u>                       | <u>20,861</u>       | <u>-</u>         | <u>-</u>           | <u>101,768</u>                   |
| Total right-of-use assets being amortized         | <u>502,196</u>                      | <u>291,141</u>      | <u>6,692</u>     | <u>-</u>           | <u>786,645</u>                   |
| Accumulated amortization                          |                                     |                     |                  |                    |                                  |
| Right-of-use vehicles                             | 101,420                             | 123,788             | 6,692            | -                  | 218,516                          |
| Right-of-use equipment                            | <u>6,421</u>                        | <u>15,857</u>       | <u>-</u>         | <u>-</u>           | <u>22,278</u>                    |
| Total accumulated amortization                    | <u>107,841</u>                      | <u>139,645</u>      | <u>6,692</u>     | <u>-</u>           | <u>240,794</u>                   |
| Right-of-use lease assets, net                    | <u>\$ 394,355</u>                   | <u>\$ 151,496</u>   | <u>\$ -</u>      | <u>\$ -</u>        | <u>\$ 545,851</u>                |
| Right-of-use subscription assets being amortized: |                                     |                     |                  |                    |                                  |
| Right-of-use subscriptions                        | \$ 782,495                          | \$ 39,591           | \$ 8,700         | \$ -               | \$ 813,386                       |
| Less accumulated amortization                     | <u>172,842</u>                      | <u>150,730</u>      | <u>8,700</u>     | <u>(35,050)</u>    | <u>279,822</u>                   |
| Right-of-use subscription assets, net             | <u>\$ 609,653</u>                   | <u>\$ (111,139)</u> | <u>\$ -</u>      | <u>\$ 35,050</u>   | <u>\$ 533,564</u>                |
| Governmental activities, net                      | <u>\$ 8,403,365</u>                 | <u>\$ (409,009)</u> | <u>\$ 136</u>    | <u>\$ 25,069</u>   | <u>\$ 8,019,289</u>              |

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

|  | <u>Beginning</u><br><u>Balances</u> | <u>Additions</u>   | <u>Disposals</u> | <u>Adjustments</u> | <u>Ending</u><br><u>Balances</u> |
|--|-------------------------------------|--------------------|------------------|--------------------|----------------------------------|
| Business-type activities:                    |                                     |                    |                  |                    |                                  |
| Depreciable assets:                          |                                     |                    |                  |                    |                                  |
| Buildings and improvements                   | \$ 1,404,946                        | \$ 956             | \$ 145,820       | \$ -               | \$ 1,260,082                     |
| Less accumulated depreciation                | <u>655,437</u>                      | <u>40,849</u>      | <u>145,820</u>   | <u>-</u>           | <u>550,466</u>                   |
| Business-type activities capital assets, net | <u>\$ 749,509</u>                   | <u>\$ (39,893)</u> | <u>\$ -</u>      | <u>\$ -</u>        | <u>\$ 709,616</u>                |

Depreciation/amortization expense was charged to functions as follows:

Governmental activities:

|                     |                |
|---------------------|----------------|
| Mental Health-Adult | \$ 395,685     |
| Mental Health-Child | 148,960        |
| IDD                 | 78,105         |
| Administration      | <u>224,360</u> |
| Total governmental  | 847,110        |

Business activities:

|                       |                   |
|-----------------------|-------------------|
| Rental                | <u>40,849</u>     |
| Total government wide | <u>\$ 887,959</u> |

**NOTE 7: LONG-TERM OBLIGATIONS**

Long-term Obligation Activity

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

|                          | <u>Beginning</u><br><u>Balance</u> | <u>Additions</u>  | <u>Reductions</u> | <u>Adjustments</u> | <u>Ending</u><br><u>Balance</u> | <u>Due Within</u><br><u>One Year</u> |
|--------------------------|------------------------------------|-------------------|-------------------|--------------------|---------------------------------|--------------------------------------|
| Governmental Activities  |                                    |                   |                   |                    |                                 |                                      |
| Compensated absences     | \$ 337,384                         | \$ 471,014        | \$ 476,563        | \$ -               | \$ 331,835                      | \$ 33,184                            |
| Lease liabilities        | 394,355                            | 291,140           | 130,688           | -                  | 554,807                         | 152,573                              |
| Subscription liabilities | <u>609,653</u>                     | <u>-</u>          | <u>144,768</u>    | <u>-</u>           | <u>464,885</u>                  | <u>154,087</u>                       |
| Total                    | <u>\$ 1,341,392</u>                | <u>\$ 762,154</u> | <u>\$ 752,019</u> | <u>\$ -</u>        | <u>\$ 1,351,527</u>             | <u>\$ 339,844</u>                    |

Debt Service Requirements

Debt service requirements at year-end only related to leases and subscriptions. See Note 8 and Note 9.

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**NOTE 8: LEASES**

The Center entered an agreement for a sixty (60) month lease agreement for the use of water coolers beginning July 2024 and terminating July 2029. Under the terms of the lease, the Center pays a monthly base fee of \$386. The Center paid \$698 during the year towards this agreement.

At year-end, the Center has a right to use asset of \$20,414 and a lease liability of \$20,163 related to this agreement. During the fiscal year, the Center recorded \$446 in amortization expense and \$94 in interest expense for the right to use the water coolers. The Center used a discount rate based on the 5-year Treasury rate at the start of the lease date.

The Center entered into seventeen (17) sixty (60) month lease agreements for the use of vehicles as part of the Fleet Internal Service Fund. The leases range beginning September 2023 to May 2024 and terminating April 2028 to May 2029. Under the terms of the lease, the Center pays a monthly base fee of \$443–\$448 per vehicle. This fee excludes maintenance fees. The Center paid \$37,409 during the year towards those variable costs.

At year-end, the Center has a right to use asset of \$230,692 and a lease liability of \$232,871 related to these agreements. During the fiscal year, the Center recorded \$39,588 in amortization expense and \$8,375 in interest expense for the right to use the vehicles. The Center used a discount rate based on the 5-year Treasury rate at the start of the lease date.

Remaining obligations associated with these leases are as follows:

| Year Ending       |                   |                  |                   |
|-------------------|-------------------|------------------|-------------------|
| <u>August 31,</u> | <u>Principal</u>  | <u>Interest</u>  | <u>Total</u>      |
| 2025              | \$ 152,573        | \$ 22,289        | \$ 174,862        |
| 2026              | 158,338           | 15,650           | 173,988           |
| 2027              | 135,617           | 8,916            | 144,533           |
| 2028              | 86,838            | 3,119            | 89,957            |
| 2029              | 21,441            | 457              | 21,898            |
| Totals            | <u>\$ 554,807</u> | <u>\$ 50,431</u> | <u>\$ 605,238</u> |

The Center also has accrued a receivable for two office space leases in the Enterprise Fund. The remaining receivable for these leases was \$328,819 and deferred inflows were \$328,819 as of August 31, 2024. Interest revenue recognized on these leases was \$18,694 for the year. The interest rate on the leases were 5% and 5.29%.

| Year Ending       |                   |                  |                   |
|-------------------|-------------------|------------------|-------------------|
| <u>August 31,</u> | <u>Principal</u>  | <u>Interest</u>  | <u>Total</u>      |
| 2025              | \$ 55,127         | \$ 15,852        | \$ 70,979         |
| 2026              | 26,763            | 13,789           | 40,552            |
| 2027              | 28,214            | 12,338           | 40,552            |
| 2028              | 29,713            | 10,839           | 40,552            |
| 2029              | 31,354            | 9,198            | 40,552            |
| Thereafter        | 157,648           | 19,008           | 176,656           |
| Totals            | <u>\$ 328,819</u> | <u>\$ 81,024</u> | <u>\$ 409,843</u> |

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**NOTE 9: SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA)**

The Center entered into an agreement for a two-year subscription for internet screening, filtering, and blocking of malicious content or code. The lease began September 2023 and will terminate October 2025. Under the terms of the lease, the Center paid the full contract amount of \$10,372 at the start of the subscription.

At year-end, the Center recognized a net SBITA asset of \$5,585 and no subscription liability. During the fiscal year, the Center recorded \$4,787 in amortization expense and no interest expense for the subscription. The Center used a discount rate based on the 5-year Treasury rate at the start of the subscription.

The Center entered into an agreement for a three-year subscription for security, backup and retention services. The lease began December 2023 and will terminate November 2026. Under the terms of the lease, the Center paid the full contract amount of \$8,780 at the start of the subscription.

At year-end, the Center recognized a net SBITA asset of \$6,585 and no subscription liability. During the fiscal year, the Center recorded \$2,195 in amortization expense and no interest expense for the subscription. The Center used a discount rate based on the 5-year Treasury rate at the start of the subscription.

The Center entered into an agreement for a two-year subscription for server storage and infrastructure. The lease began September 2023 and will terminate October 2025. Under the terms of the lease, the Center paid the full contract amount of \$8,906 at the start of the subscription.

At year-end, the Center recognized a net SBITA asset of \$4,795 and no subscription liability. During the fiscal year, the Center recorded \$4,110 in amortization expense and no interest expense for the subscription. The Center used a discount rate based on the 5-year Treasury rate at the start of the subscription.

The Center entered into an agreement for a three-year subscription for mass notification systems. The lease began September 2023 and will terminate August 2026. Under the terms of the lease, the Center paid the full contract amount of \$11,532 at the start of the subscription.

At year-end, the Center recognized a net SBITA asset of \$7,900 and no subscription liability. During the fiscal year, the Center recorded \$3,632 in amortization expense and no interest expense for the subscription. The Center used a discount rate based on the 5-year Treasury rate at the start of the subscription.

