

GULF BEND CENTER

VICTORIA, TEXAS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended August 31, 2022

ISSUED BY

KASIE MUNDINE
CHIEF FINANCIAL OFFICER

GULF BEND CENTER

CERTIFICATE OF BOARD APPROVAL OR DISAPPROVAL OF AUDIT REPORT

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, 2022, from Eide Bailly LLP, Certified Public Accountants, was reviewed and approved at a meeting of the Board of Trustees held on the 13th day of December 2022.



Chairperson, Board of Trustees

December 13, 2022

Date

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For the year ended August 31, 2022

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INTRODUCTORY SECTION

Gulf Bend Center

IMPROVING LIFE THROUGH RECOVERY.

December 13, 2022

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, 2022. The report is intended for the information of the Board of Trustees, management, federal and state awarding agencies, and pass-through entities. However, the report is a matter of public record, and its distribution is not limited.

Responsibility for both the accuracy of the data and the completeness and fairness of presentation, including all disclosures, rests with 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, 2022. The audit was designed to be performed in accordance with generally accepted auditing standards, Governmental Auditing Standards, the State of Texas Uniform Grant and Contract Management Standards, the Single Audit Act of 1996, the Uniform Guidance, and the Guidelines for Annual Financial and Compliance Audits of Community MHMR Centers.

Management provides a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be used in conjunction with it. 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 and intellectual and developmental disabilities services to customers in Calhoun, DeWitt, Goliad, Jackson, Lavaca, Refugio, and Victoria counties in South Texas. The Center is governed by a nine-

Gulf Bend Center

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member board of trustees whose members are appointed by the commissioner's court 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 to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management as deemed necessary.

Local Economy

The Gulf Bend Regional Plaza, which is the Center's main clinical and administrative office, 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

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unemployment rate as of August 2022 was an average of 4.6% as compared to the statewide rate of 4.1% and national average unemployment rate of 3.7%.

Approximately 41.81% 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. This 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, 2022, was 156 days based on an average of \$34,646 expenditures per day for the year. This means the Center had the capacity to operate an additional 156 days in case of any unforeseen circumstances prohibiting the Center's operations. The state recommends reserves to be a minimum of sixty (60) days.

Major Initiatives

Under the guidance of the Texas Health and Human Services Commission (HHSC) and the Centers for Medicare and Medicaid Services (CMS), Gulf Bend has participated in the 1115 Transformation Waiver (Waiver) for the past ten years. The Waiver offered the Center necessary resource capacity through the leveraging of federal funding to build upon and enhance the Center's services already being provided. Under provisions of the Waiver, the Center, along with other local community centers, have been designated as having authority to make Intergovernmental Transfers (IGTs) necessary for leveraging federal funding to support service deliverables based on outcomes. The Waiver was phased out in 2021 with final funding received in 2022. The Waiver was replaced with the Directed Payment Program.

The Directed Payment Program for Behavioral Health Services (DPP BHIS) 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 BHIS for state fiscal year 2022 on November 15, 2021. CMS approved DPP BHS for state fiscal year 2023 on August 1, 2022. 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. The program funds the Center through two components. Component 1 is a uniform dollar increase issued in monthly payments to all CMHCs

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participating in the program. As a condition of participation, providers are required to report progress made toward certification or maintenance of CCBHC status. They are also 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. 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.

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 2022 to HHSC based on FY2022 financials. Payment is expected to be received in Spring 2023.

In January 2021, the Center was officially certified as a CCBHC. As a CCBHC, the Center will be able to enhance 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), qualified the Center to be able to apply for federal grants through SAMHSA. The Center was awarded its first SAMHSA grant in February 2021 in the amount of \$3,972,291 for a two-year period beginning February 15, 2021. These funds are being 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 30, 2022, for the improvement and advancement of CCBHC services.

With the expansion services to be provided by the Center as a CCBHC, management began to assess the needs and laid out plans to renovate the clinic and other work-related areas for the first floor of the Center's Main Street building. Construction began in January 2022 and is expected to be completed in February 2023. The renovations are expected to cost \$3,800,00. The Center committed \$1,800,000 of reserves to fund the construction while the remaining balance is being funded using local grants and donations. The renovations will allow the Center to better serve the community and add to its mission of being a regional provider of integrated behavioral health and intellectual and developmental disability services.

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 made up of law enforcement and related agencies across the seven-county catchment area to assist in developing strategies that address the mental health needs of individuals that end up in the local jails. 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 and housing needs. The Center works closely with the school districts and

Gulf Bend Center

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Education Service Center in our region. Building these relationships has been necessary to the Center's ability to meet the needs of the region.

Due to COVID-19, the Center saw an unprecedented surge in the need for psychiatric hospitalizations in the last two years. 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 Psychiatric Emergency Services Center (PESC), Private Psychiatric Bed (PPB) Days, and General Revenue (GR) contracts. PESC funding provided for 486 bed days, PPB funding provided 1303 bed days, and GR funding provided 839 bed days, for a total of 2628 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

Kasie Mundine
Chief Financial Officer

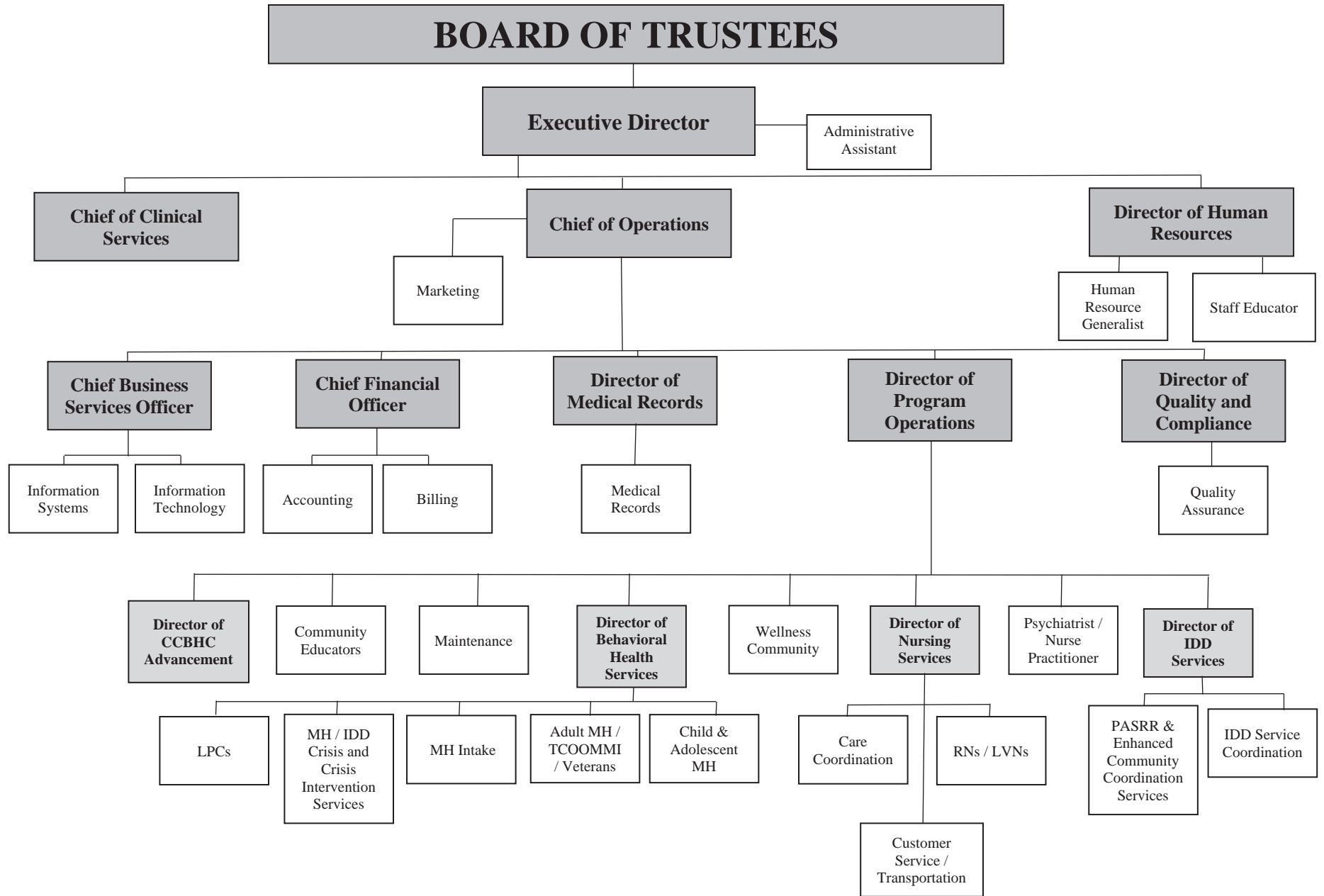
LIST OF PRINCIPAL OFFICIALS

Board of Trustees

Steve Hipes	Victoria County	Board Chair
Melissa Lester	Calhoun County	Board Vice-Chair
Sylvester Walleck	Jackson County	Board Secretary
Jeana Bethany	Calhoun County	Board Member
Daryl Fowler	DeWitt County	Board Member
Shirley McMillan	Goliad County	Board Member
Micah Harmon	Lavaca County	Board Member
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
Darlyn Williams	Chief Operations Officer
Glenn Zengerle	Chief Business Services Officer
Anna Arage	Chief Financial Officer
Yvette Hausman	Director of Human Resources
Julie Galvan	Director of Quality and Compliance
Channing Bruns	Executive Administrative Assistant



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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Center, as of August 31, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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.

Adoption of New Accounting Standard

As discussed in Note 15 to the financial statements, the Center has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ended August 31, 2022. Accordingly, a restatement has been made to the Governmental Activities and the Business-type Activities Enterprise Fund net position as of September 1, 2021, to restate beginning net position. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 on pages 5 through 12 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Center's basic financial statements. The 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 accompanying schedule of expenditures of state and federal awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and the State of Texas Single Audit Circular and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of state and federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 7, 2022 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 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 7, 2022

GULF BEND CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED AUGUST 31, 2022

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, 2022. Management encourages readers to consider the information presented here in conjunction with additional information furnished in the letter of transmittal, which can be found on pages i through vi in the introductory section of this report.

FINANCIAL HIGHLIGHTS

- The assets of the Center's governmental activities exceeded its liabilities at the close of the most recent fiscal year by \$12,549,185 (net position). Of this amount, \$5,863,852 (unrestricted net position) may be used to meet the Center's ongoing obligations to consumers and creditors.
- The Center's governmental activities total net position increased by \$1,283,291.
- As of the end of the current fiscal year, the Center's total governmental funds reported a combined ending fund balance of \$6,856,690, a decrease of \$727,626 from the prior year.
- Of the Center's total governmental fund balance, \$5,423,067 represents the unassigned fund balance of the General Fund, which is approximately 43% 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, and Intellectual and Developmental Disability (IDD).
- The Center's business-type activity includes building rental revenues and expenses.

The government-wide financial statements can be found on pages 13 through 15 of this report.

Fund Financial Statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Center, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Center can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

GULF BEND CENTER

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

FOR THE YEAR ENDED AUGUST 31, 2022

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on how cash resources flow into and out of those funds, and balances remaining at year-end that are available for spending. These funds are reported using an accounting method known as modified accrual accounting, that requires the recognition of revenue when earned, only so long as the funds are collected within the period or soon enough afterwards to be used to pay liabilities of the current period.

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

The Center maintains two governmental funds: the General Fund and a Capital Projects Fund.

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

The basic governmental fund financial statements can be found on pages 16 through 20 of this report.

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

Fiduciary Fund: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the Center's own programs. The accounting used for fiduciary funds is similar to proprietary funds. The Center maintains one fiduciary fund to account for its Cafeteria Plan. The basic fiduciary fund financial statements can be found on page 24 through 25 of this report.

Notes to the Financial Statements: The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements and can be found on pages 26 through 41 of this report.

Other Information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Center that is required by Texas Health and Human Services Commission (Department of State Health Services and Department of Aging and Disability Services); Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and the State of Texas Single Audit Circular. This supplementary information can be found on pages 42 through 76 of this report.

GULF BEND CENTER

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

FOR THE YEAR ENDED AUGUST 31, 2022

GOVERNMENT-WIDE FINANCIAL ANALYSIS

A portion of the Center's governmental activities total net position (approximately 53%) 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 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, \$5,863,852, or 47%, represents unrestricted financial resources available for future operations.

