



MARR AND COMPANY, P.C.

Certified Public Accountants



Employee Benefit Plan Audit
Quality Center Member

Government Audit
Quality Center Member

September 22, 2022

The Board of Trustees
Jackson County Community Mental Health Fund
Kansas City, Missouri

We have audited the modified cash basis financial statements of the governmental activities of the Jackson County Community Mental Health Fund (the Organization) for the year ended December 31, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter dated June 7, 2022. Professional standards also require we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management has the responsibility for the selection and use of appropriate accounting policies. The significant accounting policies used by the Organization are described in Note 2 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during 2021. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period under modified cash basis of accounting.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

In your case, management estimates depreciation lives and assesses the Organization's potential liability for pending and threatened litigation. We evaluated the key factors and assumptions used to develop the estimates in determining they were reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing and completing our audit.

Audit Adjustments

Professional standards require us to accumulate all known and likely adjustments identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has recorded all such adjustments. In addition, none of the adjustments detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For the purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 22, 2022.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a second opinion on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Matters Discussed with Management

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We were not engaged to report on the management's discussion and analysis, the schedules of cash flows, and the schedules of provider allocations, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the use of the Board of Trustees and management of the Organization and is not intended to be, and should not be, used by anyone other than these specified parties.

Yours truly,

Maw and Company

**JACKSON COUNTY
COMMUNITY MENTAL HEALTH FUND**

**BASIC FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT
AND
OTHER INFORMATION**

FOR THE YEARS ENDED DECEMBER 31, 2021 and 2020

JACKSON COUNTY COMMUNITY MENTAL HEALTH FUND

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
Jackson County Community Mental Health Fund
Kansas City, Missouri

Opinion

We have audited the accompanying modified cash basis financial statements of the governmental activities of the Jackson County Community Mental Health Fund (the Organization), as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the modified cash basis financial position of the governmental activities of the Jackson County Community Mental Health Fund as of December 31, 2021 and 2020, and the changes in modified cash basis financial position for the years then ended in accordance with the modified cash basis of accounting described in Note 2.

Basis for Opinion

We conducted our audit 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 of the United States. 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 Organization, 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 opinion.

Emphasis of Matter-Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Emphasis of Matter-Basis of Presentation

As discussed in Note 2, the financial statements present only the governmental activities and do not purport to, and do not present fairly the financial position of the Organization's general fund, as of December 31, 2021 and 2020, or the changes in its financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 2, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

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 opinion. 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 generally accepted auditing standards 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 generally accepted auditing standards 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 Organization'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 Organization'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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the management's discussion and analysis, the schedules of cash flows, and the schedules of provider allocations but does not include the financial statements and our auditor's report thereon. Our opinion on the 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 financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the 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 September 22, 2022, on our consideration of the Organization'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 Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Marr and Company, P.C.
Certified Public Accountants



Kansas City, Missouri
September 22, 2022

BASIC FINANCIAL STATEMENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis is a supplement required by the Governmental Accounting Standards Board (GASB). It is a summary, and in order to gain a thorough understanding of the Jackson County Community Mental Health Fund's (Organization's) finances, the audited financial statements and notes should be read in conjunction with this summary. The audited 2021 financial statements were reviewed by staff and the Finance and Internal Committee and the Board of Trustees (Board). A Certified Public Accountant prepares monthly statements and there is no delay in addressing questions or issues. The opinion in the attached audit is unmodified.

Organization

The Organization is a political subdivision created pursuant to RSMo 205.975-990 for the purpose of providing funds from the Jackson County, Missouri mental health tax levy to supplement existing funds for the operation of community mental health centers, mental health clinics and other mental health services. Contracts are awarded to non-profit organizations with the capacity to deliver and manage mental health services according to statutory and Organization requirements. Operations are overseen by a Board of Trustees appointed by the County Executive and County Legislature.

Financial Analysis

The Organization's maximum levy rate of thirteen and three tenths (13.3) cents per one hundred dollars assessed valuation was approved by voters in 1991. That rate is reduced by the Hancock Amendment to the Missouri Constitution. Levy rates are calculated each year by the Jackson County Department of Finance and Purchasing, and approved by the Jackson County Legislature. The Organization's levy rates for the years ended December 31, 2021 and 2020 were .1056 and .1008 cents, respectively per \$100 of assessed valuation.

The table below compares all sources of revenue for 2021 and 2020. Current tax collections are the largest source of revenue, followed by other collections. Consistent with the general trend, 2021 current tax collections were higher than the prior year. 2021 was not a reassessment year and there were fewer protests, a factor in reduced revenue from other collections.