Remaining obligations associated with these SBITAs are as follows:

| Year Ending       |                   |                  |                   |
|-------------------|-------------------|------------------|-------------------|
| <u>August 31,</u> | <u>Principal</u>  | <u>Interest</u>  | <u>Total</u>      |
| 2025              | \$ 154,087        | \$ 20,862        | \$ 174,949        |
| 2026              | 163,947           | 13,923           | 177,870           |
| 2027              | 56,914            | 6,579            | 63,493            |
| 2028              | 34,665            | 4,037            | 38,702            |
| 2029              | 12,924            | 2,476            | 15,400            |
| Thereafter        | 42,348            | 3,852            | 46,200            |
| Totals            | <u>\$ 464,885</u> | <u>\$ 51,729</u> | <u>\$ 516,614</u> |



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**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 \$204,723 and \$330,722, 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 for 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.

**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.

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**NOTE 12: RISK MANAGEMENT – (Continued)**Workers' Compensation – (Continued)

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 \$10,581.

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 \$1,294,742. 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 \$1,605,818 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 \$150,038. The reserve was estimated based on actual claims paid during the 60-day period immediately following the close of the fiscal year as provided by BCBS.

Changes in the health claims liability are presented below:

|                           | Year Ended August 31, |                    |
|---------------------------|-----------------------|--------------------|
|                           | <u>2024</u>           | <u>2023</u>        |
| Beginning of year balance | \$ 177,086            | \$ 63,976          |
| Claims incurred           | 1,207,414             | 1,186,849          |
| Claims paid               | <u>(1,234,462)</u>    | <u>(1,073,739)</u> |
| End of year balance       | <u>\$ 150,038</u>     | <u>\$ 177,086</u>  |

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**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, 2024, these contracts have been renewed to continue through August 31, 2025.

The Center has also received substantial federal funding from Substance Abuse and Mental Health Services Administration (SAMHSA) during fiscal year 2024. As of year-end, the Center has been awarded a SAMHSA grant which began September 30, 2022 and has been extended through September 29, 2025.

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> |
|---|---------------|----------------|
| Public Health Provider-Charity Care Program | \$ 1,582,683  | 10.83%         |
| General revenue (state only)                | 6,261,835     | 42.86%         |
| SAMHSA                                      | 1,575,750     | 10.79%         |

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

**NOTE 14: MEDICAID DIRECTED PAYMENT PROGRAM**

In November 2021, CMS approved the Directed Payment Program for Behavioral Health Services (DPP BHS). This program began September 1, 2021 and has been approved to continue through August 31, 2025. 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. 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 was enrolled in the program in fiscal year 2024 and sent HHSC two intergovernmental transfers (IGT) in the amount of \$443,744, in order to leverage federal funding. The Center has also sent one IGT for fiscal year 2025 in the amount of \$187,516. The Center received \$328,629 of the IGT payment during the fiscal year and has a current deposit balance of \$315,313. This amount can be found in the Assets section of the Balance Sheet.

The Center recognized revenues of \$412,673 related to DPP-BHS for fiscal year 2024.

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**NOTE 14: MEDICAID DIRECTED PAYMENT PROGRAM – (Continued)**

In addition to the DPP-BHS program, HHSC developed the Public Health Provider – Charity Care Program (PHP-CCP) in October 1, 2021. The PHP-CCP allows CMHCs to receive reimbursement for the cost of delivering healthcare services, including behavioral health services, immunizations, and other preventative services, when those costs are not reimbursed by another source. Payments from the pool are to defray the cost of uncompensated costs of providing medical services to Medicaid eligible or uninsured individuals.

The Center recognized revenues of \$1,582,683 for fiscal year 2024. A cost report was submitted in November 2024 to HHSC based on federal fiscal year 2024 activity. Payment from this report is not expected to be received within 120 days of the end of FY2024 therefore revenues will be recorded in FY2025.

**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 \$625,519 during the year ending August 31, 2024.

## 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, 2024

|                                  | <u>Motor<br/>Pool</u> | <u>Information<br/>Technology</u> | <u>Administrative<br/>Building</u> | <u>Totals</u>       |
|----------------------------------|-----------------------|-----------------------------------|------------------------------------|---------------------|
| <b>ASSETS</b>                    |                       |                                   |                                    |                     |
| Current:                         |                       |                                   |                                    |                     |
| Due from other funds             | \$ 670                | \$ 286,277                        | \$ -                               | \$ 286,947          |
| Prepaid items                    | 39,265                | 29,620                            | 90,317                             | 159,202             |
| Noncurrent:                      |                       |                                   |                                    |                     |
| Capital assets, net              | 4,650                 | 198,360                           | 4,136,806                          | 4,339,816           |
| Right-of-use assets, net         | <u>466,361</u>        | <u>255,367</u>                    | <u>-</u>                           | <u>721,728</u>      |
| <b>Total assets</b>              | <u>510,946</u>        | <u>769,624</u>                    | <u>4,227,123</u>                   | <u>5,507,693</u>    |
| <b>LIABILITIES</b>               |                       |                                   |                                    |                     |
| Current                          |                       |                                   |                                    |                     |
| Accounts payable                 | -                     | 5,642                             | -                                  | 5,642               |
| Lease liability                  | 133,983               | 85,502                            | -                                  | 219,485             |
| Due to other funds               | -                     | -                                 | 611,689                            | 611,689             |
| Noncurrent                       |                       |                                   |                                    |                     |
| Lease liability                  | <u>339,954</u>        | <u>135,145</u>                    | <u>-</u>                           | <u>475,099</u>      |
| <b>Total liabilities</b>         | <u>473,937</u>        | <u>226,289</u>                    | <u>611,689</u>                     | <u>1,311,915</u>    |
| <b>NET POSITION</b>              |                       |                                   |                                    |                     |
| Net investment in capital assets | (2,926)               | 233,080                           | 4,136,806                          | 4,366,960           |
| Unrestricted                     | <u>39,935</u>         | <u>310,255</u>                    | <u>(521,372)</u>                   | <u>(171,182)</u>    |
| <b>Total net position</b>        | <u>\$ 37,009</u>      | <u>\$ 543,335</u>                 | <u>\$ 3,615,434</u>                | <u>\$ 4,195,778</u> |

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

For the year ended August 31, 2024

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|  | <u>Motor<br/>Pool</u> | <u>Information<br/>Technology</u> | <u>Administrative<br/>Building</u> | <u>Totals</u>       |
|--|-----------------------|-----------------------------------|------------------------------------|---------------------|
| <b>OPERATING REVENUES:</b>                   |                       |                                   |                                    |                     |
| Charges for service                          | \$ 302,024            | \$ 675,651                        | \$ 610,211                         | \$ 1,587,886        |
| Miscellaneous                                | <u>31,263</u>         | <u>-</u>                          | <u>-</u>                           | <u>31,263</u>       |
| <b>Total operating revenues</b>              | <u>333,287</u>        | <u>675,651</u>                    | <u>610,211</u>                     | <u>1,619,149</u>    |
| <b>OPERATING EXPENSES:</b>                   |                       |                                   |                                    |                     |
| Personnel                                    | 25,091                | 257,248                           | 42,965                             | 325,304             |
| Employee benefits                            | 9,871                 | 76,522                            | 16,978                             | 103,371             |
| Professional and consultants fees            | -                     | -                                 | 57,704                             | 57,704              |
| Training and travel                          | 68                    | 6,887                             | 2,152                              | 9,107               |
| Consumable supplies                          | 420                   | 619                               | 304                                | 1,343               |
| Other expenditures                           | 11,979                | 24,887                            | 3,755                              | 40,621              |
| Depreciation                                 | 6,713                 | 52,813                            | 256,369                            | 315,895             |
| Amortization                                 | 123,788               | 100,670                           | -                                  | 224,458             |
| Computer expense                             | -                     | 142,542                           | -                                  | 142,542             |
| Vehicle expense                              | 136,696               | -                                 | -                                  | 136,696             |
| Building expense                             | <u>-</u>              | <u>-</u>                          | <u>229,984</u>                     | <u>229,984</u>      |
| <b>Total operating expenses</b>              | <u>314,626</u>        | <u>662,188</u>                    | <u>610,211</u>                     | <u>1,587,025</u>    |
| <b>OPERATING INCOME (LOSS)</b>               | <u>18,661</u>         | <u>13,463</u>                     | <u>-</u>                           | <u>32,124</u>       |
| <b>NON-OPERATING REVENUE (EXPENSE):</b>      |                       |                                   |                                    |                     |
| Interest expense                             | <u>(18,661)</u>       | <u>(13,463)</u>                   | <u>-</u>                           | <u>(32,124)</u>     |
| <b>Total non-operating revenue (expense)</b> | <u>(18,661)</u>       | <u>(13,463)</u>                   | <u>-</u>                           | <u>(32,124)</u>     |
| Net position, beginning of year              | <u>37,009</u>         | <u>543,335</u>                    | <u>3,615,434</u>                   | <u>4,195,778</u>    |
| <b>Net position, end of year</b>             | <u>\$ 37,009</u>      | <u>\$ 543,335</u>                 | <u>\$ 3,615,434</u>                | <u>\$ 4,195,778</u> |