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

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

	Governmental		Business-type		Total		
	2022	2021	2022	2021	2022	2021	Change
Current assets	\$ 7,476,969	\$ 8,199,868	\$ 647,086	\$ 532,206	\$ 8,124,055	\$ 8,732,074	-7%
Capital assets (net)	6,930,308	4,713,278	750,670	749,094	7,680,978	5,462,372	41%
Total Assets	14,407,277	12,913,146	1,397,756	1,281,300	15,805,033	14,194,446	11%
Current liabilities	1,290,590	1,378,470	18,447	22,138	1,309,037	1,400,608	-7%
Long-term liabilities	567,502	268,782	-	-	567,502	268,782	111%
Total Liabilities	1,858,092	1,647,252	18,447	22,138	1,876,539	1,669,390	12%
Deferred inflows of resources	-	-	122,498	-	122,498	-	0%
Net Position:							
Net investment in capital assets	6,685,333	4,713,278	750,670	749,094	7,436,003	5,462,372	36%
Unrestricted	5,863,852	6,552,616	506,141	510,068	6,369,993	7,062,684	-10%
Total Net Position	\$ 12,549,185	\$ 11,265,894	\$ 1,256,811	\$ 1,259,162	\$ 13,805,996	\$ 12,525,056	10%

GULF BEND CENTER

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

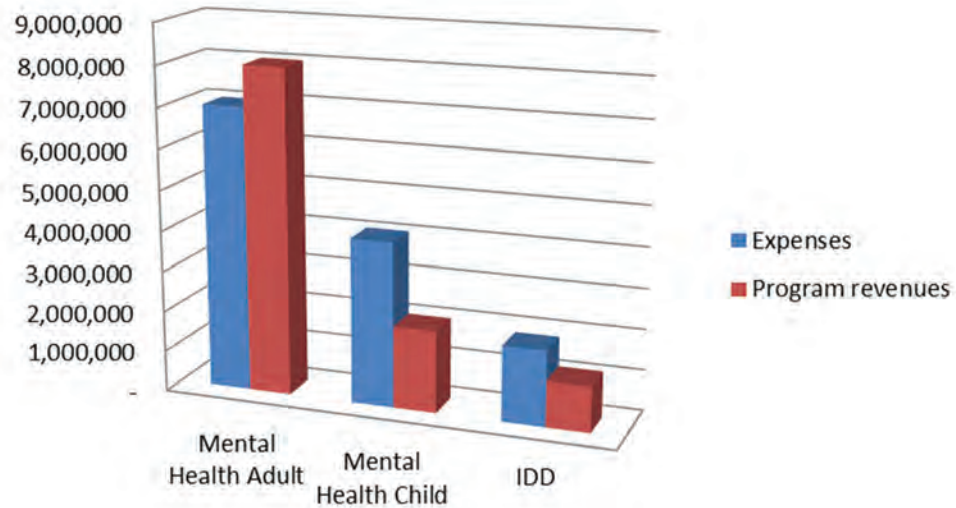
FOR THE YEAR ENDED AUGUST 31, 2022

The Center's total governmental net position increased by \$1,283,291 as shown below:

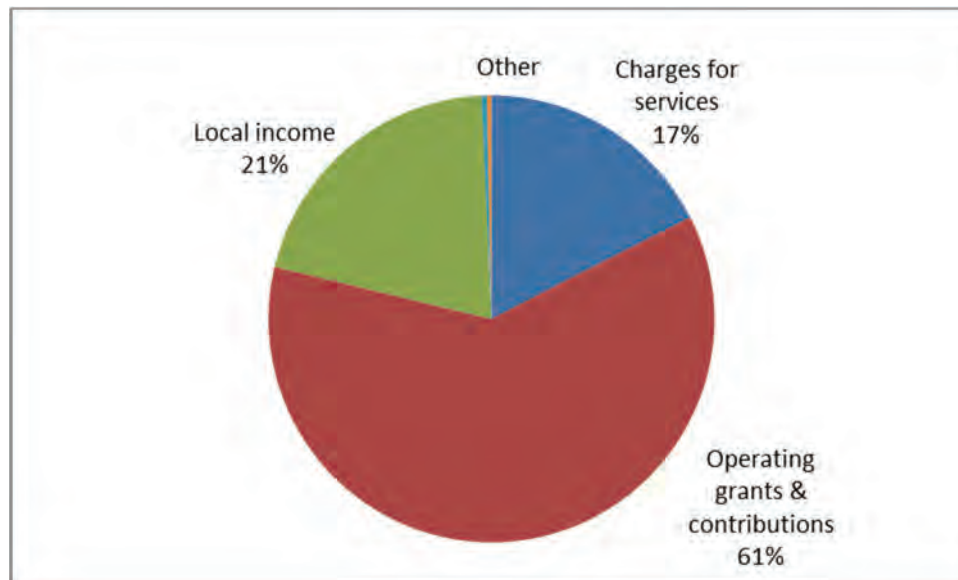
	Governmental		Business-type		Total		
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>Change</u>
REVENUES							
Program revenues:							
Charges for services	\$ 2,518,282	\$ 1,564,063	\$ 99,617	\$ 155,203	\$ 2,617,899	\$ 1,719,266	52%
Operating grants	8,676,005	7,586,672	-	-	8,676,005	7,586,672	14%
General revenues:							
General income	2,907,940	3,208,208	-	-	2,907,940	3,208,208	-9%
Gain on sale	55,227	17,199	-	-	55,227	17,199	221%
PPP loan forgiveness	-	1,336,600	-	-	-	1,336,600	0%
Investment earnings	45,692	72,687	7,558	-	53,250	72,687	-27%
Total Revenues	<u>14,203,146</u>	<u>13,785,429</u>	<u>107,175</u>	<u>155,203</u>	<u>14,310,321</u>	<u>13,940,632</u>	3%
EXPENSES							
Mental Health-Adult	6,995,996	8,074,015	-	-	6,995,996	8,074,015	-13%
Mental Health-Child	4,061,714	2,509,081	-	-	4,061,714	2,509,081	62%
IDD	1,856,089	1,443,067	-	-	1,856,089	1,443,067	29%
Interest	6,056	8,695	-	107	6,056	8,802	-31%
Rental	-	-	109,526	130,983	109,526	130,983	-16%
Total Expenses	<u>12,919,855</u>	<u>12,034,858</u>	<u>109,526</u>	<u>131,090</u>	<u>13,029,381</u>	<u>12,165,948</u>	7%
Change in Net Position	1,283,291	1,750,571	(2,351)	24,113	1,280,940	1,774,684	-28%
Net Position - Beginning	<u>11,465,894</u>	<u>9,715,323</u>	<u>1,259,162</u>	<u>1,235,049</u>	<u>10,950,372</u>	<u>10,950,372</u>	0%
Net Position - Ending	<u>\$ 12,749,185</u>	<u>\$ 11,465,894</u>	<u>\$ 1,256,811</u>	<u>\$ 1,259,162</u>	<u>\$ 12,231,312</u>	<u>\$ 12,725,056</u>	-4%

GULF BEND CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED AUGUST 31, 2022

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, 2022

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 \$6,468,861. The fund balance increased \$749,081 from prior year. The unassigned fund balance of the General Fund was \$5,423,067. 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 43% of total General Fund expenditures for the current fiscal year.

During the year, the General Fund local revenues increased by \$55,980 (1%) from prior year. General Fund state program revenues increased \$249,206 (approximately 4%) from prior year. General Fund federal program revenues increased \$1,048,747 (or 84%) from prior year. This increase is directly related to the Center's SAMHSA grant awarded February 2021 for the expansion of CCBHC services.

The Center's second governmental fund is a Capital Projects Fund. This fund is used to account for revenues and expenditures made on the first-floor renovations of the Nursery Drive building. The assigned fund balance at year-end was \$387,829. This project is expected to be completed in FY23.

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

Total actual revenues were \$551,850, or 4%, less than budgeted revenues. The largest variances are due to Billable customer services, Directed payment program (DPP) revenues, and SAMHSA revenues. The Center's Billed customer services were under budget 35% largely still due to COVID-19. DPP revenues took the place of prior year's DSRIP programs. Current year budget did not reflect any expected payments due to the uncertainty at the time of planning. SAMHSA funding was under budget due to the Center not utilizing the full amount of available funding due to understaffing.

Total actual expenditures were \$1,313,561, or 9%, under budget. The largest variances in expenditures are related to Personnel and Employee benefits. This variance is also largely due to under staffing.

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 \$2,351.

GULF BEND CENTER

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

FOR THE YEAR ENDED AUGUST 31, 2022

CAPITAL ASSETS, RIGHT-OF-USE ASSETS AND DEBT ADMINISTRATION

Capital Assets: In FY22, the Center adopted GASB Statement No. 87. GASB 87 changed the way the Center accounted for its operating leases – both as lessee and lessor. Prior year information has been restated to include this change. See Note 15 on page 41 for more information.

The Center's investment in capital assets for its governmental and business-type activities as of year-end amounts to \$7,436,003 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, vehicles, furniture, and equipment. The Center also has \$244,975 invested in right-to-use assets which are leased assets in the form of copiers and vehicles. Additional information can be found in Note 6, Capital Assets on page 35 of this report.

	2022	(Restated) 2021	Change
Construction in progress	\$ 2,463,358	\$ 256,345	861%
Buildings and improvements	8,621,326	8,346,622	3%
Furniture and equipment	858,624	851,124	1%
Vehicles	86,360	161,276	-46%
Right-to-use assets	346,157	161,292	0%
Totals at Historical Cost	12,375,825	9,776,659	27%
Accumulated depreciation/amortization	(4,694,847)	(4,152,995)	13%
Net Capital Assets	<u>\$ 7,680,978</u>	<u>\$ 5,623,664</u>	37%

Long-term Debt: As of the current year-end, the Center had debt outstanding of \$567,502. This amount is comprised of compensated absences and lease liabilities. Of this total, \$465,237 is long-term and \$111,265 is current. The Center is not subject to a limit. Note 7 on page 36 provides additional information related to long-term debt. The following table summarizes the Center's long-term debt outstanding at year-end:

	2022	(Restated) 2021	Change
Compensated absences	\$ 322,527	\$ 298,647	8%
Lease liabilities	244,975	161,292	0%
Total	<u>\$ 567,502</u>	<u>\$ 459,939</u>	23%

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

According to the State of Texas Economic Development's website, Texas leads the nation for the fastest annual jobs at a growth rate at 5.4%. However, the Center's service area, known also as the Crossroads Region, has a higher unemployment rate at 4.6% than the state and national averages of 4.1% and 3.7% respectively. As of August 31, 2022, the Center had 128 full-time equivalent employees and 27 open positions.

Formosa continues to be one of the region's largest contributors to our local economy providing new employment opportunities to this area. Currently Formosa employs 3400 employees at the Point Comfort location and operates twenty production units in six different business divisions.

GULF BEND CENTER

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

FOR THE YEAR ENDED AUGUST 31, 2022

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

Victoria is home to the largest medical community in the Region. The local medical network, which includes both De Tar Hospital (private) and Citizens Medical Center (county-owned), provides ready access to state-of-the-art care with more than 720 beds across five campuses.

The Center is currently in the process of renovating its first floor clinic and office spaces at the Nursery Drive location. This renovation is expected to be completed in early 2023.

Fiscal year 2023's budget is currently set at \$14,337,233 in operating revenues. These revenues exclude rental activities of the Enterprise fund and renovation contributions in the Capital Projects fund. This budget only slightly exceeds fiscal year 2022's budget. The Center anticipates additional funding to be received through SAMHSA grants. The Center also anticipates receiving less funding through its 1115 Waiver program as the prior 1115 Waiver program phases out and is replaced with the Directed Payment Program.