Revenue Sources	2021		2020	
Current tax collections	\$11,746,391	88%	\$10,704,178	85%
Delinquent tax collections	310,845	2%	290,600	2%
Delinquent tax late fees	150,831	1%	138,631	1%
Other collections	1,168,534	9%	1,414,658	11%
Investment earnings	45,157	<1%	168,937	1%
Miscellaneous income	636	<1%	3,140	0%
Total revenues	\$13,422,394	100%	\$12,720,144	100%

Allocations represent spending by the Organization for its program funding related to the direct provision of mental health services through contracts (Provider allocations). Allocations also include certain discretionary items for operations and capacity building. Allocations also include administrative expenses such as personnel, professional fees for legal counsel and accounting, and other operating expenses such as office space, insurance, and technology costs. The table of allocations below lists funding programs, followed by administrative expenses.

Allocations	2021		2020	
Safety net	\$5,070,006	39%	\$5,077,535	42%
Children and Families	4,133,409	31%	3,714,686	31%
Forensic	136,258	1%	139,469	1%
Domestic and sexual violence	924,656	7%	843,579	7%
Education and vocational	250,225	2%	105,874	1%
Consumer services	403,075	3%	367,653	3%
Pilot programs	75,000	<1%	0	0%
Innovation programs	199,170	2%	101,093	1%
Provider initiatives	27,470	<1%	15,070	<1%
Provider and community education	0	0	3,000	<1%
Prior year allocation disbursed in the current year	318,454	2%	48,205	<1%
Board designated	749,135	6%	740,393	6%
Administrative expenses	883,379	6%	848,792	7%
Total	\$13,170,237	100%	\$12,005,349	100%

In 2021 and 2020 program allocations were fairly consistent, with changes attributable to typical year-to-year variation. The COVID-19 Pandemic affected nearly all providers in both years. Impacts were most pronounced in educational, residential, and group treatment settings. In 2020 Board-designated funds included emergency funding for provider technology for remote service provision in response to the Pandemic. In 2021 Board-designated funds mostly consisted of performance incentives to provider agencies through a value-based payment (VBP) initiative. Pilot Programs appear to have increased significantly, however the 2021 amount is more typical. Prior year allocations were significantly higher in 2021. These relate to agencies whose payment was contingent upon close performance oversight, resulting in some prior-year contractual payments. Administrative expenses are budgeted as an allocation within the Organization's financial planning. The major sources of increased administrative cost in 2021 were employee health insurance and a change of a staff member's status from part-time contractor to full-time employee.

OVERVIEW OF THE FINANCIAL STATEMENTS PRESENTATION

The major parts of the basic financial statements are: 1) Statements of Net Position - Modified Cash 2) Statements of Activities - Modified Cash, and 3) Notes to the Basic Financial Statements. This report also contains Other Information in addition to the basic financial statements.

The Statement of Net Position reports information about the Organization's financial status as of December 31, 2021 and 2020. The statement helps to demonstrate how the Organization's assets and liabilities changed due to the year's operating activities. This financial statement includes all assets and liabilities using a modified cash basis of accounting.

The Statement of Activities presents all of the Organization's revenues, allocations and administrative expenses for the fiscal years ending December 31, 2021 and 2020. The differences between revenue and expenditures during the year represent the changes in net position. Over time, increases and decreases in net position measure the Organization's financial position. Changes in net position are reported on a modified cash basis of accounting.

The Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the financial statements. They provide important details such as information about the management of assets and the Organization's administration.

The Other Information section provides additional data regarding cash flows and schedules of provider allocation expenditures for the years ended December 31, 2021 and 2020.

GOVERNMENT-WIDE STATEMENTS

Government-Wide Statements are a requirement of the Governmental Accounting Standards Board (GASB). The Organization is a separate political subdivision, and not a unit of the Jackson County, Missouri government. For information on Jackson County, Missouri's financial position, please contact the Department of Finance and Purchasing at 816-881-3126.

CONTACTING THE ORGANIZATION

This financial report is designed to provide Jackson County, Missouri citizens with a general overview of the Organization's finances, and to demonstrate the Organization's accountability for the money it receives and disburses. If you have any questions about this report, please contact Bruce A. Eddy PhD, Executive Director.