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

For the year ended August 31, 2024

|  | Motor<br>Pool     | Information<br>Technology | Administrative<br>Building | Totals             |
|--|-------------------|---------------------------|----------------------------|--------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                   |                           |                            |                    |
| Cash received from users   | \$ 345,735        | \$ 647,911                | \$ 451,313                 | \$ 1,444,959       |
| Cash payments to suppliers   | <u>(210,861)</u>  | <u>(462,156)</u>          | <u>(418,368)</u>           | <u>(1,091,385)</u> |
| <b>Net cash provided (used) by operating activities</b>  | <u>134,874</u>    | <u>185,755</u>            | <u>32,945</u>              | <u>353,574</u>     |
| <b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>  |                   |                           |                            |                    |
| Acquisition of capital assets  | -                 | (36,984)                  | (32,945)                   | (69,929)           |
| Acquisition of right-to-use asset  | -                 | (39,591)                  | -                          | (39,591)           |
| Principal paid on lease liability  | (117,979)         | (79,880)                  | -                          | (197,859)          |
| Interest paid on lease liability   | (18,661)          | (13,463)                  | -                          | (32,124)           |
| Adjustment to lease liability  | <u>1,766</u>      | <u>(15,837)</u>           | <u>-</u>                   | <u>(14,071)</u>    |
| <b>Net cash provided (used) by capital financing activities</b>                                      | <u>(134,874)</u>  | <u>(185,755)</u>          | <u>(32,945)</u>            | <u>(353,574)</u>   |
| Net increase in cash and cash equivalents  | -                 | -                         | -                          | -                  |
| Cash and cash equivalents, beginning of year   | -                 | -                         | -                          | -                  |
| <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 (USED) BY OPERATING ACTIVITIES</b> |                   |                           |                            |                    |
| <b>Operating income (loss):</b>  | \$ 18,661         | \$ 13,463                 | \$ -                       | \$ 32,124          |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities:       |                   |                           |                            |                    |
| Depreciation and amortization  | 130,501           | 153,483                   | 256,369                    | 540,353            |
| Change in assets and liabilities:  |                   |                           |                            |                    |
| (Increase) decrease in receivables   | 62,344            | -                         | -                          | 62,344             |
| (Increase) decrease in internal balances   | (49,896)          | (27,740)                  | (158,898)                  | (236,534)          |
| (Increase) decrease in prepaid items   | (26,736)          | 40,907                    | (64,526)                   | (50,355)           |
| Increase (decrease) in accounts payable  | <u>-</u>          | <u>5,642</u>              | <u>-</u>                   | <u>5,642</u>       |
| <b>Net cash provided (used) by operating activities</b>  | <u>\$ 134,874</u> | <u>\$ 185,755</u>         | <u>\$ 32,945</u>           | <u>\$ 353,574</u>  |
| <b>NON-CASH INVESTING ACTIVITIES</b>   |                   |                           |                            |                    |
| Lease liabilities for the acquisition of a right to use asset / subscription                         | <u>270,280</u>    | <u>-</u>                  | <u>-</u>                   | <u>270,280</u>     |
| <b>Total non-cash investing activities</b>   | <u>\$ 270,280</u> | <u>\$ -</u>               | <u>\$ -</u>                | <u>\$ 270,280</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          |                      |                      |                      |                      |                     |                     |                     |                     |                     |
|--------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|                                | 2024                 | 2023                 | 2022                 | 2021                 | 2020                 | 2019                | 2018                | 2017                | 2016                | 2015                |
| Governmental activities        |                      |                      |                      |                      |                      |                     |                     |                     |                     |                     |
| Net investments in             |                      |                      |                      |                      |                      |                     |                     |                     |                     |                     |
| capital assets                 | \$ 6,999,597         | \$ 7,399,357         | \$ 6,685,333         | \$ 4,713,278         | \$ 3,903,362         | \$ 4,267,385        | \$ 4,285,179        | \$ 4,385,516        | \$ 4,212,203        | \$ 4,355,485        |
| Unrestricted                   | <u>6,394,160</u>     | <u>6,442,398</u>     | <u>5,863,852</u>     | <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>      |
| Total governmental activities  |                      |                      |                      |                      |                      |                     |                     |                     |                     |                     |
| Net position                   | <u>13,393,757</u>    | <u>13,841,755</u>    | <u>12,549,185</u>    | <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>    |
| Business-type activities       |                      |                      |                      |                      |                      |                     |                     |                     |                     |                     |
| Net investments in             |                      |                      |                      |                      |                      |                     |                     |                     |                     |                     |
| capital assets                 | 709,616              | 749,509              | 750,670              | 749,094              | 771,686              | 805,752             | 852,296             | 898,807             | 923,173             | 966,902             |
| Unrestricted                   | <u>516,484</u>       | <u>480,607</u>       | <u>506,141</u>       | <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>      |
| Total business-type activities |                      |                      |                      |                      |                      |                     |                     |                     |                     |                     |
| Net position                   | <u>1,226,100</u>     | <u>1,230,116</u>     | <u>1,256,811</u>     | <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>    |
| 48 Total primary government    | <u>\$ 14,619,857</u> | <u>\$ 15,071,871</u> | <u>\$ 13,805,996</u> | <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> |

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

|   | Fiscal Year         |                     |                     |                     |
|---|---------------------|---------------------|---------------------|---------------------|
|   | 2024                | 2023                | 2022                | 2021                |
| Expenses, governmental activities:                      |                     |                     |                     |                     |
| Mental Health-Adult                                     | \$ 9,476,709        | \$ 10,055,882       | \$ 6,995,996        | \$ 8,074,015        |
| Mental Health-Child                                     | 3,567,478           | 2,624,765           | 4,061,714           | 2,509,081           |
| IDD   | 1,870,558           | 1,676,976           | 1,856,089           | 1,443,067           |
| Interest on long-term debt                              | 49,197              | 47,653              | 6,056               | 8,695               |
| Total expenses, governmental                            | <u>14,963,942</u>   | <u>14,405,276</u>   | <u>12,919,855</u>   | <u>12,034,858</u>   |
| Program revenues, governmental activities:              |                     |                     |                     |                     |
| Charges for services                                    |                     |                     |                     |                     |
| Mental Health-Adult                                     | 955,926             | 973,272             | 1,076,522           | 455,915             |
| Mental Health-Child                                     | 573,465             | 871,973             | 795,219             | 472,687             |
| IDD   | 680,933             | 764,916             | 646,541             | 635,461             |
| Total charges for services                              | 2,210,324           | 2,610,161           | 2,518,282           | 1,564,063           |
| Operating grants and contributions                      | 9,843,927           | 9,358,501           | 8,676,005           | 7,586,672           |
| Total program revenues, governmental                    | <u>12,054,251</u>   | <u>11,968,662</u>   | <u>11,194,287</u>   | <u>9,150,735</u>    |
| Total net program expenses                              | <u>(2,909,691)</u>  | <u>(2,436,614)</u>  | <u>(1,725,568)</u>  | <u>(2,884,123)</u>  |
| General revenues, governmental activities:              |                     |                     |                     |                     |
| Local income  | 2,137,619           | 3,499,902           | 2,907,940           | 3,208,208           |
| Investment earnings                                     | 324,209             | 139,791             | 45,692              | 72,687              |
| Total general revenues, governmental                    | <u>2,461,828</u>    | <u>3,639,693</u>    | <u>2,953,632</u>    | <u>3,280,895</u>    |
| Nonoperating income:                                    |                     |                     |                     |                     |
| PPP loan forgiveness                                    |                     |                     |                     | 1,336,600           |
| Internal transfers                                      | -                   | (8,101)             | -                   | -                   |
| Gain (Loss) on asset disposal                           | (135)               | 97,592              | 55,227              | 17,199              |
|   | <u>(135)</u>        | <u>89,491</u>       | <u>55,227</u>       | <u>1,353,799</u>    |
| Total changes in net position, Governmental activities  | <u>(447,998)</u>    | <u>1,292,570</u>    | <u>1,283,291</u>    | <u>1,750,571</u>    |
| Expenses, business-type activities:                     |                     |                     |                     |                     |
| Rental  | 92,707              | 113,776             | 109,526             | 130,983             |
| Interest on long-term debt                              | -                   | -                   | -                   | 107                 |
| Total expenses, business-type                           | <u>92,707</u>       | <u>113,776</u>      | <u>109,526</u>      | <u>131,090</u>      |
| Program revenues, business-type activities:             |                     |                     |                     |                     |
| Charges for services                                    |                     |                     |                     |                     |
| Rental  | 69,997              | 64,390              | 99,617              | 155,203             |
| Nonoperating income:                                    |                     |                     |                     |                     |
| Internal transfers                                      | -                   | 8,101               | -                   | -                   |
| Investment earnings                                     | 18,694              | 14,590              | 7,558               | -                   |
|   | <u>18,694</u>       | <u>22,691</u>       | <u>7,558</u>        | <u>-</u>            |
| Total changes in net position, Business-type activities | <u>(4,016)</u>      | <u>(26,695)</u>     | <u>(2,351)</u>      | <u>24,113</u>       |
| Changes in net position, Primary government             | <u>\$ (452,014)</u> | <u>\$ 1,265,875</u> | <u>\$ 1,280,940</u> | <u>\$ 1,774,684</u> |