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, 2022

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,574,663	\$ -	\$ 1,574,663
Investments	4,704,960	-	4,704,960
Deposit	556,111	-	556,111
Accounts receivable, net	628,978	-	628,978
Lease receivable	-	122,498	122,498
Receivables from other governments	440,245	-	440,245
Prepaid items	91,611	4,989	96,600
Internal balances	(519,599)	519,599	-
Capital assets (net of accumulated depreciation)	6,685,333	750,670	7,436,003
Right-of-use assets (net of accumulated amortization)	244,975	-	244,975
Total assets	14,407,277	1,397,756	15,805,033
LIABILITIES			
Accounts payable	414,578	-	414,578
Accrued salaries and related payables	297,743	-	297,743
Unearned revenue	200,000	18,447	218,447
Due to other governments	378,269	-	378,269
Non-current liabilities:			
Due within one year	111,265	-	111,265
Due in more than one year	456,237	-	456,237
Total liabilities	1,858,092	18,447	1,876,539
DEFERRED INFLOWS OF RESOURCES			
Lease related	-	122,498	122,498
Total deferred inflows of resources	-	122,498	122,498
NET POSITION			
Net investment in capital assets	6,685,333	750,670	7,436,003
Unrestricted	5,863,852	506,141	6,369,993
Total net position	\$ 12,549,185	\$ 1,256,811	\$ 13,805,996

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

GULF BEND CENTER**STATEMENT OF ACTIVITIES***For the year ended August 31, 2022*

Function/Programs	Expenses			Program Revenues	
	Expenses	Administrative Allocation	Expenses After Allocation of Administrative	Charges for Services	Operating Grants and Contributions
Primary Government					
Governmental activities					
Mental Health-Adult	\$ 6,300,648	\$ 695,348	\$ 6,995,996	\$ 1,076,522	\$ 6,955,581
Mental Health-Child	3,658,084	403,630	4,061,714	795,219	1,237,940
IDD	1,671,665	184,424	1,856,089	646,541	482,484
Administration	1,283,402	(1,283,402)	-	-	-
Interest on long-term debt	6,056	-	6,056	-	-
Total governmental activities	<u>12,919,855</u>	<u>-</u>	<u>12,919,855</u>	<u>2,518,282</u>	<u>8,676,005</u>
Business-type Activities					
Rental	<u>109,526</u>	<u>-</u>	<u>109,526</u>	<u>99,617</u>	<u>-</u>
Total	<u>\$ 13,029,381</u>	<u>\$ -</u>	<u>\$ 13,029,381</u>	<u>\$ 2,617,899</u>	<u>\$ 8,676,005</u>

General revenues:

Unrestricted general income

Gain on sale 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

Governmental Activities	Business-type Activities	Total
\$ 1,036,107	\$ -	\$ 1,036,107
(2,028,555)	-	(2,028,555)
(727,064)	-	(727,064)
-	-	-
(6,056)	-	(6,056)
<u>(1,725,568)</u>	<u>-</u>	<u>(1,725,568)</u>
-	(9,909)	(9,909)
<u>(1,725,568)</u>	<u>(9,909)</u>	<u>(1,735,477)</u>
2,907,940	-	2,907,940
55,227	-	55,227
<u>45,692</u>	<u>7,558</u>	<u>53,250</u>
<u>3,008,859</u>	<u>7,558</u>	<u>3,016,417</u>
1,283,291	(2,351)	1,280,940
<u>11,265,894</u>	<u>1,259,162</u>	<u>12,525,056</u>
<u>\$ 12,549,185</u>	<u>\$ 1,256,811</u>	<u>\$ 13,805,996</u>

GULF BEND CENTER
BALANCE SHEET
GOVERNMENTAL FUNDS
August 31, 2022

	General Fund	Capital Projects Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 1,571,531	\$ -	\$ 1,571,531
Investments	4,704,960	-	4,704,960
Deposits	556,111	-	556,111
Accounts receivable, net	585,233	-	585,233
Receivables from other governments	440,245	-	440,245
Due from other funds	-	587,829	587,829
Prepaid items	39,683	-	39,683
Total assets	7,897,763	\$ 587,829	\$ 8,485,592
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	414,578	-	414,578
Accrued salaries and related payables	278,180	-	278,180
Unearned revenues	-	200,000	200,000
Due to other governments	378,269	-	378,269
Due to other funds	357,875	-	357,875
Total liabilities	1,428,902	200,000	1,628,902
Fund balances			
Nonspendable for prepaid items and deposits	595,794	-	595,794
Assigned for healthcare	300,000	-	300,000
Assigned for building improvements	150,000	-	150,000
Assigned for capital projects	-	387,829	387,829
Unassigned	5,423,067	-	5,423,067
Total fund balances	6,468,861	387,829	6,856,690
Total liabilities and fund balances	\$ 7,897,763	\$ 587,829	\$ 8,485,592

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, 2022

Total governmental fund balances		\$ 6,856,690
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The governmental capital assets at year-end consist of:		
Governmental capital assets costs	10,671,884	
Accumulated depreciation of governmental capital assets	<u>(3,986,551)</u>	6,685,333
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 reported net of accumulated amortization.		
		15,142
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.		
		(670,311)
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	(15,142)	
Compensated absences	<u>(322,527)</u>	<u>(337,669)</u>
Net position of governmental activities		<u>\$ 12,549,185</u>

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, 2022*

	General Fund	Capital Projects Fund	Total Governmental Funds
REVENUES			
Local funds	\$ 4,465,317	\$ 740,351	\$ 5,205,668
State programs	6,604,415	-	6,604,415
Federal programs	2,292,144	-	2,292,144
Interest income	45,692	-	45,692
Total revenues	<u>13,407,568</u>	<u>740,351</u>	<u>14,147,919</u>
EXPENDITURES			
Current			
Mental Health-Adult	6,166,841	-	6,166,841
Mental Health-Child	3,580,396	-	3,580,396
IDD	1,636,164	-	1,636,164
Administration	1,198,672	59,980	1,258,652
Debt service			
Principal	29,474	-	29,474
Interest	1,129	-	1,129
Capital outlay	33,181	2,207,013	2,240,194
Total expenditures	<u>12,645,857</u>	<u>2,266,993</u>	<u>14,912,850</u>
Excess (deficiency) of revenues over expenditures	<u>761,711</u>	<u>(1,526,642)</u>	<u>(764,931)</u>
OTHER FINANCING SOURCES (USES)			
Sale of assets	25,075	-	25,075
Transfers in (out)	(37,705)	49,935	12,230
Total other financing sources (uses)	<u>(12,630)</u>	<u>49,935</u>	<u>37,305</u>
Net change in fund balances	749,081	(1,476,707)	(727,626)
Fund balances, beginning of year	<u>5,719,780</u>	<u>1,864,536</u>	<u>7,584,316</u>
Fund balances, end of year	<u>\$ 6,468,861</u>	<u>\$ 387,829</u>	<u>\$ 6,856,690</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, 2022

Total net change in fund balances - governmental funds		\$ (727,626)
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Amounts reported for governmental activities in the statement of activities are different because:

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

Increase in capital assets	2,440,557	
Depreciation expense	<u>(447,710)</u>	1,992,847

The net effect of various transactions involving capital assets (i.e., transfers, adjustment and dispositions) increase net position.	29,425
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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. Leases are amortized over the life of the lease.

Lease principal payments	26,791	
Amortization expense	<u>(26,791)</u>	-

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

Increase in compensated absences	<u>(11,355)</u>
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Change in net position of governmental activities	<u>\$ 1,283,291</u>
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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, 2022*

	Original / Final Budget	Actual	Variance with Budget Positive (Negative)
REVENUES			
Local Funds:			
City/County contributions	\$ 186,216	\$ 181,097	\$ (5,119)
Billed customer services	2,259,584	1,468,268	(791,316)
Residential rental income	213,750	223,523	9,773
Delivery system reform incentive payment	1,502,516	1,653,286	150,770
Directed payment program	-	635,533	635,533
Other income	282,390	303,610	21,220
Total local funds	4,444,456	4,465,317	20,861
State Programs:			
General revenue	5,779,659	5,606,178	(173,481)
TCOOMMI grant	268,895	244,211	(24,684)
Other state programs	773,520	754,026	(19,494)
Total state programs	6,822,074	6,604,415	(217,659)
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	-
COVID-19 Supplemental Grant Program	-	121,824	121,824
SAMHSA funding	1,992,652	1,392,015	(600,637)
Medicaid administrative claiming	300,000	417,112	117,112
Total federal programs	2,653,845	2,292,144	(361,701)
Interest	39,043	45,692	6,649
Total revenues	13,959,418	13,407,568	(551,850)
EXPENDITURES			
Current			
Personnel	6,887,001	6,151,843	735,158
Employee benefits	2,398,928	1,574,438	824,490
Professional and consultants fees	2,675,197	2,673,384	1,813
Training and travel	333,390	360,526	(27,136)
Consumable supplies	228,241	246,267	(18,026)
Building occupancy and operating costs	1,206,822	1,278,706	(71,884)
Other expenditures	147,339	296,908	(149,569)
Debt service	-	30,603	(30,603)
Capital Outlay	82,500	33,182	49,318
Total expenditures	13,959,418	12,645,857	1,313,561
OTHER FINANCING SOURCES (USES)			
Sale of assets	-	25,075	25,075
Transfers in (out) for Capital Projects	-	(37,705)	(37,705)
Total other financing sources (uses)	-	(12,630)	(12,630)
Net change in fund balance	-	749,081	749,081
Fund balance, beginning of year	5,719,780	5,719,780	5,719,780
Fund balance, end of year	\$ 5,719,780	\$ 6,468,861	\$ 6,468,861

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

GULF BEND CENTER
STATEMENT OF NET POSITION
PROPRIETARY FUND
August 31, 2022

	Business-type Activities Enterprise Fund	Governmental Activities Internal Service Funds
ASSETS		
Current:		
Receivables	\$ -	\$ 43,745
Lease receivable	55,186	-
Due from other funds	519,599	242,082
Prepaid items	4,989	51,928
Noncurrent:		
Lease receivable	67,312	-
Capital assets, net	750,670	1,229,874
Right-of-use assets, net	-	229,833
Total assets	1,397,756	1,797,462
LIABILITIES		
Current:		
Lease liability	-	63,870
Unearned revenue	18,447	-
Due to other funds	-	1,008,066
Noncurrent:		
Lease liability	-	165,963
Total liabilities	18,447	1,237,899
DEFERRED INFLOWS OF RESOURCES		
Lease related	122,498	-
Total deferred inflows of resources	122,498	-
NET POSITION		
Net investment in capital assets	750,670	1,229,874
Unrestricted	506,141	(670,312)
Total net position	\$ 1,256,811	\$ 559,562

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, 2022*

	Business-type Activities Enterprise Fund	Governmental Activities Internal Service Funds
OPERATING REVENUES:		
Rental revenues	\$ 47,118	\$ -
Charges for service	-	1,116,155
Delivery system reform incentive payment	-	167,950
Miscellaneous	-	2,647
Total operating revenues	47,118	1,286,752
OPERATING EXPENSES:		
Personnel	-	281,760
Employee benefits	-	74,517
Professional and consultants fees	13,447	62,895
Training and travel	-	4,020
Consumable supplies	-	1,320
Other expenses	-	42,828
Depreciation	47,084	239,318
Amortization	-	74,391
Occupancy costs	48,556	-
Computer expense	-	226,553
Vehicle expense	-	91,256
Building expense	-	200,889
Taxes	439	-
Total operating expenses	109,526	1,299,747
OPERATING INCOME (LOSS)	(62,408)	(12,995)
NON-OPERATING REVENUE (EXPENSE):		
Gain (loss) on sale of assets	-	30,152
Lease revenues	52,499	-
Interest income - leases	7,558	-
Interest expense	-	(4,927)
Total non-operating revenue (expense)	60,057	25,225
Income (loss) before transfers	(2,351)	12,230
Transfer in (out)	-	(12,230)
Change in net position	(2,351)	-
Net position, beginning of year	1,259,162	559,562
Net position, end of year	\$ 1,256,811	\$ 559,562