Community Mental Health Fund
1627 Main Street Suite 500, Kansas City Missouri 64108
Telephone: 816.842.7055 ext. 5
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**JACKSON COUNTY COMMUNITY MENTAL HEALTH FUND
STATEMENTS OF NET POSITION - MODIFIED CASH
AS OF DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash	\$ 8,393,469	\$ 7,056,051
Certificates of Deposit	4,370,749	4,231,136
Security Deposits and Other	4,575	4,575
Capital Assets, Net	5,051	7,748
Total Assets	<u>\$ 12,773,844</u>	<u>\$ 11,299,510</u>
 LIABILITIES		
Retirement Payable	<u>\$ 174</u>	<u>\$ 178</u>
 DEFERRED INFLOWS OF RESOURCES		
Unavailable Revenue-Property Taxes	<u>7,329,525</u>	<u>6,107,344</u>
 NET POSITION		
Net Investment In Capital Assets	5,051	7,748
Restricted Net Position	5,439,094	5,184,240
Total Net Position	<u>5,444,145</u>	<u>5,191,988</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 12,773,844</u>	<u>\$ 11,299,510</u>

See the accompanying notes to the basic financial statements.

**JACKSON COUNTY COMMUNITY MENTAL HEALTH FUND
STATEMENTS OF ACTIVITIES - MODIFIED CASH
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021	2020
REVENUES		
Current Tax Collections	\$ 11,746,391	\$ 10,704,178
Delinquent Tax Collections	310,845	290,600
Delinquent Tax Collections - Late Fees	150,831	138,631
Other Collections	1,168,534	1,414,658
Total Tax Collections	13,376,601	12,548,067
Interest Income - Investments	45,157	168,937
Miscellaneous Income	636	3,140
Total Revenues	13,422,394	12,720,144
PROVIDER ALLOCATIONS		
Safety Net	5,070,006	5,077,535
Children and Families	4,133,409	3,714,686
Forensic	126,300	139,469
Domestic Violence and Sexual Abuse	924,656	843,579
Educational and Vocational	250,225	105,874
Consumer Services	403,075	367,653
Pilot Programs	75,000	-
Innovation Programs	199,170	101,093
Provider Initiatives	27,470	15,070
Provider and Community Education	-	3,000
Prior Year Allocation Disbursed in Current Year	328,412	48,205
Total Provider Allocations	11,537,723	10,416,164
BOARD DESIGNATED ALLOCATIONS		
Technical Support and Evaluation	125,712	184,877
Special Initiatives	623,423	310,522
Emergency Distributions	-	75,000
Disaster Response	-	169,994
Total Board Designated Allocations	749,135	740,393
ADMINISTRATIVE EXPENSES		
Personnel Costs	512,990	517,650
Employee Benefits	111,680	106,954
Insurance	9,149	7,045
Office/Administrative Expense	80,266	73,409
Professional Fees	92,797	73,928
Staff/Board Meeting and Development	6,913	4,561
Technology Costs	62,232	57,187
Transportation	5,182	5,483
Depreciation	2,170	2,575
Total Administrative Expenses	883,379	848,792
Total Expenses	13,170,237	12,005,349
Change In Net Position	252,157	714,795
NET POSITION, BEGINNING OF YEAR	5,191,988	4,477,193
NET POSITION, END OF YEAR	\$ 5,444,145	\$ 5,191,988

See the accompanying notes to the basic financial statements.

**JACKSON COUNTY COMMUNITY MENTAL HEALTH FUND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 1 – ORGANIZATION

Jackson County Community Mental Health Fund (the Organization) is a Missouri political subdivision managed by their Board of Trustees. The Organization was created pursuant to State Statutes, sections RSMo 205.975 – 205.990, for the purpose of providing funds from the Jackson County, Missouri (County) tax levy to supplement existing funds for the operation and maintenance of community mental health centers, mental health clinics and other comprehensive mental health services.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Organization's basic financial statements report only the government-wide financial statements of the Organization and do not include fund financial statements. Management has determined that government-wide financial statements meet the needs of the financial statement users, and that the addition of fund statements is not necessary.

The statements of net position and the statements of activities display information about the Organization as a whole which is financed primarily through property taxes. The government-wide statements of activities present a comparison between revenues and expenses of the Organization with a focus on the sustainability of the Organization as an entity and the change in the Organization's net position resulting from the current year's activities.

Measurement Focus and Basis of Accounting

The Organization's financial statements are reported using the economic resources measurement focus and the modified cash basis of accounting. This basis recognizes assets, liabilities, deferred inflows of resources, net position, revenues and expenses when they result from cash transactions with a provision for depreciation expense. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States.

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Organization reports property taxes that have been received but are levied for use in the subsequent year as deferred inflows of resources.

Net Position Classifications

Net position is classified into the following three components:

Net investment in capital assets – consisting of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgage notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

**JACKSON COUNTY COMMUNITY MENTAL HEALTH FUND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

Restricted net position – consisting of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The Organization first utilizes restricted resources to finance qualifying activities.