|    |                    | Fiscal Year        |                    |                    |                     |                     |      |
|----|--------------------|--------------------|--------------------|--------------------|---------------------|---------------------|------|
|    |                    | 2020               | 2019               | 2018               | 2017                | 2016                | 2015 |
| \$ | 7,017,173          | \$ 6,810,444       | \$ 6,441,077       | \$ 6,394,805       | \$ 4,120,633        | \$ 3,877,071        |      |
|    | 1,878,508          | 1,725,174          | 1,622,864          | 1,555,665          | 1,728,731           | 1,418,102           |      |
|    | 1,520,239          | 2,405,720          | 2,543,892          | 2,651,123          | 5,959,165           | 7,500,216           |      |
|    | 8,241              | 70,046             | 79,171             | 88,933             | 93,686              | 102,730             |      |
|    | <u>10,424,161</u>  | <u>11,011,384</u>  | <u>10,687,004</u>  | <u>10,690,526</u>  | <u>11,902,215</u>   | <u>12,898,119</u>   |      |
|    | 634,610            | 630,088            | 501,359            | 507,495            | 766,866             | 653,538             |      |
|    | 403,446            | 139,648            | 222,727            | 154,882            | 307,716             | 269,305             |      |
|    | <u>805,547</u>     | <u>828,400</u>     | <u>898,079</u>     | <u>866,786</u>     | <u>2,163,206</u>    | <u>3,419,125</u>    |      |
|    | 1,843,603          | 1,598,136          | 1,622,165          | 1,529,163          | 3,237,788           | 4,341,968           |      |
|    | <u>6,978,236</u>   | <u>6,560,366</u>   | <u>6,185,958</u>   | <u>5,885,700</u>   | <u>5,421,739</u>    | <u>5,174,199</u>    |      |
|    | <u>8,821,839</u>   | <u>8,158,502</u>   | <u>7,808,123</u>   | <u>7,414,863</u>   | <u>8,659,527</u>    | <u>9,516,167</u>    |      |
|    | <u>(1,602,322)</u> | <u>(2,852,882)</u> | <u>(2,878,881)</u> | <u>(3,275,663)</u> | <u>(3,242,688)</u>  | <u>(3,381,952)</u>  |      |
|    | 3,247,656          | 3,363,114          | 3,252,858          | 3,092,272          | 3,055,209           | 2,550,676           |      |
|    | 84,131             | 85,649             | 50,397             | 38,851             | 37,049              | 32,740              |      |
|    | <u>3,331,787</u>   | <u>3,448,763</u>   | <u>3,303,255</u>   | <u>3,131,123</u>   | <u>3,092,258</u>    | <u>2,583,416</u>    |      |
|    | -                  | -                  | -                  | -                  | 500,000             | -                   |      |
|    | -                  | -                  | -                  | -                  | 500,000             | -                   |      |
|    | <u>121,173</u>     | <u>12,317</u>      | <u>892</u>         | <u>31,263</u>      | <u>1,378,995</u>    | <u>-</u>            |      |
|    | <u>121,173</u>     | <u>12,317</u>      | <u>892</u>         | <u>31,263</u>      | <u>1,878,995</u>    | <u>-</u>            |      |
|    | <u>1,850,638</u>   | <u>608,198</u>     | <u>425,266</u>     | <u>(113,277)</u>   | <u>1,728,565</u>    | <u>(798,536)</u>    |      |
|    | 139,700            | 138,867            | 147,547            | 150,632            | 140,037             | 148,404             |      |
|    | 412                | 413                | 412                | 412                | 412                 | 412                 |      |
|    | <u>140,112</u>     | <u>139,280</u>     | <u>147,959</u>     | <u>151,044</u>     | <u>140,449</u>      | <u>148,816</u>      |      |
|    | <u>174,786</u>     | <u>230,525</u>     | <u>228,703</u>     | <u>235,935</u>     | <u>232,973</u>      | <u>230,943</u>      |      |
|    | -                  | -                  | -                  | -                  | (500,000)           | -                   |      |
|    | -                  | -                  | -                  | -                  | -                   | -                   |      |
|    | -                  | -                  | -                  | -                  | (500,000)           | -                   |      |
|    | <u>34,674</u>      | <u>91,245</u>      | <u>80,744</u>      | <u>84,891</u>      | <u>(407,476)</u>    | <u>82,127</u>       |      |
| \$ | <u>1,885,312</u>   | <u>\$ 699,443</u>  | <u>\$ 506,010</u>  | <u>\$ (28,386)</u> | <u>\$ 1,321,089</u> | <u>\$ (716,409)</u> |      |

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

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|                                    | Fiscal Year         |                     |                     |                     |                     |                     |                     |                     |                     |                   |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|-------------------|
|                                    | <u>2024</u>         | <u>2023</u>         | <u>2022</u>         | <u>2021</u>         | <u>2020</u>         | <u>2019</u>         | <u>2018</u>         | <u>2017</u>         | <u>2016</u>         | <u>2015</u>       |
| Governmental funds                 |                     |                     |                     |                     |                     |                     |                     |                     |                     |                   |
| Nonspendable                       | \$ 34,731           | \$ 53,034           | \$ 53,033           | \$ 24,183           | \$ 25,323           | \$ 24,396           | \$ 37,250           | \$ 18,799           | \$ 54,646           | \$ 285,632        |
| Assigned for healthcare            | 300,000             | 300,000             | 300,000             | 300,000             | 300,000             | 200,000             | 200,000             | 200,000             | 200,000             | 200,000           |
| Assigned for building improvements | 150,000             | 150,000             | 150,000             | 150,000             | 150,000             | 150,000             | 150,000             | 150,000             | 150,000             | 150,000           |
| Assigned for capital projects      | 1,079,214           | -                   | 387,829             | 1,864,536           | -                   | -                   | -                   | -                   | -                   | -                 |
| Unassigned                         | <u>5,370,672</u>    | <u>6,666,833</u>    | <u>5,965,828</u>    | <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>    |
| Total governmental funds           | <u>\$ 6,934,617</u> | <u>\$ 7,169,867</u> | <u>\$ 6,856,690</u> | <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> |

**GULF BEND CENTER**

*CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS*

*Last ten fiscal years*

|  | Fiscal Year         |                   |                     |                   |                     |                   |                   |                       |                     |                       |
|--|---------------------|-------------------|---------------------|-------------------|---------------------|-------------------|-------------------|-----------------------|---------------------|-----------------------|
|  | 2024                | 2023              | 2022                | 2021              | 2020                | 2019              | 2018              | 2017                  | 2016                | 2015                  |
| Revenues   |                     |                   |                     |                   |                     |                   |                   |                       |                     |                       |
| Local funds  | \$ 4,194,051        | \$ 5,962,521      | \$ 5,205,668        | \$ 4,760,339      | \$ 4,901,240        | \$ 4,822,626      | \$ 4,675,338      | \$ 4,171,943          | \$ 5,900,353        | \$ 6,597,756          |
| State programs   | 7,392,395           | 6,584,306         | 6,604,415           | 6,355,209         | 6,368,421           | 5,560,861         | 5,209,897         | 5,522,807             | 5,053,528           | 4,683,566             |
| Federal programs   | 2,605,424           | 2,921,736         | 2,292,144           | 1,243,397         | 799,833             | 1,138,130         | 1,175,746         | 812,385               | 760,855             | 785,519               |
| Interest income  | 324,209             | 139,791           | 45,692              | 72,687            | 84,131              | 85,649            | 50,397            | 38,851                | 37,049              | 32,740                |
| Total revenues   | <u>14,516,079</u>   | <u>15,608,354</u> | <u>14,147,919</u>   | <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>     |
| Expenditures   |                     |                   |                     |                   |                     |                   |                   |                       |                     |                       |
| Mental Health-Adult                                      | 6,870,770           | 7,165,977         | 6,166,841           | 7,143,109         | 5,075,923           | 5,967,844         | 5,857,616         | 5,883,957             | 3,622,035           | 3,416,267             |
| Mental Health-Child                                      | 2,584,648           | 1,870,447         | 3,580,396           | 2,396,731         | 1,358,832           | 1,511,733         | 1,475,857         | 1,431,391             | 1,519,554           | 1,249,555             |
| IDD  | 1,355,226           | 1,195,039         | 1,636,164           | 1,276,686         | 1,099,675           | 2,108,080         | 2,313,455         | 2,439,340             | 5,238,105           | 6,608,790             |
| Administration   | 3,843,850           | 3,606,077         | 1,261,229           | 1,118,602         | 2,642,343           | 1,023,379         | 746,354           | 881,311               | 1,349,680           | 1,252,153             |
| Capital outlay   | 58,301              | 1,276,675         | 2,237,617           | 256,346           | 63,443              | 4,222             | 18,900            | 88,468                | 98,208              | 1,692,025             |
| Debt service principal                                   | 79,762              | 90,755            | 29,474              | -                 | -                   | -                 | 186,836           | 185,017               | 177,000             | 169,000               |
| Debt service interest                                    | 17,073              | 16,822            | 1,129               | -                 | -                   | -                 | 75,471            | 71,629                | 31,532              | 107,048               |
| Total Expenditures                                       | <u>14,809,630</u>   | <u>15,221,792</u> | <u>14,912,850</u>   | <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>     |
| Excess (deficiency) of revenues over expenditures        | <u>(293,551)</u>    | <u>386,562</u>    | <u>(764,931)</u>    | <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>    |
| Other financing sources (uses)                           |                     |                   |                     |                   |                     |                   |                   |                       |                     |                       |
| Lease proceeds   | 20,861              | 80,907            | -                   | -                 | -                   | -                 | -                 | -                     | -                   | -                     |
| Proceeds from sale of asset                              | -                   | -                 | 25,075              | -                 | 134,844             | 3,400             | -                 | -                     | 1,635,316           | -                     |
| Loan proceeds  | -                   | -                 | -                   | -                 | 1,262,711           | -                 | -                 | -                     | -                   | -                     |
| Transfers in   | -                   | -                 | 12,230              | -                 | -                   | 6,875             | -                 | -                     | 397,000             | -                     |
| Transfers out  | -                   | (154,292)         | -                   | -                 | -                   | (239,356)         | -                 | (1,905,846)           | -                   | -                     |
| Total other financing sources (uses)                     | <u>20,861</u>       | <u>(73,385)</u>   | <u>37,305</u>       | <u>-</u>          | <u>1,397,555</u>    | <u>(229,081)</u>  | <u>-</u>          | <u>(1,905,846)</u>    | <u>2,032,316</u>    | <u>-</u>              |
| Net changes in fund balances                             | <u>\$ (272,690)</u> | <u>\$ 313,177</u> | <u>\$ (727,626)</u> | <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> |
| Debt service as a percentage of non-capital expenditures | <u>0.66%</u>        | <u>0.77%</u>      | 0.24%               | N/A               | N/A                 | N/A               | <u>2.46%</u>      | <u>2.36%</u>          | <u>1.75%</u>        | <u>2.16%</u>          |