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, 2022*

	Business-type Activities Enterprise Fund	Governmental Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from lessees	\$ 47,118	\$ -
Cash received from users	-	1,257,296
Cash payments to suppliers	(58,514)	(975,577)
Net cash provided (used) by operating activities	(11,396)	281,719
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Cash received from sale of capital assets	-	10,191
Acquisition of capital assets	(48,661)	(200,362)
Payments received (paid) on lease receivable (liability)	52,499	(74,391)
Interest received (paid) on lease	7,558	(4,927)
Net cash provided (used) by capital financing activities	11,396	(269,489)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers in (out)	-	(12,230)
Net cash provided (used) by noncapital financing activities	-	(12,230)
Net increase in cash and cash equivalents	-	-
Cash and cash equivalents, beginning of year	-	-
Cash and cash equivalents, end of year	\$ -	\$ -
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income (loss):	\$ (62,408)	\$ (12,995)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation and amortization	47,084	313,709
Change in assets and liabilities:		
(Increase) decrease in internal balances	10,089	(24,766)
(Increase) decrease in prepaid items	(2,470)	5,771
Increase (decrease) in unearned revenue	(3,691)	-
Net cash provided by operating activities	\$ (11,396)	\$ 281,719
NON-CASH INVESTING ACTIVITIES		
Lease liabilities for the acquisition of a right to use asset	\$ -	\$ 184,865
Receivable related to right to use asset	-	43,745
Total non-cash investing activities	\$ -	\$ 228,610

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

GULF BEND CENTER**STATEMENT OF FIDUCIARY NET POSITION****CUSTODIAL FUND***August 31, 2022*

	Custodial Fund
ASSETS	
Cash	\$ 3,133
Due from General Fund	<u>16,431</u>
Total assets	<u>19,564</u>
LIABILITIES	
Due to others	<u>-</u>
Total liabilities	<u>-</u>
NET POSITION	
Restricted	<u>19,564</u>
Total net position	<u>\$ 19,564</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, 2022*

	Custodial Fund
ADDITIONS	
Contributions	<u>\$ 196,236</u>
Total additions	<u>196,236</u>
 DEDUCTIONS	
Distributions for medical and dental	<u>186,096</u>
Total deductions	<u>186,096</u>
Net change in net position	<u>10,140</u>
Net position, beginning of year	9,424
Net position, end of year	<u><u>\$ 19,564</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, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

B. Government-wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by any program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenue* includes: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. City and county contributions and other items not properly included among program revenues are reported instead as *general revenue*.

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

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

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

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Center considers revenues to be available if they are collected within 120 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Grant revenue, patient fees, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Center.

The proprietary fund types are accounted for on a flow of *economic resources measurement focus* and utilize the *accrual basis of accounting*. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Position. The fund equity is segregated into net investment in capital assets, restricted net position, and unrestricted net position.

D. Fund Accounting

The Center reports the following major governmental fund:

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

The Center also has the following funds:

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

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

Additionally, the Center reports the following proprietary fund types:

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**E. Other Accounting Policies****Deposits and Investments**

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

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

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

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

Due To / From

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

Accounts Receivable

Accounts receivable from customers and insurance carriers for services rendered are reduced by the amount of such billings deemed by management to be ultimately uncollectible. The Center writes off insurance and customer receivables after 90 days and/or collection attempts have been exhausted. The Center has recorded an allowance against these receivables of \$85,901 at August 31, 2022. 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 Medicare, certain commercial insurance carriers (managed care organizations) and other organizations. The basis for payment under these agreements is mostly based on fee for service arrangements.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**Net Customer Service Revenue - (continued)**

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

Prepaid Items

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

Capital Assets

Capital assets, which include buildings and improvements, furniture and equipment, and vehicles, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and proprietary fund financial statements. Capital assets are defined by the Center as assets with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value.

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

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

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

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

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

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**Deferred Outflows/Inflows of Resources**

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

In addition to liabilities, the statement of net position also reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Center has 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.

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, 2022 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**Allocation of Indirect Expenses**

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

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**A. Budgetary Data**

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

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

B. Budgetary Compliance

Budgetary control is maintained at the department level. The Board of Trustees must approve revisions at or above the department level.

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 \$1,574,663 and the bank balances totaled \$1,675,243. 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.

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

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	\$ 343,229
Certificates of Deposit	<u>4,361,731</u>
Total investments	<u>\$ 4,704,960</u>

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

Interest Rate Risk

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

Credit Risk

The Center's investment policy requires money market mutual funds to be AAA rated and be restricted to investments authorized by the Act. The Center's investments in the public funds investment pool include those with the TexPool Investment Pool. The pool operates in full compliance with the Public Funds Investment Act. The TexPool Investment Pool is rated AAA-m by Standard and Poors.

Concentration of Credit Risk

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

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, \$571,703 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 \$9,513,674. Therefore, the Center was not exposed to custodial credit risk at year-end.

NOTE 3: DEPOSITS AND INVESTMENTS - (Continued)**Custodial Credit Risk – Investments**

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

NOTE 4: RECEIVABLES FROM OTHER GOVERNMENTS AND UNEARNED REVENUE

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

Accounts Receivable	
Medicaid Administrative Claiming	\$ 314,855
Managed Care Organizations	82,364
Medicare / Medicaid	144,083
Commercial insurance	35,050
Customer	20,108
Allowance for contractual / bad debt	(85,901)
Other	118,419
Total	<u>\$ 628,978</u>
Other Governments	
Texas Department of Criminal Justice	\$ 47,533
Texas Health and Human Services Commission	246,463
Substance Abuse and Mental Health Services Administration	146,249
Total	<u>\$ 440,245</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 \$18,447.

The Center's capital projects fund also reported \$200,000 in unearned revenues related to one grant. These funds have been received but not all conditions have been met in order to recognize it as revenue.

NOTE 5: INTERFUND RECEIVABLES AND PAYABLES

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

	Due From	Due To
General Fund	\$ -	\$ 357,875
Capital Projects Fund	587,829	-
Custodial Fund	16,431	-
Enterprise Fund	519,599	-
Motor Pool Fund	-	33,446
Information Technology Fund	242,082	-
Admin Building Improvements	-	974,620
Total	<u>\$ 1,365,941</u>	<u>\$ 1,365,941</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:

	Beginning Balances (Restated)	Additions	Disposals	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Construction in progress	\$ 256,345	\$ 2,207,013	\$ -	\$ 2,463,358
Total capital assets not being depreciated	<u>256,345</u>	<u>2,207,013</u>	<u>-</u>	<u>2,463,358</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 7,037,498	\$ 226,044	\$ -	\$ 7,263,542
Furniture, equipment and computers	851,124	7,500	-	858,624
Vehicles	<u>161,276</u>	<u>-</u>	<u>74,916</u>	<u>86,360</u>
Total capital assets being depreciated	<u>8,049,898</u>	<u>233,544</u>	<u>74,916</u>	<u>8,208,526</u>
Accumulated depreciation				
Buildings and improvements	2,857,374	321,730	-	3,179,104
Furniture, equipment and computers	650,345	110,466	-	760,811
Vehicles	<u>85,246</u>	<u>15,514</u>	<u>54,124</u>	<u>46,636</u>
Total accumulated depreciation	<u>3,592,965</u>	<u>447,710</u>	<u>54,124</u>	<u>3,986,551</u>
Capital assets, net	<u>\$ 4,713,278</u>	<u>\$ 1,992,847</u>	<u>\$ 20,792</u>	<u>\$ 6,685,333</u>

NOTE 6: CAPITAL ASSETS – (Continued)

Right-to-use assets being amortized:				
Right-to-use vehicles	\$ 119,359	\$ 184,865	\$ -	\$ 304,224
Right-to-use equipment	<u>41,933</u>	<u>-</u>	<u>-</u>	<u>41,933</u>
Total right-to-use assets being amortized	<u>161,292</u>	<u>184,865</u>	<u>-</u>	<u>346,157</u>
Accumulated amortization				
Right-to-use vehicles	-	74,391	-	74,391
Right-to-use equipment	<u>-</u>	<u>26,791</u>	<u>-</u>	<u>26,791</u>
Total accumulated amortization	<u>-</u>	<u>101,182</u>	<u>-</u>	<u>101,182</u>
Right-to-use assets, net	<u>\$ 161,292</u>	<u>\$ 83,683</u>	<u>\$ -</u>	<u>\$ 244,975</u>
Governmental activities, net	<u>\$ 4,874,570</u>	<u>\$ 2,076,530</u>	<u>\$ 20,792</u>	<u>\$ 6,930,308</u>
Business-type activities:				
Depreciable assets:				
Buildings and improvements	\$ 1,309,124	\$ 48,660	\$ -	\$ 1,357,784
Less accumulated depreciation	<u>560,030</u>	<u>47,084</u>	<u>-</u>	<u>607,114</u>
Business-type activities capital assets, net	<u>\$ 749,094</u>	<u>\$ 1,576</u>	<u>\$ -</u>	<u>\$ 750,670</u>
Depreciation/amortization expense was charged to functions as follows:				
Governmental activities:				
Mental Health-Adult			\$ 268,973	
Mental Health-Child			156,163	
IDD			71,363	
Administration			<u>52,393</u>	
Total governmental			548,892	
Business activities:				
Rental			<u>47,084</u>	
Total government wide			<u>\$ 595,976</u>	

NOTE 7: LONG-TERM OBLIGATIONSLong-term Obligation Activity

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

	(Restated)				
	Beginning			Ending	Due Within
	Balance	Additions	Reductions	Balance	One Year
Governmental Activities					
Compensated absences	\$ 311,172	\$ 427,284	\$ 415,929	\$ 322,527	\$ 32,253
Revenue bonds	-	-	-	-	-
Lease liabilities	<u>161,292</u>	<u>184,865</u>	<u>101,182</u>	<u>244,975</u>	<u>79,012</u>
Total	<u>\$ 472,464</u>	<u>\$ 612,149</u>	<u>\$ 517,111</u>	<u>\$ 567,502</u>	<u>\$ 111,265</u>

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

Debt service requirements at year-end only related to leases. See Note 8: Leases for debt service requirements.

Line of Credit

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

NOTE 8: LEASES

The Center entered an agreement for a sixty (60) month lease agreement for the use of copiers, beginning March 2018. The lease terminates February 2023. Under the terms of the lease, the Center pays a monthly base fee of \$2,550. The Center paid \$30,603 during the year towards this agreement.

At September 1, 2021, the Center has recognized a right to use asset of \$41,933 and a lease liability of \$41,933 related to this agreement. During the fiscal year, the Center recorded \$26,791 in amortization expense and \$1,129 in interest expense for the right to use the copiers. The Center used a discount rate of 3.62%, based on the 5-year Treasury rate at the start of the lease date or upon adoption of GASB 87.

The Center entered into twenty-five (25) sixty (60) month lease agreements for the use of vehicles as part of the Fleet Internal Service Fund. The Center has recognized right to use assets of \$184,865 and a lease liability of \$184,865 related to this agreement. These leases range in beginning dates of April 2017 to February 2022. They terminate between April 2022 to February 2027. Under the terms of the lease, the Center pays a monthly base fee of \$296–\$331 per vehicle. This fee excludes maintenance fees. The Center paid \$79,318 during the year towards those variable costs.

At September 1, 2021, the Center has recognized a right to use asset of \$119,359 and a lease liability of \$119,359 related to this agreement. During the fiscal year, the Center recorded \$74,391 in amortization expense and \$4,927 in interest expense for the right to use the vehicles. The Center used a discount rate of based on the 5-year Treasury rate at the start of the lease date or upon adoption of GASB 87.

Remaining obligations associated with these leases are as follows:

Year Ending			
<u>August 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 79,012	\$ 5,549	\$ 84,561
2024	50,510	3,778	54,288
2025	47,686	2,500	50,186
2026	48,073	1,241	49,314
2027	19,694	164	19,858
Totals	<u>\$ 244,975</u>	<u>\$ 13,232</u>	<u>\$ 258,207</u>

The Center also has accrued a receivable for two office space leases in the Enterprise Fund. The remaining receivable for these leases was \$122,498 and deferred inflows were \$122,498 as of August 31, 2022. Interest revenue recognized on these leases was \$7,558 for the year. The interest rate on the leases was 5%. Final receipt is expected in fiscal year 2025.

NOTE 9: 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 \$181,755 and \$287,366, respectively.

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

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

NOTE 10: 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 11: 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.

NOTE 11: 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 1st 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 \$86,809.

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 \$1,016,840. 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 \$978,079 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 \$63,976. 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>2022</u>	<u>2021</u>
Beginning of year balance	\$ 229,732	\$ 6,429
Claims incurred	767,100	1,395,467
Claims paid	<u>(932,856)</u>	<u>(1,172,164)</u>
End of year balance	<u>\$ 63,976</u>	<u>\$ 229,732</u>

NOTE 12: 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, 2022, these contracts have been renewed to continue through August 31, 2023.