**GULF BEND CENTER***SCHEDULE OF REVENUE AND EXPENDITURES BY SOURCE OF FUNDS**GENERAL FUND**For the year ended August 31, 2024*

| <u>Fund Source</u>            | <u>Total Revenue</u>        | <u>Total Mental Health Adult Expenditures</u> | <u>Total Mental Health Children Expenditures</u> | <u>Total IDD Expenditures</u> | <u>Total Center Expenditures</u> | <u>Excess Revenue Over Expenditures</u> |
|-------------------------------|-----------------------------|---|--|-------------------------------|----------------------------------|---|
| <b>Objects of Expense:</b>    |                             |   |  |                               |                                  |   |
| Personnel                     | \$ 6,795,196                | \$ 3,140,156                                  | \$ 1,182,151                                     | \$ 829,420                    | \$ 5,151,727                     | \$ 1,643,469                            |
| Employee benefits             | 2,118,196                   | 997,885                                       | 375,666  | 281,687                       | 1,655,238                        | 462,958                                 |
| Consultant services           | 3,251,911                   | 2,191,418                                     | 824,987  | 118,016                       | 3,134,421                        | 117,490                                 |
| Training and travel           | 470,971                     | 250,829                                       | 94,428   | 59,269                        | 404,526                          | 66,445                                  |
| Capital outlay                | 20,861                      | -   | -  | -                             | -                                | 20,861                                  |
| Debt service                  | 96,835                      | -   | -  | -                             | -                                | 96,835                                  |
| Pharmaceutical expense        | 134,217                     | 99,384  | 34,833   | -                             | 134,217                          | -                                       |
| Other operating expense       | <u>1,884,003</u>            | <u>2,461,074</u>                              | <u>926,502</u>                                   | <u>514,576</u>                | <u>3,902,152</u>                 | <u>(2,018,149)</u>                      |
| <b>Total Expenditures</b>     | <b><u>\$ 14,772,190</u></b> | <b><u>\$ 9,140,746</u></b>                    | <b><u>\$ 3,438,567</u></b>                       | <b><u>\$ 1,802,968</u></b>    | <b><u>\$ 14,382,280</u></b>      | <b><u>\$ 389,910</u></b>                |
| <b>Method of Finance:</b>     |                             |   |  |                               |                                  |   |
| General revenue               | \$ 6,264,570                | \$ 3,999,152                                  | \$ 1,800,018                                     | \$ 465,400                    | \$ 6,264,570                     | \$ -                                    |
| Mental health block grant     | 226,608                     | 158,626                                       | 67,982   | -                             | 226,608                          | -                                       |
| Title XX-TANF                 | 92,717                      | 13,776  | 78,941   | -                             | 92,717                           | -                                       |
| Title XX-SS block grant       | 41,868                      | 34,149  | 7,719  | -                             | 41,868                           | -                                       |
| Other federal funds           | 2,244,231                   | 1,462,038                                     | 677,319  | 104,874                       | 2,244,231                        | -                                       |
| Other state funds             | 1,127,825                   | 1,105,650                                     | 22,175   | -                             | 1,127,825                        | -                                       |
| Earned income                 | 1,322,533                   | 840,314                                       | 316,347  | 165,872                       | 1,322,533                        | -                                       |
| Required local match          | 372,411                     | 233,073                                       | 104,714  | 34,624                        | 372,411                          | -                                       |
| Additional local funds        | <u>2,823,316</u>            | <u>1,795,040</u>                              | <u>675,766</u>                                   | <u>352,510</u>                | <u>2,823,316</u>                 | <u>-</u>                                |
| <b>Total Expended Sources</b> | <b><u>\$ 14,516,079</u></b> | <b><u>\$ 9,641,818</u></b>                    | <b><u>\$ 3,750,981</u></b>                       | <b><u>\$ 1,123,280</u></b>    | <b><u>\$ 14,516,079</u></b>      | <b><u>\$ -</u></b>                      |

Source: Gulf Bend Center

## GULF BEND CENTER

### RECONCILIATION OF TOTAL REVENUE TO FOURTH QUARTER

#### FINANCIAL REPORT - GENERAL FUND

For the year ended August 31, 2024

|   | <u>CARE</u><br><u>Report III</u> | <u>Additions</u>    | <u>Deletions</u>    | <u>Audited</u><br><u>Financial</u><br><u>Statements</u> |
|---|----------------------------------|---------------------|---------------------|---|
| Local Funds:                                  |                                  |                     |                     |   |
| City/County contributions                     | \$ -                             | \$ 183,699          | \$ -                | \$ 183,699  |
| Billed customer services                      | 1,100,771                        | 221,762             | -                   | 1,322,533   |
| Residential rental income                     | -                                | 252,765             | -                   | 252,765   |
| Public Health Provider-Charity Care Program   | 1,582,683                        | -                   | -                   | 1,582,683   |
| Directed payment program                      | 425,355                          | -                   | -                   | 425,355   |
| Patient Assistance Program (PAP)              | 625,519                          | -                   | 625,519             | -   |
| Local grants                                  | -                                | 308,845             | -                   | 308,845   |
| Other local income                            | <u>1,599,253</u>                 | <u>-</u>            | <u>1,481,082</u>    | <u>118,171</u>  |
| Total Local Funds                             | <u>5,333,581</u>                 | <u>967,071</u>      | <u>2,106,601</u>    | <u>4,194,051</u>  |
| State Programs:                               |                                  |                     |                     |   |
| General revenue                               | 6,178,475                        | 86,095              | -                   | \$ 6,264,570  |
| TCOOMMI grant                                 | 285,343                          | -                   | -                   | 285,343   |
| Diversion program                             | 820,307                          | -                   | -                   | 820,307   |
| SMART grant                                   | 22,175                           | -                   | -                   | 22,175  |
| Other state agencies                          | <u>43,917</u>                    | <u>-</u>            | <u>43,917</u>       | <u>-</u>  |
| Total State Programs                          | <u>7,350,217</u>                 | <u>86,095</u>       | <u>43,917</u>       | <u>7,392,395</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  |
| SAMHSA funding                                | 1,575,780                        | -                   | -                   | 1,575,780   |
| Medicaid administrative claiming              | 460,000                          | -                   | -                   | 460,000   |
| Other federal income                          | <u>308,063</u>                   | <u>-</u>            | <u>99,612</u>       | <u>208,451</u>  |
| Total Federal Programs                        | <u>2,705,036</u>                 | <u>-</u>            | <u>99,612</u>       | <u>2,605,424</u>  |
| Interest Income                               | <u>-</u>                         | <u>324,209</u>      | <u>-</u>            | <u>324,209</u>  |
| Total Revenues                                | <u>\$ 15,388,834</u>             | <u>\$ 1,377,375</u> | <u>\$ 2,250,130</u> | <u>\$ 14,516,079</u>                                    |
| <b>Total Revenues per Report III</b>          | \$ 15,388,834                    |                     |                     |   |
| <b>Other Financing Sources</b>                | (20,861)                         |                     |                     |   |
| <b>Net Deficit</b>                            | (235,250)                        |                     |                     |   |
| <b>Other expenditures - Indirect revenues</b> | 8,875                            |                     |                     |   |
| <b>PAP</b>                                    | <u>(625,519)</u>                 |                     |                     |   |
| <b>Total Revenues per FY24 Audit</b>          | <u>\$ 14,516,079</u>             |                     |                     |   |

Source: Gulf Bend Center



## GULF BEND CENTER

### RECONCILIATION OF TOTAL EXPENDITURES TO FOURTH QUARTER

#### FINANCIAL REPORT - GENERAL FUND

For the year ended August 31, 2024

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|  | CARE<br>Report III   | Additions           | Deletions           | Audited<br>Financial<br>Statements |
|--|----------------------|---------------------|---------------------|------------------------------------|
| Objects of Expenditures:               |                      |                     |                     |                                    |
| Personnel                              | \$ 5,510,869         | \$ 1,284,327        | \$ -                | 6,795,196                          |
| Employee benefits                      | 1,754,707            | 363,489             | -                   | 2,118,196                          |
| Professional and consultant services   | 3,160,422            | 91,489              | -                   | 3,251,911                          |
| Training and travel                    | 417,984              | 52,987              | -                   | 470,971                            |
| Consumable supplies                    | -                    | 210,913             | -                   | 210,913                            |
| Building occupancy and operating costs | -                    | 1,590,539           | -                   | 1,590,539                          |
| Other expenditures                     | 1,512,067            | -                   | 1,295,299           | 216,768                            |
| Debt service                           | -                    | 96,835              | -                   | 96,835                             |
| Capital outlay                         | -                    | 20,861              | -                   | 20,861                             |
| Pharmaceutical expenses (other)        | 134,417              | -                   | 134,417             | -                                  |
| Pharmaceutical expenses (PAP)          | 625,519              | -                   | 625,519             | -                                  |
| Indirect allocation                    | <u>2,272,849</u>     | <u>-</u>            | <u>2,272,849</u>    | <u>-</u>                           |
| Total Expenditures                     | <u>\$ 15,388,834</u> | <u>\$ 3,711,440</u> | <u>\$ 4,328,084</u> | <u>\$ 14,772,190</u>               |

|   |                      |
|---|----------------------|
| <b>Total Expenditures per Report III</b>      | \$ 15,388,834        |
| <b>Other expenditures - Indirect revenues</b> | 8,875                |
| <b>PAP</b>                                    | <u>(625,519)</u>     |
| <b>Total Expenditures per FY24 Audit</b>      | <u>\$ 14,772,190</u> |

## GULF BEND CENTER

### RATIOS OF OUTSTANDING DEBT BY TYPE

Last ten fiscal years

| Fiscal Year | Governmental Activities |                            |                   | Business-type Activities |  | Total Primary Government | Percentage of Personal Income | Per Capita (2) |
|-------------|-------------------------|----------------------------|-------------------|--------------------------|--|--------------------------|-------------------------------|----------------|
|             | Lease Liability (1)     | Subscription Liability (1) | Revenue Bonds (1) | Revenue Bonds (1)        |  |                          |                               |                |
| 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        | -                       | -                          | -                 | -                        |  | -                        | 0.0000%                       | 58,479         |
| 2022        | 244,975                 | -                          | -                 | -                        |  | 244,975                  | 0.0042%                       | 58,905         |
| 2023        | 394,355                 | 609,653                    | -                 | -                        |  | 1,004,008                | 0.0172%                       | 59,170         |
| 2024        | 554,807                 | 464,885                    | -                 | -                        |  | 1,019,692                | (A)                           | (A)            |

Notes: The Center adopted GASB 87, Leases, on September 1, 2021.  
The Center adopted GASB 96, SBITA, on September 1, 2022.  
The Center did not have any revenue bonds outstanding as of August 31, 2024.  
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

| Function/Program:           | August 31, 2024            |                     |                         |                   |                  |                  |
|-----------------------------|----------------------------|---------------------|-------------------------|-------------------|------------------|------------------|
|                             | Buildings and Improvements |                     | Furniture and Equipment |                   | Vehicles         |                  |
|                             | Original Cost              | Book Value          | Original Cost           | Book Value        | Original Cost    | Book Value       |
| Mental Health Adult         | \$ 4,759,317               | \$ 3,080,985        | \$ 529,304              | \$ 150,314        | \$ 40,490        | \$ 4,913         |
| Mental Health Child         | 1,790,361                  | 1,159,006           | 199,114                 | 56,545            | 15,232           | 1,848            |
| IDD                         | 938,752                    | 607,709             | 104,403                 | 29,649            | 7,986            | 969              |
| Administration              | 2,662,597                  | 1,723,655           | 296,119                 | 84,093            | 22,652           | 2,748            |
| <b>Total Capital Assets</b> | <b>\$ 10,151,027</b>       | <b>\$ 6,571,355</b> | <b>\$ 1,128,940</b>     | <b>\$ 320,601</b> | <b>\$ 86,360</b> | <b>\$ 10,478</b> |

| Function/Program:           | August 31, 2023            |                     |                         |                   |                  |                  |
|-----------------------------|----------------------------|---------------------|-------------------------|-------------------|------------------|------------------|
|                             | Buildings and Improvements |                     | Furniture and Equipment |                   | Vehicles         |                  |
|                             | Original Cost              | Book Value          | Original Cost           | Book Value        | Original Cost    | Book Value       |
| Mental Health Adult         | \$ 5,581,134               | \$ 3,705,382        | \$ 587,023              | \$ 129,360        | \$ 44,976        | \$ 11,674        |
| Mental Health Child         | 1,456,776                  | 967,171             | 153,223                 | 33,765            | 11,739           | 3,047            |
| IDD                         | 930,742                    | 617,931             | 97,895                  | 21,573            | 7,500            | 1,947            |
| Administration              | 2,747,944                  | 1,824,393           | 289,028                 | 63,692            | 22,144           | 5,748            |
| <b>Total Capital Assets</b> | <b>\$ 10,716,595</b>       | <b>\$ 7,114,877</b> | <b>\$ 1,127,170</b>     | <b>\$ 248,391</b> | <b>\$ 86,360</b> | <b>\$ 22,416</b> |

| Function/Program:           | August 31, 2022            |                     |                         |                  |                  |                  |
|-----------------------------|----------------------------|---------------------|-------------------------|------------------|------------------|------------------|
|                             | Buildings and Improvements |                     | Furniture and Equipment |                  | Vehicles         |                  |
|                             | Original Cost              | Book Value          | Original Cost           | Book Value       | Original Cost    | Book Value       |
| Mental Health Adult         | \$ 4,767,486               | \$ 3,209,298        | \$ 420,841              | \$ 47,941        | \$ 42,328        | \$ 19,470        |
| Mental Health Child         | 2,767,946                  | 1,863,281           | 244,335                 | 27,834           | 24,575           | 11,304           |
| IDD                         | 1,264,892                  | 851,479             | 111,656                 | 12,720           | 11,230           | 5,166            |
| Administration              | 926,576                    | 623,738             | 81,792                  | 9,318            | 8,227            | 3,784            |
| <b>Total Capital Assets</b> | <b>\$ 9,726,900</b>        | <b>\$ 6,547,796</b> | <b>\$ 858,624</b>       | <b>\$ 97,813</b> | <b>\$ 86,360</b> | <b>\$ 39,724</b> |

| Function/Program:           | August 31, 2021            |                     |                         |                   |                   |                  |
|-----------------------------|----------------------------|---------------------|-------------------------|-------------------|-------------------|------------------|
|                             | 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            |
| <b>Total Capital Assets</b> | <b>\$ 8,602,967</b>        | <b>\$ 5,185,563</b> | <b>\$ 851,124</b>       | <b>\$ 200,779</b> | <b>\$ 161,276</b> | <b>\$ 76,030</b> |

| Function/Program:           | August 31, 2020            |                     |                         |                   |                   |                  |
|-----------------------------|----------------------------|---------------------|-------------------------|-------------------|-------------------|------------------|
|                             | 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           |
| <b>Total Capital Assets</b> | <b>\$ 8,326,744</b>        | <b>\$ 5,270,517</b> | <b>\$ 840,453</b>       | <b>\$ 317,933</b> | <b>\$ 272,627</b> | <b>\$ 78,598</b> |

Source: Gulf Bend Center

**GULF BEND CENTER****SCHEDULE OF INDIRECT COSTS***For the year ended August 31, 2024*

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|                                   | <u>Total<br/>Costs</u> | <u>Unallowable<br/>Costs</u> | <u>Total<br/>Adjusted<br/>Costs</u> | <u>Direct<br/>Costs</u> | <u>Indirect<br/>Costs</u> |
|-----------------------------------|------------------------|------------------------------|-------------------------------------|-------------------------|---------------------------|
| Personnel                         | \$ 6,795,196           | \$ -                         | \$ 6,795,196                        | \$ 5,510,869            | \$ 1,284,327              |
| Employee benefits                 | 2,118,196              | -                            | 2,118,196                           | 1,754,704               | 363,492                   |
| Debt service                      | 96,835                 | 79,856                       | 16,979                              | 3,102                   | 13,877                    |
| Capital outlay                    | 20,861                 | 20,861                       | -                                   | -                       | -                         |
| Other                             | <u>4,694,430</u>       | <u>195,485</u>               | <u>4,498,945</u>                    | <u>4,309,116</u>        | <u>189,829</u>            |
| Total Expenditures                | 13,725,518             | 296,202                      | 13,429,316                          | 11,577,791              | 1,851,525                 |
| Other Uses:                       |                        |                              |                                     |                         |                           |
| Depreciation / Amortization       | 847,110                | -                            | 847,110                             | 840,395                 | 6,715                     |
| Internal Service Fund costs       | <u>1,046,672</u>       | <u>-</u>                     | <u>1,046,672</u>                    | <u>697,932</u>          | <u>348,740</u>            |
| Total Expenditures and Other Uses | <u>\$ 15,619,300</u>   | <u>\$ 296,202</u>            | <u>\$ 15,323,098</u>                | <u>\$ 13,116,118</u>    | <u>\$ 2,206,980</u>       |
| Indirect Costs                    |                        |                              |                                     |                         | <u>\$ 2,206,980</u>       |
| Direct Costs                      |                        |                              |                                     |                         | <u>\$ 13,116,118</u>      |
| Indirect Cost Rate                |                        |                              |                                     |                         | <u>16.83%</u>             |

Source: Gulf Bend Center

## GULF BEND CENTER

### SCHEDULE OF INSURANCE IN EFFECT

For the year ended August 31, 2024

| Type of Insurance                  | Coverage          | Terms/Deductible  | Effective Period                   |
|------------------------------------|-------------------|---|------------------------------------|
| Workers' compensation*             | Statutory Limit   | Statutory/deductible N/A  | 09/01/23 - 08/31/24                |
| General liability*                 | \$1,000,000       | Combined single limit per occurrence and annual aggregate/\$1,000 deductible  | 09/01/23 - 08/31/24                |
| Automobile liability*              | \$1,000,000       | Combined single limit per occurrence and annual aggregate/\$1,000 deductible  | 09/01/23 - 08/31/24                |
| Professional liability*            | \$1,000,000       | Per occurrence annual aggregate/\$3,000,000 \$1,000 deductible  | 09/01/23 - 08/31/24                |
| Errors and omissions*              | \$1,000,000       | Per claim and annual aggregate/\$2,500 deductible   | 09/01/23 - 08/31/24                |
| 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  | 09/01/23 - 08/31/24                |
| Auto physical damage*              | Actual Cash Value | Deductible varies by vehicle  | 09/01/23 - 08/31/24                |
| Professional defense*              | \$30,000          | Per occurrence annual aggregate/\$100,000   | 09/01/23 - 08/31/24                |
| Sexual misconduct*                 | \$100,000         | Per occurrence annual aggregate/\$300,000   | 09/01/23 - 08/31/24                |
| Cyber security Liability coverage^ | \$2,000,000       | Aggregate limit regulatory defense & penalties sublimit / \$2,000,000 PCI fines, expenses & costs sublimit / \$2,000,000 \$15,000 Retention | 09/01/23 - 08/31/24                |

\* Insurance coverage is provided by the Texas Council Risk Management Fund.