The Center has also received substantial federal funding from Substance Abuse and Mental Health Services Administration (SAMHSA) during fiscal year 2022. As of year-end, the Center held one grant with SAMHSA which is expected to expire February 15, 2023. The Center has been awarded a second SAMHSA grant which begins September 30, 2022.

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

	Amount	Percent
Billable services (Medicaid, Medicare, Pvt Insurance)	\$ 1,468,268	10.95%
Delivery system reform incentive payment	1,653,286	12.33%
General revenue (state only)	5,606,178	41.81%
SAMHSA	1,392,015	10.38%

NOTE 13: MEDICAID 1115 WAIVER AND DIRECTED PAYMENT PROGRAM

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

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

In November 2021, CMS approved the Directed Payment Program for Behavioral Health Services (DPP BHS) for the period covering September 1, 2021 through August 31, 2022 in the amount of \$176 million. This program will take the place of the DSRIP program, but community mental health centers (CMHC) are encouraged to continue successful DSRIP innovations. DPP BHS is a value-based payment program to promote and improve access to behavioral health services, care coordination, and successful care transitions. It also incentivizes continuation of services to Medicaid-enrolled individuals that are aligned with the Certified Community Behavioral Health Clinic (CCBHC) model of care. DPP BHS payments will be included in MCO capitation rates and distributed through two components to enrolled CMHCs who meet program requirements. Component 1 is a uniform dollar increase issued in monthly payments to all qualifying providers participating in the program. As a condition of participation, providers will report on progress made toward certification or maintenance of CCBHC status. Enrolled providers will also be

NOTE 13: MEDICAID 1115 WAIVER AND DIRECTED PAYMENT PROGRAM – (Continued)

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 2022 and sent HHSC two intergovernmental transfers (IGT) in the amount of \$512,868, in order to leverage federal funding. The Center has also sent one IGT for fiscal year 2023 in the amount of \$373,309. The Center received \$330,066 of the IGT payment during the fiscal year and have a current deposit balance of \$556,111. This amount can be found in the Assets section of the Balance Sheet.

The Center recognized revenues of \$635,533 related to DPP-BHS. The Center has also recorded a reserve of \$75,320 as an estimate of what they could be required to return related to Component 1 settle-up based on actual customers served.

NOTE 14: 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 \$768,480 during the year ending August 31, 2022.

NOTE 15: ADOPTION OF NEW STANDARD

As of September 1, 2021, the Center adopted GASB Statement No. 87, Leases (GASB 87). GASB 87 establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The standard requires recognition of certain right to use leased assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The standard also requires lessors to recognize a lease receivable and deferred inflow of resources. As a result of implementing this standard the Center recognized a lease receivable and deferred inflow of resources in the amount of \$174,998 as of September 1, 2021. The Center also recognized a right of use asset and lease liability of \$161,292 as of September 1, 2021. As a result of these adjustments there was no effect on beginning net position. The additional disclosures required by this standard are included in Notes 1, 6, 7 and 8.

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, 2022

	<u>Motor Pool</u>	<u>Information Technology</u>	<u>Administrative Building</u>	<u>Totals</u>
ASSETS				
Current:				
Receivables	\$ 43,745	\$ -	\$ -	\$ 43,745
Due from other funds	-	242,082	-	242,082
Prepaid items	9,768	20,294	21,866	51,928
Noncurrent:				
Capital assets, net	16,943	72,491	1,140,440	1,229,874
Right-of-use assets, net	<u>229,833</u>	<u>-</u>	<u>-</u>	<u>229,833</u>
Total assets	<u>300,289</u>	<u>334,867</u>	<u>1,162,306</u>	<u>1,797,462</u>
LIABILITIES				
Current:				
Lease liability	63,870	-	-	63,870
Due to other funds	33,446	-	974,620	1,008,066
Noncurrent	-	-	-	-
Lease liability	<u>165,963</u>	<u>-</u>	<u>-</u>	<u>165,963</u>
Total liabilities	<u>263,279</u>	<u>-</u>	<u>974,620</u>	<u>1,237,899</u>
NET POSITION				
Net investment in capital assets	16,943	72,491	1,140,440	1,229,874
Unrestricted	<u>20,066</u>	<u>262,377</u>	<u>(952,755)</u>	<u>(670,312)</u>
Total net position	<u>\$ 37,009</u>	<u>\$ 334,868</u>	<u>\$ 187,685</u>	<u>\$ 559,562</u>

GULF BEND CENTER**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS***For the year ended August 31, 2022*

	<u>Motor Pool</u>	<u>Information Technology</u>	<u>Administrative Building</u>	<u>Totals</u>
OPERATING REVENUES:				
Charges for service	\$ 181,039	\$ 474,992	\$ 460,124	\$ 1,116,155
Delivery system reform incentive payment	-	167,950	-	167,950
Miscellaneous	<u>2,647</u>	<u>-</u>	<u>-</u>	<u>2,647</u>
Total operating revenues	<u>183,686</u>	<u>642,942</u>	<u>460,124</u>	<u>1,286,752</u>
OPERATING EXPENSES:				
Personnel	16,682	222,194	42,884	281,760
Employee benefits	5,562	56,334	12,621	74,517
Professional and consultants fees	-	9,582	53,313	62,895
Training and travel	4	2,479	1,537	4,020
Consumable supplies	490	509	321	1,320
Other expenditures	11,548	30,838	442	42,828
Depreciation	8,978	94,453	135,887	239,318
Amortization	74,391	-	-	74,391
Computer expense	-	226,553	-	226,553
Vehicle expense	91,256	-	-	91,256
Building expense	<u>-</u>	<u>-</u>	<u>200,889</u>	<u>200,889</u>
Total operating expenses	<u>208,911</u>	<u>642,942</u>	<u>447,894</u>	<u>1,299,747</u>
OPERATING INCOME (LOSS)	<u>(25,225)</u>	<u>-</u>	<u>12,230</u>	<u>(12,995)</u>
NON-OPERATING REVENUE (EXPENSE):				
Gain (loss) on sale of assets	30,152	-	-	30,152
Interest expense	<u>(4,927)</u>	<u>-</u>	<u>-</u>	<u>(4,927)</u>
Total non-operating revenue (expense)	<u>25,225</u>	<u>-</u>	<u>-</u>	<u>25,225</u>
Income (loss) before transfers and other	-	-	12,230	12,230
Transfer in (out)	<u>-</u>	<u>-</u>	<u>(12,230)</u>	<u>(12,230)</u>
Net change in net position	-	-	-	-
Net position, beginning of year	<u>37,009</u>	<u>334,868</u>	<u>187,685</u>	<u>559,562</u>
Net position, end of year	<u>\$ 37,009</u>	<u>\$ 334,868</u>	<u>\$ 187,685</u>	<u>\$ 559,562</u>

GULF BEND CENTER**COMBINING STATEMENT OF CASH FLOWS****INTERNAL SERVICE FUNDS***For the year ended August 31, 2022*

	Motor Pool	Information Technology	Administrative Building	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from users	\$ 195,991	\$ 540,374	\$ 520,931	\$ 1,257,296
Cash payments to suppliers	(126,864)	(540,374)	(308,339)	(975,577)
Net cash provided (used) by operating activities	<u>69,127</u>	<u>-</u>	<u>212,592</u>	<u>281,719</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES				
Cash received from sale of capital assets	10,191	-	-	10,191
Acquisition of capital assets	-	-	(200,362)	(200,362)
Principal paid on lease liability	(74,391)	-	-	(74,391)
Interest paid on lease liability	(4,927)	-	-	(4,927)
Net cash provided (used) by capital financing activities	<u>(69,127)</u>	<u>-</u>	<u>(200,362)</u>	<u>(269,489)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in (out)	-	-	(12,230)	(12,230)
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>-</u>	<u>(12,230)</u>	<u>(12,230)</u>
Net increase in cash and cash equivalents	-	-	-	-
Cash and cash equivalents, beginning of year	-	-	-	-
Cash and cash equivalents, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss):	\$ (25,225)	\$ -	\$ 12,230	\$ (12,995)
cash provided by operating activities:				
Depreciation and amortization	83,369	94,453	135,887	313,709
Change in assets and liabilities:				
(Increase) decrease in internal balances	9,659	(102,567)	68,142	(24,766)
(Increase) decrease in prepaid items	1,324	8,114	(3,667)	5,771
Net cash provided (used) by operating activities	<u>\$ 69,127</u>	<u>\$ -</u>	<u>\$ 212,592</u>	<u>\$ 281,719</u>
NON-CASH INVESTING ACTIVITIES				
Lease liabilities for the acquisition of a right to use asset	\$ 184,865	\$ -	\$ -	\$ -
Receivable related to right to use asset	43,745	-	-	-
Total non-cash investing activities	<u>\$ 228,610</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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									
		2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Governmental activities											
Net investments in											
capital assets	\$	6,685,333	\$ 4,713,278	\$ 3,903,362	\$ 4,267,385	\$ 4,285,179	\$ 4,385,516	\$ 4,212,203	\$ 4,355,485	\$ 2,843,505	\$ 485,158
Restricted			-	-	-	-	-	-	-	240,840	5,238
Unrestricted		5,863,852	6,552,616	5,811,961	3,597,300	2,971,308	2,445,705	2,732,295	860,448	2,930,124	2,888,838
Total governmental activities											
Net position		12,549,185	11,265,894	9,715,323	7,864,685	7,256,487	6,831,221	6,944,498	5,215,933	6,014,469	3,379,234
Business-type activities											
Net investments in											
capital assets		750,670	749,094	771,686	805,752	852,296	898,807	923,173	966,902	1,010,630	1,054,359
Unrestricted		506,141	510,068	463,363	394,623	256,834	129,579	20,322	384,069	258,214	161,704
Total business-type activities											
Net position		1,256,811	1,259,162	1,235,049	1,200,375	1,109,130	1,028,386	943,495	1,350,971	1,268,844	1,216,063
45	Total primary government	\$ 13,805,996	\$ 12,525,056	\$ 10,950,372	\$ 9,065,060	\$ 8,365,617	\$ 7,859,607	\$ 7,887,993	\$ 6,566,904	\$ 7,283,313	\$ 4,595,297

GULF BEND CENTER
CHANGES IN NET POSITION
Last ten fiscal years

	Fiscal Year			
	2022	2021	2020	2019
Expenses, governmental activities:				
Mental Health-Adult	\$ 6,995,996	\$ 8,074,015	\$ 7,017,173	\$ 6,810,444
Mental Health-Child	4,061,714	2,509,081	1,878,508	1,725,174
IDD	1,856,089	1,443,067	1,520,239	2,405,720
Interest on long-term debt	6,056	8,695	8,241	70,046
Total expenses, governmental	<u>12,919,855</u>	<u>12,034,858</u>	<u>10,424,161</u>	<u>11,011,384</u>
Program revenues, governmental activities:				
Charges for services				
Mental Health-Adult	1,076,522	455,915	634,610	630,088
Mental Health-Child	795,219	472,687	403,446	139,648
IDD	646,541	635,461	805,547	828,400
Total charges for services	<u>2,518,282</u>	<u>1,564,063</u>	<u>1,843,603</u>	<u>1,598,136</u>
Operating grants and contributions	<u>8,676,005</u>	<u>7,586,672</u>	<u>6,978,236</u>	<u>6,560,366</u>
Total program revenues, governmental	<u>11,194,287</u>	<u>9,150,735</u>	<u>8,821,839</u>	<u>8,158,502</u>
Total net program expenses	<u>(1,725,568)</u>	<u>(2,884,123)</u>	<u>(1,602,322)</u>	<u>(2,852,882)</u>
General revenues, governmental activities:				
Local income	2,907,940	3,208,208	3,247,656	3,363,114
Investment earnings	45,692	72,687	84,131	85,649
Total general revenues, governmental	<u>2,953,632</u>	<u>3,280,895</u>	<u>3,331,787</u>	<u>3,448,763</u>
Nonoperating income:				
PPP loan forgiveness		1,336,600	-	-
Transfer	-	-	-	-
Gain (Loss) on asset disposal	55,227	17,199	121,173	12,317
	<u>55,227</u>	<u>1,353,799</u>	<u>121,173</u>	<u>12,317</u>
Total changes in net position, Governmental activities	<u>1,283,291</u>	<u>1,750,571</u>	<u>1,850,638</u>	<u>608,198</u>
Expenses, business-type activities:				
Rental	109,526	130,983	139,700	138,867
Interest on long-term debt	-	107	412	413
Total expenses, business-type	<u>109,526</u>	<u>131,090</u>	<u>140,112</u>	<u>139,280</u>
Program revenues, business-type activities:				
Charges for services				
Rental	99,617	155,203	174,786	230,525
Nonoperating income:				
Transfer	-	-	-	-
Investment earnings	7,558	-	-	-
	<u>7,558</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total changes in net position, Business-type activities	<u>(2,351)</u>	<u>24,113</u>	<u>34,674</u>	<u>91,245</u>
Changes in net position, Primary government	<u>\$ 1,280,940</u>	<u>\$ 1,774,684</u>	<u>\$ 1,885,312</u>	<u>\$ 699,443</u>