" Employee dishonesty insurance is provided by CNA Surety.

^ Cyber security coverage provided by Coalition Insurance Solutions, Inc.

Source: Gulf Bend Center

**GULF BEND CENTER**

*SCHEDULE OF BOND COVERAGE*

*For the year ended August 31, 2024*

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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    | 10/14/23- 10/14/24      |

## GULF BEND CENTER

### SCHEDULE OF LEASES IN EFFECT

For the year ended August 31, 2024

| Lessor                                  | Description/Location  | Period              | Terms    |
|---|-----------------------|---------------------|----------|
| Office Systems 2000, Inc., Purified H2O | 1 Water Coolers       | 9/21/20 to 8/31/25  | \$ 99 mo |
| Office Systems 2000, Inc., Purified H2O | 4 Water Coolers       | 7/23/24 to 6/30/29  | 396 mo   |
| Office Systems                          | 16 Copiers            | 3/22/23 to 6/22/28  | 1,440 mo |
| Enterprise FM Trust                     | Vehicle Leases        |                     |          |
|   | 2021 Nissan Altima    | 7/27/21 - 7/31/26   | 437 mo   |
|   | 2021 Nissan Altima    | 7/27/21 - 7/31/26   | 435 mo   |
|   | 2022 Nissan Altima    | 2/9/22 - 2/28/27    | 247 mo   |
|   | 2022 Nissan Altima    | 2/9/22 - 2/28/27    | 339 mo   |
|   | 2022 Nissan Altima    | 2/17/22 - 2/28/27   | 341 mo   |
|   | 2022 Nissan Altima    | 2/9/22 - 2/28/27    | 339 mo   |
|   | 2022 Nissan Altima    | 2/17/22 - 2/28/27   | 341 mo   |
|   | 2022 Nissan Altima    | 2/17/22 - 2/28/27   | 341 mo   |
|   | 2022 Nissan Altima    | 2/9/22 - 2/28/27    | 339 mo   |
|   | 2022 Nissan Altima    | 2/17/22 - 2/28/27   | 341 mo   |
|   | 2022 Nissan Altima    | 2/9/22 - 2/28/27    | 339 mo   |
|   | 2022 Nissan Altima    | 2/17/22 - 2/28/27   | 341 mo   |
|   | 2022 Ford Explorer    | 9/15/22 - 9/30/27   | 558 mo   |
|   | 2023 Chevrolet Malibu | 3/28/23 - 3/31/28   | 448 mo   |
|   | 2023 Chevrolet Malibu | 3/28/23 - 3/31/28   | 448 mo   |
|   | 2023 Chevrolet Malibu | 3/28/23 - 3/31/28   | 448 mo   |
|   | 2023 Chevrolet Malibu | 3/28/23 - 3/31/28   | 448 mo   |
|   | 2023 Chevrolet Malibu | 3/28/23 - 3/31/28   | 448 mo   |
|   | 2023 Chevrolet Malibu | 3/28/23 - 3/31/28   | 448 mo   |
|   | 2023 Chevrolet Malibu | 4/12/23 - 4/30/28   | 448 mo   |
|   | 2023 Chevrolet Malibu | 4/12/23 - 4/30/28   | 448 mo   |
|   | 2023 Chevrolet Malibu | 4/12/23 - 4/30/28   | 443 mo   |
|   | 2023 Chevrolet Malibu | 4/12/23 - 4/30/28   | 443 mo   |
|   | 2023 Chevrolet Malibu | 4/12/23 - 4/30/28   | 448 mo   |
|   | 2023 Chevrolet Malibu | 4/12/23 - 4/30/28   | 443 mo   |
|   | 2024 Nissan Altima    | 5/14/24 - 5/31/29   | 448 mo   |
|   | 2024 Nissan Altima    | 5/14/24 - 5/31/29   | 448 mo   |
|   | 2024 Nissan Altima    | 5/14/24 - 5/31/29   | 448 mo   |
|   | 2024 Nissan Altima    | 5/14/24 - 5/31/29   | 449 mo   |
|   | 2024 Nissan Altima    | 5/14/24 - 5/31/29   | 448 mo   |
| Pitney Bowes                            | Mailing Machine       | 7/25/19 to 10/25/24 | 59 mo    |
| 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, 2024*

| Name                               | City           | Type of Service                      | Amount  |
|------------------------------------|----------------|--------------------------------------|---------|
| Allison Besio                      | Victoria       | Screening and intake services        | \$ 918  |
| Blackbaud Inc                      | Boston, MA     | Financial software and support       | 15,400  |
| City of Victoria                   | Victoria       | MHO services                         | 157,562 |
| Cleaning Pro Janitorial Services   | Victoria       | Janitorial services                  | 2,650   |
| Clinical Pathology Lab             | Victoria       | Laboratory services                  | 29,903  |
| Cross Creek Hospital               | Austin         | Inpatient psychiatric hospital       | 776,200 |
| Datavox                            | Houston        | IT support services                  | 123,312 |
| Datis HR                           | Cincinnati, OH | HR payroll system                    | 38,352  |
| Dependable Lawn Maintenance        | Victoria       | Lawn care                            | 8,260   |
| East Texas Behavioral Healthcare   | Lufkin         | Dues, authorization, doctor services | 379,377 |
| Eide Bailly LLP                    | Abilene        | External auditors                    | 52,250  |
| Firetrol Protection Systems        | Corpus Christi | Fire protection                      | 7,463   |
| Frio A.C                           | Victoria       | HVAC services                        | 43,345  |
| Gardenland Nursery                 | Victoria       | Lawn care                            | 6,000   |
| Hatch Learning                     | Weimer         | ABA therapy                          | 27,103  |
| Indeed Inc.                        | Victoria       | Employment                           | 11,484  |
| Irrigation by Jason Inc            | Victoria       | Sprinkler system                     | 1,691   |
| Lonestar Services                  | Victoria       | Lawn care                            | 4,750   |
| Masterword Services                | Houston        | Translation services                 | 17,595  |
| National Bugmobiles Inc            | Victoria       | Pest control                         | 1,500   |
| Otilia Chavez                      | Victoria       | Screening and intake services        | 4,213   |
| Pest Solutions                     | Victoria       | Pest control                         | 1,325   |
| Pioneer Texas LLC                  | San Antonio    | Janitorial services                  | 51,105  |
| Rawley McCoy & Associates PLLC     | Victoria       | Architects and interior designers    | 37,440  |
| Rayasam Psychiatric Services       | Corpus Christi | C&A psychiatrist                     | 182,475 |
| Sam Brown                          | Victoria       | Vehicle detailing                    | 6,240   |
| Sarah Moehrig                      | Inez           | Diagnostics and counseling           | 42,356  |
| Schroeder Air Conditioning         | Victoria       | Lawn care                            | 9,561   |
| Scott Bauer's Lawn Services        | Victoria       | Lawn care                            | 3,180   |
| Sprinklisms Inc                    | Houston        | Motivational speaker                 | 3,000   |
| Sun Behavioral Houston             | Houston        | Inpatient psychiatric hospital       | 511,760 |
| Tejas Behavioral Health Management | Austin         | Billing and customer software        | 7,031   |
| Texas Council                      | Austin         | Risk management & insurance          | 347,739 |
| The Back Office                    | Victoria       | Records storage and shredding        | 10,738  |
| The Harris Center                  | Houston        | Crisis Hotline                       | 66,000  |
| The SpyGlass Group                 | Westlake, Ohio | Technology audit                     | 10,081  |
| TK Elevator                        | Corpus Christi | Elevator maintance                   | 9,427   |
| Victoria County Health Department  | Victoria       | Laboratory and medical care          | 70,500  |
| Victoria County                    | Victoria       | MHO services                         | 375,014 |
| Walker & Associates                | Corpus Christi | Health insurance consultant          | 28,500  |
| Westpark Springs                   | Richmond       | Inpatient psychiatric hospital       | 402,900 |
| Woolson Real Estate                | Victoria       | Property management                  | 66,000  |

Source: Gulf Bend Center



**GULF BEND CENTER**

*SCHEDULE OF LEGAL SERVICES*

*For the year ended August 31, 2024*

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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> |
|--------------------|------------------------------------|--|------------------------------------|
| 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                                  |
| 2022               | 5,032                              | 0  | 0                                  |
| 2023               | 5,943                              | 0  | 0                                  |
| 2024               | 5,424                              | 0  | 0                                  |

Source: Gulf Bend Center

## GULF BEND CENTER

### TEN LARGEST EMPLOYERS

Current Year and Nine Years Ago

| Employer                             | 2024          |      |                                      |
|--------------------------------------|---------------|------|--------------------------------------|
|                                      | Employees     | Rank | Percent of Total Regional Employment |
| Formosa Plastics                     | 3,400         | 1    | 1.71%                                |
| Victoria Independent School District | 2,025         | 2    | 1.02%                                |
| The Inteplast Group                  | 1,248         | 3    | 0.63%                                |
| Citizen's Medical Center             | 1,220         | 4    | 0.61%                                |
| DeTar Healthcare System              | 775           | 5    | 0.39%                                |
| Calhoun Independent School District  | 634           | 6    | 0.32%                                |
| Caterpillar                          | 600           | 7    | 0.30%                                |
| INVISTA                              | 600           | 8    | 0.30%                                |
| DOW - Seadrift Operations            | 587           | 9    | 0.29%                                |
| Cuero Community Hospital             | 438           | 10   | 0.22%                                |
|                                      | <u>11,527</u> |      | <u>5.79%</u>                         |