Fiscal Year						
2018	2017	2016	2015	2014	2013	
\$ 6,441,077	\$ 6,394,805	\$ 4,120,633	\$ 3,877,071	\$ 4,381,497	\$ 3,026,708	
1,622,864	1,555,665	1,728,731	1,418,102	1,858,645	995,178	
2,543,892	2,651,123	5,959,165	7,500,216	4,867,680	5,147,572	
79,171	88,933	93,686	102,730	111,366	119,590	
<u>10,687,004</u>	<u>10,690,526</u>	<u>11,902,215</u>	<u>12,898,119</u>	<u>11,219,188</u>	<u>9,289,048</u>	
501,359	507,495	766,866	653,538	914,356	474,363	
222,727	154,882	307,716	269,305	487,260	219,428	
898,079	866,786	2,163,206	3,419,125	3,251,617	3,030,281	
<u>1,622,165</u>	<u>1,529,163</u>	<u>3,237,788</u>	<u>4,341,968</u>	<u>4,653,233</u>	<u>3,724,072</u>	
<u>6,185,958</u>	<u>5,885,700</u>	<u>5,421,739</u>	<u>5,174,199</u>	<u>4,642,606</u>	<u>4,145,348</u>	
<u>7,808,123</u>	<u>7,414,863</u>	<u>8,659,527</u>	<u>9,516,167</u>	<u>9,295,839</u>	<u>7,869,420</u>	
<u>(2,878,881)</u>	<u>(3,275,663)</u>	<u>(3,242,688)</u>	<u>(3,381,952)</u>	<u>(1,923,349)</u>	<u>(1,419,628)</u>	
3,252,858	3,092,272	3,055,209	2,550,676	4,564,136	1,056,105	
50,397	38,851	37,049	32,740	38,233	18,342	
<u>3,303,255</u>	<u>3,131,123</u>	<u>3,092,258</u>	<u>2,583,416</u>	<u>4,602,369</u>	<u>1,074,447</u>	
-	-	500,000	-	-	500,000	
-	-	500,000	-	-	500,000	
892	31,263	1,378,995	-	(7,046)	80,038	
<u>892</u>	<u>31,263</u>	<u>1,878,995</u>	<u>-</u>	<u>(7,046)</u>	<u>580,038</u>	
<u>425,266</u>	<u>(113,277)</u>	<u>1,728,565</u>	<u>(798,536)</u>	<u>2,671,974</u>	<u>234,857</u>	
147,547	150,632	140,037	148,404	170,251	133,814	
412	412	412	412	412	412	
<u>147,959</u>	<u>151,044</u>	<u>140,449</u>	<u>148,816</u>	<u>170,663</u>	<u>134,226</u>	
<u>228,703</u>	<u>235,935</u>	<u>232,973</u>	<u>230,943</u>	<u>223,444</u>	<u>217,047</u>	
-	-	(500,000)	-	-	(500,000)	
-	-	-	-	-	-	
-	-	(500,000)	-	-	(500,000)	
<u>80,744</u>	<u>84,891</u>	<u>(407,476)</u>	<u>82,127</u>	<u>52,781</u>	<u>(417,179)</u>	
<u>\$ 506,010</u>	<u>\$ (28,386)</u>	<u>\$ 1,321,089</u>	<u>\$ (716,409)</u>	<u>\$ 2,724,755</u>	<u>\$ (182,322)</u>	

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

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Govenmental funds										
Nonspendable	\$ 595,794	\$ 24,183	\$ 25,323	\$ 24,396	\$ 37,250	\$ 18,799	\$ 54,646	\$ 285,632	\$ 267,790	\$ 262,506
Assigned	837,829	2,314,536	450,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000
Restricted	-	-	-	-	-	-	-	-	240,840	-
Unassigned	<u>5,423,067</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>	<u>2,463,467</u>	<u>2,449,862</u>
Total govenmental funds	<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>	<u>\$ 3,322,097</u>	<u>\$ 3,062,368</u>

GULF BEND CENTER

CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

Last ten fiscal years

		Fiscal Year									
		2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Revenues											
Local funds		\$ 5,205,668	\$ 4,760,339	\$ 4,901,240	\$ 4,822,626	\$ 4,675,338	\$ 4,171,943	\$ 5,900,353	\$ 6,597,756	\$ 8,496,198	\$ 4,695,407
State programs		6,604,415	6,355,209	6,368,421	5,560,861	5,209,897	5,522,807	5,053,528	4,683,566	4,254,072	3,738,189
Federal programs		2,292,144	1,243,397	799,833	1,138,130	1,175,746	812,385	760,855	785,519	1,109,705	491,929
Interest income		45,692	72,687	84,131	85,649	50,397	38,851	37,049	32,740	38,233	18,342
Total revenues		14,147,919	12,431,632	12,153,625	11,607,266	11,111,378	10,545,986	11,751,785	12,099,581	13,898,208	8,943,867
Expenditures											
Mental Health-Adult		6,166,841	7,143,109	5,075,923	5,967,844	5,857,616	5,883,957	3,622,035	3,416,267	3,636,406	2,441,695
Mental Health-Child		3,580,396	2,396,731	1,358,832	1,511,733	1,475,857	1,431,391	1,519,554	1,249,555	1,542,575	839,794
IDD		1,636,164	1,276,686	1,099,675	2,108,080	2,313,455	2,439,340	5,238,105	6,608,790	4,039,912	4,318,762
Administration		1,261,229	1,118,602	2,642,343	1,023,379	746,354	881,311	1,349,680	1,252,153	1,674,949	1,380,103
Capital outlay		2,237,617	256,346	63,443	4,222	18,900	88,468	98,208	1,692,025	2,473,395	299,429
Debt service principal		29,474	-	-	-	186,836	185,017	177,000	169,000	161,000	153,000
Debt service interest		1,129	-	-	-	75,471	71,629	31,532	107,048	115,480	123,499
Total Expenditures		14,912,850	12,191,474	10,240,216	10,615,258	10,674,489	10,981,113	12,036,114	14,494,838	13,643,717	9,556,282
Excess (deficiency) of revenues over expenditures		(764,931)	240,158	1,913,409	992,008	436,889	(435,127)	(284,329)	(2,395,257)	254,491	(612,415)
49 Other financing sources (uses)											
	Proceeds from sale of asset	25,075	-	134,844	3,400	-	-	1,635,316	-	-	114,388
	Loan proceeds	-	-	1,262,711	-	-	-	-	-	-	-
	Transfers in	12,230	-	-	6,875	-	-	397,000	-	-	500,000
	Transfers out	-	-	-	(239,356)	-	(1,905,846)	-	-	-	-
	Total other financing sources (uses)	37,305	-	1,397,555	(229,081)	-	(1,905,846)	2,032,316	-	-	614,388
Net changes in fund balances		\$ (727,626)	\$ 240,158	\$ 3,310,964	\$ 762,927	\$ 436,889	\$ (2,340,973)	\$ 1,747,987	\$ (2,395,257)	\$ 254,491	\$ 1,973
Debt service as a percentage of non-capital expenditures		0.24%	N/A	N/A	N/A	2.46%	2.36%	1.75%	2.16%	2.48%	2.99%

GULF BEND CENTER**SCHEDULE OF REVENUE AND EXPENDITURES BY SOURCE OF FUNDS****GENERAL FUND***For the year ended August 31, 2022*

<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>
Objects of Expense:						
Personnel	\$ 6,151,843	\$ 2,263,418	\$ 1,280,572	\$ 782,893	\$ 4,326,883	\$ 1,824,960
Employee benefits	1,574,438	579,520	312,934	222,389	1,114,843	459,595
Consultant services	2,673,384	1,039,316	846,427	74,310	1,960,053	713,331
Training and travel	360,526	152,010	46,064	53,084	251,158	109,368
Capital outlay	33,182	9,415	4,035	2,793	16,243	16,939
Debt service	30,604	-	-	-	-	30,604
Pharmaceutical expense	145,122	145,122	-	-	145,122	-
Other operating expense	<u>1,676,758</u>	<u>703,549</u>	<u>349,276</u>	<u>162,785</u>	<u>1,215,610</u>	<u>461,148</u>
Total Expenditures	<u>\$ 12,645,857</u>	<u>\$ 4,892,350</u>	<u>\$ 2,839,308</u>	<u>\$ 1,298,254</u>	<u>\$ 9,029,912</u>	<u>\$ 3,615,945</u>
Method of Finance:						
General revenue - MH	\$ 5,128,814	\$ 4,456,624	\$ 672,190	\$ -	\$ 5,128,814	\$ -
General revenue - IDD	477,364	-	-	477,364	477,364	-
Mental health block grant	226,608	157,404	69,204	-	226,608	-
Title XX-TANF	92,717	13,776	78,941	-	92,717	-
Title XX-SS block grant	41,868	41,868	-	-	41,868	-
Other federal funds	1,919,824	1,292,373	529,149	98,302	1,919,824	-
Other state funds	1,009,364	1,009,364	-	-	1,009,364	-
Earned income	1,468,268	502,524	412,385	553,359	1,468,268	-
Required local match	972,682	934,379	38,303	-	972,682	-
Additional local funds	<u>2,070,059</u>	<u>1,480,519</u>	<u>384,102</u>	<u>205,438</u>	<u>2,070,059</u>	<u>-</u>
Total Expended Sources	<u>\$ 13,407,568</u>	<u>\$ 9,888,831</u>	<u>\$ 2,184,274</u>	<u>\$ 1,334,463</u>	<u>\$ 13,407,568</u>	<u>\$ -</u>

GULF BEND CENTER**RECONCILIATION OF TOTAL REVENUE TO FOURTH QUARTER****FINANCIAL REPORT - GENERAL FUND***For the year ended August 31, 2022*

	<u>CARE Report III</u>	<u>Additions</u>	<u>Deletions</u>	<u>Audited Financial Statements</u>
Local Funds:				
City/County contributions	\$ -	\$ 181,097	\$ -	\$ 181,097
Billed customer services	1,397,463	70,805		1,468,268
Residential rental income	-	223,523	-	223,523
Delivery system reform incentive	2,288,819	-	(635,533)	1,653,286
Directed payment program	-	635,533	-	635,533
Patient Assistance Program (PAP)	768,480	-	(768,480)	-
Other local income	-	303,610	-	303,610
Total Local Funds	<u>4,454,762</u>	<u>1,414,568</u>	<u>(1,404,013)</u>	<u>4,465,317</u>
State Programs:				
General revenue	5,609,540	-	(3,362)	\$ 5,606,178
TCOOMMI grant	244,211	-	-	244,211
Diversion program	643,329	-	(643,329)	-
Other state income	<u>1,801</u>	<u>752,225</u>	<u>-</u>	<u>754,026</u>
Total State Programs	<u>6,498,881</u>	<u>752,225</u>	<u>(646,691)</u>	<u>6,604,415</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
COVID-19 Supplemental Grant	-	121,824	-	121,824
COVID Cares Act	60,551	-	(60,551)	-
SAMHSA funding	1,392,015	-	-	1,392,015
Medicaid administrative claiming	417,112	-	-	417,112
Other federal income	<u>229,823</u>	<u>-</u>	<u>(230,386)</u>	<u>-</u>
Total Federal Programs	<u>2,460,694</u>	<u>121,824</u>	<u>(290,937)</u>	<u>2,292,144</u>
Interest Income	<u>-</u>	<u>45,692</u>	<u>-</u>	<u>45,692</u>
Total Revenues	<u>\$ 13,414,337</u>	<u>\$ 2,334,309</u>	<u>\$ (2,341,641)</u>	<u>\$ 13,407,568</u>
Total Revenues per Report III	\$ 13,414,337			
Other Financing Sources	12,630			
Net Income	749,081			
PAP	(768,480)			
Rounding	-			
Total Revenues per FY22 Audit	<u>\$ 13,407,568</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, 2022*

	CARE <u>Report III</u>	<u>Additions</u>	<u>Deletions</u>	Audited Financial <u>Statements</u>
Objects of Expenditures:				
Personnel	\$ 5,289,547	\$ 862,296	\$ -	6,151,843
Employee benefits	1,342,384	232,054	-	1,574,438
Professional and consultant services	2,596,103	77,281	-	2,673,384
Training and travel	315,095	45,431	-	360,526
Consumable supplies	246,267	-	-	246,267
Building occupancy and operating costs		1,278,706	-	1,278,706
Other expenditures	2,689,220	(2,392,312)	-	296,908
Debt service		-	-	30,603
Capital outlay	25,682	-	7,500	33,182
Non-capitalized equipment		-	-	-
Pharmaceutical expenses (other)	141,199	-	141,199	-
Pharmaceutical expenses (PAP)	<u>768,839</u>	<u>-</u>	<u>768,839</u>	<u>-</u>
 Total Expenditures	 <u>\$ 13,414,337</u>	 <u>\$ 103,455</u>	 <u>\$ 917,538</u>	 <u>\$ 12,645,857</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	Revenue Bonds (1)	Revenue Bonds (1)			
2013	-	2,298,000	5,000	2,303,000	0.0448%	43,084
2014	-	2,137,000	5,000	2,142,000	0.0391%	45,407
2015	-	1,968,000	5,000	1,973,000	0.0356%	45,497
2016	-	1,791,000	5,000	1,796,000	0.0344%	42,847
2017	-	1,605,000	5,000	1,610,000	0.0270%	49,060
2018	-	1,409,000	5,000	1,414,000	0.0228%	51,045
2019	-	987,000	5,000	992,000	0.0205%	52,632
2020	-	987,000	5,000	992,000	0.0202%	53,881
2021	-	-	-	-	0.0000%	58,479
2022	244,975	-	-	-	(A)	(A)

Notes: The Center adopted GASB 87, Leases, on September 1, 2021.

The Center did not have any revenue bonds outstanding as of August 31, 2022.

The Center is not subject to a legal debt limit.

(A) Data was unavailable

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

GULF BEND CENTER

CAPITAL ASSETS BY FUNCTION/PROGRAM

Last five years

August 31, 2022					
Function/Program:	Buildings and Improvements		Furniture and Equipment		Vehicle
	Original Cost	Book Value	Original Cost	Book Value	Original Cost
Mental Health Adult	\$ 4,767,486	\$ 3,209,298	\$ 420,841	\$ 47,941	\$ 42,328
Mental Health Child	2,767,946	1,863,281	244,335	27,834	24,575
IDD	1,264,892	851,479	111,656	12,720	11,230
Administration	926,576	623,738	81,792	9,318	8,227
Total Capital Assets	<u>\$ 9,726,900</u>	<u>\$ 6,547,796</u>	<u>\$ 858,624</u>	<u>\$ 97,813</u>	<u>\$ 86,360</u>
August 31, 2021					
Function/Program:	Buildings and Improvements		Furniture and Equipment		Vehicle
	Original Cost	Book Value	Original Cost	Book Value	Original Cost
Mental Health Adult	\$ 5,650,798	\$ 3,406,100	\$ 559,055	\$ 131,880	\$ 105,933
Mental Health Child	1,247,805	752,133	123,450	29,122	23,392
IDD	923,218	556,483	91,337	21,546	17,307
Administration	781,146	470,847	77,282	18,231	14,644
Total Capital Assets	<u>\$ 8,602,967</u>	<u>\$ 5,185,563</u>	<u>\$ 851,124</u>	<u>\$ 200,779</u>	<u>\$ 161,276</u>
August 31, 2020					
Function/Program:	Buildings and Improvements		Furniture and Equipment		Vehicle
	Original Cost	Book Value	Original Cost	Book Value	Original Cost
Mental Health Adult	\$ 4,157,543	\$ 2,631,984	\$ 419,638	\$ 158,744	\$ 136,123
Mental Health Child	1,113,286	704,779	112,369	42,508	36,450
IDD	900,954	570,360	90,937	34,400	29,498
Administration	2,154,961	1,363,394	217,509	82,281	70,556
Total Capital Assets	<u>\$ 8,326,744</u>	<u>\$ 5,270,517</u>	<u>\$ 840,453</u>	<u>\$ 317,933</u>	<u>\$ 272,627</u>
August 31, 2019					
Function/Program:	Buildings and Improvements		Furniture and Equipment		Vehicle
	Original Cost	Book Value	Original Cost	Book Value	Original Cost
Mental Health Adult	\$ 4,048,180	\$ 2,709,295	\$ 484,895	\$ 237,459	\$ 167,514
Mental Health Child	1,025,457	686,300	122,830	60,152	42,433
IDD	1,429,979	957,031	171,284	83,880	59,172
Administration	682,178	456,557	81,713	40,014	28,229
Total Capital Assets	<u>\$ 7,185,794</u>	<u>\$ 4,809,183</u>	<u>\$ 860,722</u>	<u>\$ 421,505</u>	<u>\$ 297,348</u>
August 31, 2018					
Function/Program:	Buildings and Improvements		Furniture and Equipment		Vehicle
	Original Cost	Book Value	Original Cost	Book Value	Original Cost
Mental Health Adult	\$ 4,164,586	\$ 3,538,594	\$ 84,453	\$ 607	\$ 20,388
Mental Health Child	15,588	12,048	-	-	20,550
IDD	185,474	37,811	-	-	26,669
Administration	4,098,481	2,392,390	765,637	528,839	313,981
Total Capital Assets	<u>\$ 8,464,129</u>	<u>\$ 5,980,843</u>	<u>\$ 850,090</u>	<u>\$ 529,446</u>	<u>\$ 381,588</u>

GULF BEND CENTER**SCHEDULE OF INDIRECT COSTS***For the year ended August 31, 2022*

	<u>Total Costs</u>	<u>Unallowable Costs</u>	<u>Total Adjusted Costs</u>	<u>Direct Costs</u>	<u>Indirect Costs</u>
Personnel	\$ 6,151,843	\$ -	\$ 6,151,843	\$ 5,149,345	\$ 1,002,498
Employee benefits	1,574,438	-	1,574,438	1,321,905	252,533
Capital outlay	2,237,619	2,237,619	-	-	-
Other	<u>4,278,639</u>	<u>186,582</u>	<u>4,092,057</u>	<u>3,629,502</u>	<u>462,555</u>
Total Expenditures	14,242,539	2,424,201	11,818,338	10,100,752	1,717,586
Other Uses:					
Depreciation	447,710	-	447,710	439,151	8,559
Internal Service Fund costs	<u>670,311</u>	<u>-</u>	<u>670,311</u>	<u>670,311</u>	<u>-</u>
Total Expenditures and Other Uses	<u>\$ 15,360,560</u>	<u>\$ 2,424,201</u>	<u>\$ 12,936,359</u>	<u>\$ 11,210,214</u>	<u>\$ 1,726,145</u>
Indirect Costs					<u>\$ 1,726,145</u>
Direct Costs					<u>\$ 11,210,214</u>
Indirect Cost Rate					<u>13.34%</u>

GULF BEND CENTER**SCHEDULE OF INSURANCE IN EFFECT***For the year ended August 31, 2022*

Type of Insurance	Coverage	Terms/Deductible	Effective Period
Workers' compensation*	Statutory Limit	Statutory/deductible N/A	09/01/21 - 08/31/22
General liability*	\$1,000,000	Combined single limit per occurrence and annual aggregate/\$1,000 deductible	09/01/21 - 08/31/22
Automobile liability*	\$1,000,000	Combined single limit per occurrence and annual aggregate/\$1,000 deductible	09/01/21 - 08/31/22
Professional liability*	\$1,000,000	Per occurrence annual aggregate/\$3,000,000 \$1,000 deductible -Sexual misconduct endorsement annual aggregate/\$300,000 - Expanded Employment Practices per occurrence/\$50,000 annual aggregate/\$100,000	09/01/21 - 08/31/22
Errors and omissions*	\$1,000,000	Per claim and annual aggregate/\$2,500 deductible	09/01/21 - 08/31/22
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	09/01/21 - 08/31/22
Auto physical damage*	Actual Cash Value	Deductible varies by vehicle	09/01/21 - 08/31/22
Professional defense*	\$25,000	Per occurrence annual aggregate/\$50,000	09/01/21 - 08/31/22
Cyber security Liability coverage*	\$2,000,000	Aggregate limit regulatory defense & penalties sublimit / \$2,000,000 PCI fines, expenses & costs sublimit / \$2,000,000 \$10,000 Retention	09/01/21 - 08/31/22

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

GULF BEND CENTER**SCHEDULE OF BOND COVERAGE***For the year ended August 31, 2022*

<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	10/14/21- 10/14/22

GULF BEND CENTER**SCHEDULE OF LEASES IN EFFECT***For the year ended August 31, 2022*

Lessor	Description/Location	Period	Terms
Office Systems 2000, Inc., Purified H2O	5 Water Coolers	7/12/19 to 6/25/24	\$ 386 mo
Toshiba Business Solutions, Inc.	18 Copiers	03/27/18 to 03/26/23	2,550 mo
Enterprise FM Trust	Vehicle Leases		
	Enterprise FM Trust-1337	4/1/17 to 11/30/21	348 mo
	Enterprise FM Trust-1583	4/1/17 to 11/30/21	348 mo
	Enterprise FM Trust-4485	6/1/17 to 5/31/22	720 mo
	Enterprise FM Trust-8882	10/1/17 to 5/31/22	351 mo
	Enterprise FM Trust-8737	10/1/17 to 5/31/22	351 mo
	Enterprise FM Trust-8779	11/1/17 to 5/31/22	351 mo
	Enterprise FM Trust-2974	8/1/18 to 7/31/23	343 mo
	Enterprise FM Trust-2947	8/1/18 to 7/31/23	347 mo
	Enterprise FM Trust-4806	8/1/18 to 7/31/23	341 mo
	Enterprise FM Trust-3333	8/1/18 to 7/31/23	347 mo
	Enterprise FM Trust-3292	8/1/18 to 7/31/23	347 mo
	Enterprise FM Trust-3375	5/1/19 to 4/30/24	275 mo
	Enterprise FM Trust-3043	5/1/19 to 4/30/24	343 mo
	Enterprise FM Trust-6826	8/1/21 to 7/30/26	503 mo
	Enterprise FM Trust-5185	8/1/21 to 7/30/26	503 mo
	Enterprise FM Trust-4806	2/17/22 to 2/16/27	412 mo
	Enterprise FM Trust-4726	2/17/22 to 2/16/27	412 mo
	Enterprise FM Trust-4735	2/17/22 to 2/16/27	412 mo
	Enterprise FM Trust-4663	2/17/22 to 2/16/27	412 mo
	Enterprise FM Trust-4727	2/17/22 to 2/16/27	412 mo
	Enterprise FM Trust-4753	2/17/22 to 2/16/27	412 mo
	Enterprise FM Trust-4706	2/17/22 to 2/16/27	412 mo
	Enterprise FM Trust-4746	2/17/22 to 2/16/27	412 mo
	Enterprise FM Trust-4814	2/17/22 to 2/16/27	412 mo
	Enterprise FM Trust-4860	2/17/22 to 2/16/27	412 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

GULF BEND CENTER**SCHEDULE OF PROFESSIONAL AND CONSULTING SERVICES***For the year ended August 31, 2022*