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

Source: Victoria Economic Development Corporation

## 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><br>(amounts expressed<br>in thousands) (1) | <u>Per Capita</u><br><u>Personal</u><br><u>Income</u> (1) | <u>Unemployment</u><br><u>Rate</u> (2) |
|--------------------|---|-------------------|---|---|--|
| 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           | 5,966,206   | 52,632  | 3.40%                                  |
| 2020               |   | 180,327           | 9,716,199   | 53,881  | 8.20%                                  |
| 2021               |   | 180,193           | 10,683,643  | 59,290  | 6.00%                                  |
| 2022               |   | 180,037           | 10,948,510  | 60,367  | 4.97%                                  |
| 2023               |   | 180,891           | 11,261,087  | 62,253  | 4.50%                                  |
| 2024               |   | (A)               | (A)   | (A)   | 4.10%                                  |

Sources:

(1) Bureau of Economic Analysis

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

(A) Data was unavailable

\* Prior year data includes mostly the areas of Victoria & Calhoun Counties for reporting purposes.  
Current year data includes all seven counties in service 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>2024</u>  | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
| Program                    |  |             |             |             |             |             |             |             |             |             |
| Mental Health-Adult        | 68   | 63          | 58          | 56          | 54          | 59          | 55          | 57          | 52          | 68          |
| Mental Health-Child        | 29   | 25          | 23          | 30          | 18          | 17          | 20          | 17          | 27          | 17          |
| IDD                        | 19   | 20          | 17          | 17          | 13          | 20          | 24          | 25          | 24          | 64          |
| General and Administrative | <u>37</u>  | <u>32</u>   | <u>30</u>   | <u>32</u>   | <u>30</u>   | <u>33</u>   | <u>32</u>   | <u>30</u>   | <u>34</u>   | <u>40</u>   |
| Total                      | <u>153</u>   | <u>140</u>  | <u>128</u>  | <u>135</u>  | <u>129</u>  | <u>129</u>  | <u>129</u>  | <u>137</u>  | <u>189</u>  | <u>180</u>  |

**GULF BEND CENTER**  
*RETIREMENT PLAN DATA*  
*As of August 31, 2024*

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Number of Plan Participants:

|          |                   |
|----------|-------------------|
| Active   | 149               |
| Inactive | <u>58</u>         |
| Total    | <u><u>207</u></u> |

Plan Assets and Liabilities (at fair value):

|                   |                            |
|-------------------|----------------------------|
| Plan assets:      |                            |
| Investments:      |                            |
| Fixed Income      | \$ 553,436                 |
| Equity            | <u>7,474,332</u>           |
| Total plan assets | <u><u>\$ 8,027,768</u></u> |
| Plan liabilities  | None                       |

Source: Gulf Bend Center

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 (*Government Audit Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Gulf Bend Center (“the Center”) as of and for the year ended August 31, 2024, 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, 2024.

**Report on Internal Control over Financial Reporting**

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Center’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 were not identified.



## **Report on 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 Center'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 Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Abilene, Texas  
December 3, 2024



**Independent Auditor’s Report on Compliance for Each Major Federal and State Program; Report on Internal Control Over Compliance; Required by the Uniform Guidance and the Texas Grant Management Standards**

To the Board of Directors  
Gulf Bend Center  
Victoria, Texas

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

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

We have audited Gulf Bend Center’s (the Center) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement*, Texas Grant Management Standards (TxGMS) and *Guidelines for Annual Financial and Compliance Audits of Community Mental Health and Mental Retardation Centers* (Guidelines) that could have a direct and material effect on each of the Center’s major federal and state programs for the year ended August 31, 2024. The Center’s major federal and state programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, Gulf Bend Center complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended August 31, 2024.

***Basis for Opinion on Each Major Federal and State Program***

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

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

### ***Responsibilities of Management for Compliance***

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

### ***Auditor's Responsibilities for the Audit of Compliance***

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

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

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

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

## Report on Internal Control over Compliance

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

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

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

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



Abilene, Texas  
December 3, 2024

**GULF BEND CENTER**

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

Year ended August 31, 2024

| Federal and State Grantor/Pass-Through Grantor/<br>Program or Cluster Title   | Federal<br>Financial<br>Assistance<br>Listing | Pass-through<br>Entity Identifying<br>Number | Expenditures        | Passed<br>Through to<br>Subrecipients |
|---|---|--|---------------------|---------------------------------------|
| <b>STATE EXPENDITURES</b>   |   |  |                     |                                       |
| <b>Texas Health &amp; Human Services Commission</b>                           |   |  |                     |                                       |
| General Revenue - MH  |   | HHS001324500017                              | \$ 2,687,995        | \$ -                                  |
| General Revenue - C&A   |   | HHS001324500017                              | 398,793             | -                                     |
| General Revenue - Crisis Services   |   | HHS001324500017                              | 391,798             | -                                     |
| General Revenue - PESC  |   | HHS001324500017                              | 584,173             | -                                     |
| General Revenue - PPB   |   | HHS001324500017                              | 1,424,000           | -                                     |
| General Revenue - Veterans  |   | HHS001324500017                              | 70,000              | -                                     |
| Mental Health First Aid Grant Program   |   | HHS001335500018                              | 70,000              | 58,840                                |
| General Revenue - IDD   |   | HHS001333300018                              | 346,241             | -                                     |
| Permanency Planning   |   | HHS001333300018                              | 4,946               | -                                     |
| IDD Crisis Intervention Specialists   |   | HHS001333300018                              | 102,913             | -                                     |
| IDD Crisis Respite Services   |   | HHS001333300018                              | 11,300              | 11,300                                |
| IDD-American Rescue Plan Act of 2021  |   | HHS001333300018                              | 83,361              | -                                     |
| Nursing Facility Specialized Services   |   | HHS001333300018                              | 9,341               | -                                     |
| Community Mental Health Grant Program   |   | HHS001392500018                              | 820,307             | -                                     |
| SMART Grant   |   | HHS001513400019                              | 22,176              | -                                     |
| <b>Total State Expenditures</b>   |   |  | <b>\$ 7,027,344</b> | <b>\$ 70,140</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   | 93.558  | HHS001324500017                              | 92,717              | -                                     |
| Social Services Block Grant   | 93.667  | HHS001324500017                              | 41,868              | -                                     |
| Block Grants for Community Mental Health                                      | 93.958 *                                      | HHS001324500017                              | 226,608             | -                                     |
| Enhanced Community Coordination   | 93.791  | HHS001333300018                              | 34,576              | -                                     |
| Medicaid Administrative   |   |  |                     |                                       |
| Claiming - Medicaid Cluster   | 93.778  | HHS000537900327                              | 460,000             | -                                     |
| Mental Health First Aid   |   |  |                     |                                       |
| Outreach Worker Funds   | 93.958 *                                      | HHS001335500018                              | 89,050              | -                                     |
| COVID-19 Supplemental Grant Program   | 93.958 *                                      | HHS001108400017                              | 208,451             | -                                     |
| <b>Pass-through Substance Abuse and Mental Health Services Administration</b> |   |  |                     |                                       |
| CCBHC Expansion Grants  | 93.829  | 1H79SM083240                                 | 398,814             | -                                     |
| CCBHC Improvement and Advancement   | 93.696  | 1H79SM086881                                 | 1,176,966           | -                                     |
| <b>Total U.S. Department of Health and Human Services</b>                     |   |  | <b>2,729,050</b>    | -                                     |
| <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  | 16,250              | -                                     |
| <b>Total Federal Expenditures</b>   |   |  | <b>\$ 2,745,300</b> | <b>\$ -</b>                           |
| <b>TOTAL STATE AND FEDERAL FINANCIAL ASSISTANCE</b>                           |   |  | <b>\$ 9,772,644</b> | <b>\$ 70,140</b>                      |

\* Total FFAL #93.958 - \$524,109

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, 2024

**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 *Texas Grant Management Standards*. 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          | \$ | 7,027,344        |
| Plus: Contracts not considered a grant TCOOMMI   |    | 285,343          |
| Plus: Federal Mental Health First Aid Grant grouped with Federal Programs                          |    | 89,050           |
| Less: Nursing Facility Specialized Services grouped with billed services (local funds)             |    | <u>9,342</u>     |
| Total state program revenues - Statement of Revenues, Expenditures, and Changes in Fund Balances   | \$ | <u>7,392,395</u> |
| <br>   |    |                  |
| Total expenditures of federal awards - Schedule of Expenditures of State and Federal Awards        | \$ | 2,745,300        |
| Less: City of Victoria pass-through grant grouped with Local grants in Local Funds                 |    | 16,250           |
| Less: Contracts grouped with billed services (local funds) Enhanced Community Coordination         |    | 34,576           |
| Less: Federal Mental Health First Aid Grant grouped with State Programs                            |    | <u>89,050</u>    |
| Total federal program revenues - Statement of Revenues, Expenditures, and Changes in Fund Balances | \$ | <u>2,605,424</u> |

**NOTE 5: SUBRECIPIENTS**

The Center passed state funding through to subrecipients as noted on the Schedule of Expenditures of State and Federal Awards. These subrecipients had responsibility of programmatic decision-making and were responsible for adherence to program requirements specified in the state performance contract.

**GULF BEND CENTER**  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 For the year ended August 31, 2024

**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 and 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 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 federal major programs:

| <i>FFAL Number(s)</i> | <i>Name of State or Federal Program or Cluster</i> |
|-----------------------|--|
| 93.696                | CCBHC Improvement and Advancement                  |

Identification of state major programs:

| <i>FFAL 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) |
| N/A (State Program)   | GR - IDD   |

Dollar threshold used to distinguish

between type A and type B programs: Federal-\$750,000 State-\$750,000

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, 2024*

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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.