Name	City	Type of Service	Amount
Allison Besio	Victoria	Intake Services	\$ 2,520
Blackbaud Inc	Boston, MA	Financial Support Services	32,420
Bluebonnet Trails Community Center	Round Rock	IDD Crisis Respite	3,920
City of Victoria	Victoria	MHO Services	183,568
Clean All Janitorial Supplies	Victoria	Janitorial Services	11,148
Cleaning Pro Janitorial Services	Victoria	Janitorial Services	32,410
Clinical Pathology Lab	Victoria	Laboratory & Medical Care	20,582
Cross Creek Hospital	Austin	Inpatient Psychiatric Services	352,200
Datavox	Houston	IT Support Services	347,633
Datis HR	Cincinnati, OH	HR Payroll System	33,801
Delores White	Victoria	Evaluation Services	14,720
Donald Polzin	Victoria	Fundraising	27,061
East Texas Behavioral Healthcare	Lufkin	Dues, Authorization Svcs, Dr Svcs	124,506
Eide Bailly LLP	Abilene	External Auditors	40,750
Hatch Learning	Weimer	ABA Therapy	17,547
Hill Country MHDD Centers	Kerrville	Training	6,400
Indeed Inc.	Victoria	Employment	11,390
Masterword Services	Houston	Contract Monitoring	13,670
Paul Hamilton	Victoria	Diagnostics and Counseling	21,973
Rawley McCoy & Associates PLLC	Victoria	Construction contractor	51,437
Rayasam Psychiatric Services	Corpus Christi	C&A MH Services	157,015
Sun Behavioral Houston	Houston	Inpatient Psychiatric Services	694,800
Texas Council	Austin	Risk Management & Workers Comp	180,833
The Back Office	Victoria	Record Storage	7,897
The Harris Center	Houston	Crisis Hotline	68,664
Victoria City County Health Dept	Victoria	Laboratory Services	70,500
Victoria County	Victoria	MHO Services	357,735
Walker & Associates	Corpus Christi	Health Insurance Consultant	26,125
Westpark Springs	Richmond	Inpatient Psychiatric Services	490,800
Woolson Real Estate	Victoria	Property Management	66,000

GULF BEND CENTER
SCHEDULE OF LEGAL SERVICES
For the year ended August 31, 2022

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

GULF BEND CENTER

MISCELLANEOUS STATISTICS

Last ten fiscal years

<u>Fiscal Year</u>	<u>Unduplicated Clients Served</u>	<u>Mental Health Residential Client Days</u>	<u>IDD Residential Client Days</u>
2013	4,600	1,450	19,705
2014	4,793	1,095	19,815
2015	5,102	730	20,805
2016	5,421	0	12,451
2017	4,837	0	0
2018	6,382	0	0
2019	6,616	0	0
2020	5,192	0	0
2021	5,421	0	0
2022	5,032	0	0

GULF BEND CENTER

TEN LARGEST EMPLOYERS

Current Year and Nine Years Ago

Employer	2022		
	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	2013		
	Employees	Rank	Percent of Total Regional Employment
Victoria Independent School District	2,148	1	2.40%
The Inteplast Group	2,000	2	2.24%
Formosa Plastics	1,750	3	1.96%
Citizen's Medical Center	1,050	4	1.17%
DeTar Healthcare System	1,030	5	1.15%
ALCOA	643	6	0.72%
INVISTA	600	7	0.67%
Calhoun Independent School District	581	8	0.65%
DOW - Seadrift Operations	580	9	0.65%
City of Victoria	559	10	0.63%
	<u>10,941</u>		<u>12.24%</u>

Source: Victoria Economic Development Corporation

GULF BEND CENTER

DEMOGRAPHIC AND ECONOMIC STATUS STATISTICS

Last ten years

<u>Fiscal Year</u>		<u>Population</u>	<u>Personal Income (amounts expressed in thousands) (1)</u>	<u>Per Capita Personal Income (1)</u>	<u>Unemployment Rate (2)</u>
2013	*	119,336	5,141,505	43,084	5.50%
2014	*	120,515	5,472,258	45,407	4.30%
2015	*	121,808	5,541,956	45,497	4.20%
2016	*	121,949	5,225,180	42,847	5.50%
2017	*	121,604	5,965,892	49,060	5.00%
2018	*	121,598	6,206,970	51,045	3.80%
2019	*	113,357	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		(A)	(A)	(A)	4.97%

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 Victoria metropolita area.

GULF BEND CENTER

FULL-TIME EQUIVALENT EMPLOYEES BY PROGRAM

Last ten fiscal years

	<u>Full-time Equivalent Employees as of August 31.</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>	<u>2014</u>	<u>2013</u>
Program										
Mental Health-Adult	58	56	54	59	55	57	52	68	60	60
Mental Health-Child	23	30	18	17	20	17	27	17	17	10
IDD	17	17	13	20	24	25	24	64	72	72
General and Administrative	<u>30</u>	<u>32</u>	<u>30</u>	<u>33</u>	<u>32</u>	<u>30</u>	<u>34</u>	<u>40</u>	<u>31</u>	<u>22</u>
Total	<u>128</u>	<u>135</u>	<u>115</u>	<u>129</u>	<u>131</u>	<u>129</u>	<u>137</u>	<u>189</u>	<u>180</u>	<u>164</u>

GULF BEND CENTER
RETIREMENT PLAN DATA
As of August 31, 2022

Number of Plan Participants:

Active	136
Inactive	<u>48</u>
Total	<u><u>184</u></u>

Plan Assets and Liabilities (at fair value):

Plan assets:

Investments:

Fixed Income	\$ 702,450
Equity	<u>5,009,016</u>

Total plan assets	<u><u>\$ 5,711,466</u></u>
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Plan liabilities	None
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SINGLE AUDIT SECTION



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

To the Board of Directors
Gulf Bend Center
Victoria, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Gulf Bend Center ("the Center") as of and for the year ended August 31, 2022, 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 7, 2022.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Abilene, Texas
December 7, 2022



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

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*, State of Texas *Single Audit Circular* (TSAC) and *Guidelines for Annual Financial and Compliance Audits of Community Mental Health and Mental Retardation Centers* (Audit Guidelines) that could have a direct and material effect on each of the Center's major federal and state programs for the year ended August 31, 2022. The Center's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, 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, 2022.

Basis for Opinion on Each Major Federal and State Program

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

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to 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, TSAC and the Audit Guidelines will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Center's compliance with the requirements of each major federal and state program as a whole.

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

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

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

Report on Internal Control over Compliance

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

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

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

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

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

Abilene, Texas
December 7, 2022

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

Year ended August 31, 2022

Federal and State Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
STATE EXPENDITURES			
Texas Health & Human Services Commission			
General Revenue - MH		HHS001022200017	\$ 2,629,142
General Revenue - C&A		HHS001022200017	383,030
General Revenue - Crisis Services		HHS001022200017	379,825
General Revenue - PESC		HHS001022200017	584,173
General Revenue - PPB		HHS001022200017	915,028
General Revenue - Veterans		HHS001022200017	70,000
General Revenue - ESC		HHS001022200017	56,246
Youth Empowerment Services Waiver		2017-049587-001	1,801
Mental Health First Aid Grant Program		HHS000177500001	28,500
General Revenue - IDD		HHS000996400001	337,367
Permanency Planning		HHS000996400001	4,946
IDD Crisis Intervention Specialists		HHS000996400001	131,081
IDD Crisis Respite Services		HHS000996400001	3,970
Nursing Facility Specialized Services		HHS000996400001	3,362
Temporary Assistance for Needy Families Pandemic Emergency Assistance Funds		HHS001120200018	110,697
Community Mental Health Grant Program		HHS000477100039	643,329
Total State Expenditures			\$ 6,282,497
FEDERAL EXPENDITURES			
U.S. Department of Health and Human Services			
COVID-19 CARES Act Provider Relief Fund- FY2021	93.498	N/A	\$ 72,003
Pass-through Texas Health & Human Services Commission			
TANF Title XX Block Grant - TANF Cluster	93.558	HHS001022200017	92,717
Base Title XX Block Grant	93.667	HHS001022200017	41,868
MH Block Grant	93.958*	HHS001022200017	226,608
Enhanced Community Coordination	93.791	HHS000996400001	5,120
Medicaid Administrative Claiming - Medicaid Cluster	93.778	529-09-0032-0001	417,112
Mental Health First Aid Outreach Worker Funds	93.958*	HHS000177500001	82,871
COVID-19 Supplemental Grant Program	93.958*	HHS001108400017	121,824
Pass-through Substance Abuse and Mental Health Services Administration			
CCBHC Expansion Grants	93.829	1H79SM083240-01	1,392,015
Total U.S. Department of Health and Human Services			2,452,138
U.S. Department of Housing and Urban Development			
Pass-through City of Victoria			
Community Development Block Grant - CDBG Cluster	14.218	N/A	116,000
Total Federal Expenditures			\$ 2,568,138
TOTAL STATE AND FEDERAL FINANCIAL ASSISTANCE			\$ 8,850,635

* Total CFDA #93.958 - \$431,303

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, 2022***NOTE 1: BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying schedule of expenditures of state and federal awards includes grant activity of the Center and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; Audits of States, Local Governments; and Non-Profit Organizations* and the *State of Texas Single Audit Circular*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the financial statements. The Center did not elect to use the 10% de minimis indirect cost rate.

NOTE 2: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

NOTE 3: STATE AWARD GUIDELINES

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

NOTE 4: RECONCILIATION TO FINANCIAL STATEMENTS

Total expenditures of state awards - Schedule of Expenditures of State and Federal Awards	\$	6,282,497
Plus: Contracts not considered a grant TCOOMMI		244,211
Plus: Federal Mental Health First Aid Grant grouped with Federal Programs		82,870
Less: Nursing Facility Specialized Services grouped with billed services (local funds)		3,362
Less: Contracts grouped with billed services (local funds) Youth Empowerment Services Waiver		<u>1,801</u>
Total state program revenues - Statement of Revenues, Expenditures, and Changes in Fund Balances	\$	<u>6,604,415</u>

Total expenditures of federal awards - Schedule of Expenditures of State and Federal Awards	\$	2,568,138
Less: City of Victoria pass-through grant grouped with Local grants in Local Funds		116,000
Less: Contracts grouped with billed services (local funds) Enhanced Community Coordination		5,120
Less: Federal Mental Health First Aid Grant grouped with State Programs		82,871
Less: CARE Provider Relief Funds included in FY2021 revenue		<u>72,003</u>
Total federal program revenues - Statement of Revenues, Expenditures, and Changes in Fund Balances	\$	<u>2,292,144</u>

NOTE 5: SUBRECIPIENTS

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

NOTE 6: PROVIDER RELIEF FUNDS

The Center received \$72,003 and \$60,551 from the U.S. Department of Health and Human Services (HHS) through the Provider Relief Fund (PRF) (Federal Financial Assistance Listing/CFDA #93.498) during the years ended August 31, 2021 and 2022, respectively. The Center incurred eligible expenditures, including lost revenue, and therefore, recognized revenues on the financial statements. However, the PRF program expenditures were not recognized on the schedule until the expenditures were included in the reporting to HHS, as required under the PRF program. This resulted in \$72,003, being recognized in the schedule for the year ended August 31, 2022 and the remaining \$60,551 will not be recognized on the schedule until they are included in the reporting to HHS.

The amount of PRF expenditures included on the schedule requires management to make estimates and assumptions that affect the reported amounts. Accordingly, such expenditures are considered a significant estimate. Estimates and assumptions may include reducing actual expenses by amounts that have been reimbursed or are obligated to be reimbursed by other sources, estimating marginal increases in expenses related to coronavirus, and calculating lost revenues. Actual amounts could differ from those estimates.

GULF BEND CENTER**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For the year ended August 31, 2022

Section I - Summary of Auditor's ResultsFinancial 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 ☒ noFederal Awards

Internal control over major programs:

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

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

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

☐ yes ☒ no

Identification of major programs:

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

State Awards

Internal control over major programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with the State of Texas Single Audit Circular? ☐ yes ☒ no

Identification of major programs:

<i>CFDA Number(s)</i>	<i>Name of State or Federal Program or Cluster</i>
N/A (State Program)	GR- Behavioral Health (Adult, Child, Crisis, PESC and PPB) and IDD
N/A (State Program)	Community Mental Health Grants Program

Dollar threshold used to distinguish between type A and type B programs: Federal-\$750,000 State-\$300,000

Auditee qualified as low-risk auditee? ☒ yes ☐ no**Section II - Financial Statement Findings**

None noted.

Section III - Federal Award Findings and Questioned Costs

None noted.

GULF BEND CENTER

SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS

Year ended August 31, 2021

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.