Unrestricted net position – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

Cash Equivalents

The Organization considers investment instruments purchased with original maturities of less than three months to be cash equivalents.

Capital Assets

Capital asset purchases are reflected at cost in the financial statements and are being depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Software	3
Office equipment	5-10

Depreciation expense was \$2,170 and \$2,575 in 2021 and 2020, respectively.

Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 3 – CONCENTRATION OF CREDIT RISK

The Organization maintains deposits at Blue Ridge Bank and Trust Company (the Bank) that often exceed \$250,000, the Federal Deposit Insurance Corporation’s (FDIC) maximum insured amount. The Organization’s deposits in excess of this FDIC insurance are covered by depository securities pledged by the Bank. The Organization has not experienced any loss on the amounts it maintains at the Bank.

NOTE 4 – PROPERTY TAXES AND REVENUE CONCENTRATION

Property taxes are levied on November 1 and are payable on December 31. Delinquent property taxes become an enforceable lien on property each year as of January 1. The County collects the property tax and remits it to the Organization. Due to the fact that the Organization receives substantially all of its funding from the County, this reliance is a concentration of revenue risk.

Assessed values are established by the Jackson County Assessor subject to review by the County’s Board of Equalization and State Tax Commission. The assessed value for real and personal property, including railroad and utility properties, located in the County as of January 1, 2020, on which the fiscal 2021 levy was based was \$12,342,886,135.

**JACKSON COUNTY COMMUNITY MENTAL HEALTH FUND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

The assessed value for real property, including railroad and utility properties, located in the County as of January 1, 2019, on which the fiscal 2020 levy was based, was \$12,855,147,736.

The Organization's levy rates for the years ended December 31, 2021 and 2020 were .1056 and .1008 cents, respectively per \$100 of assessed valuation for the operation and maintenance of community mental health centers, mental health clinics and other comprehensive mental health services.

NOTE 5 – BANKING ARRANGEMENT

The Organization maintains several bank accounts, two of which from time to time have negative balances reported on monthly financial reports. These accounts are never overdrawn. Rather, these accounts operate in a manner that at the close of "posting transactions" each day, sufficient funds are transferred to or excess funds are transferred from these accounts to maintain their daily minimum balances at \$50,000 and \$20,000. Any amount reported on the financial statements that is different from the daily minimum balance is due to transactions being recorded on the books that have not been presented to the bank.

NOTE 6 – CERTIFICATES OF DEPOSIT

At December 31, 2021, the Organization owned the following Certificates of Deposit issued by the Bank which are stated at cost:

<u>Purchase Date</u>	<u>Maturity Date</u>	<u>Amount</u>	<u>Rate</u>
July 18, 2020	January 18, 2022	\$2,186,815	0.90%
October 20, 2021	January 19, 2022	<u>2,183,934</u>	0.51%
		<u>\$4,370,749</u>	

At December 31, 2020, the Organization owned the following Certificates of Deposit issued by the Bank which are stated at cost:

<u>Purchase Date</u>	<u>Maturity Date</u>	<u>Amount</u>	<u>Rate</u>
October 21, 2020	January 20, 2021	\$2,044,321	0.59%
July 18, 2020	January 18, 2022	<u>2,186,815</u>	0.90%
		<u>\$4,231,136</u>	

NOTE 7 – OPERATING LEASE

The Organization has a lease agreement for administrative office space which was entered into on July 16, 2012 and ends on June 30, 2023. The lease also requires the payment of any increase in operating expenses over the prior year based on its 5.3% portion of the building space.

**JACKSON COUNTY COMMUNITY MENTAL HEALTH FUND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

The future minimum lease payments under this lease are:

2022	\$48,000
2023	<u>24,000</u>
	<u>\$72,000</u>

Rent expense was \$55,365 and \$55,389 for the years ended December 31, 2021 and 2020, respectively.

NOTE 8 – RETIREMENT PLAN

The Organization provides a 403(b) retirement plan under which full-time employees who have completed one year of service are eligible to participate. Eligible employees may elect to defer a percentage of their wages, subject to statutory limitations. The Organization will match 100% of employee contributions up to 5% of employee wages. The employer contribution expense was \$23,077 and \$21,289 in 2021 and 2020, respectively.

NOTE 9 – RISK MANAGEMENT

The Organization is exposed to various risks of loss related to torts; loss of and damage to property; errors and omissions; and injuries to employees. The Organization purchases commercial insurance coverage for these risks. No significant reductions in insurance coverage occurred during the year, and there have been no settlements during any of the past three years.

NOTE 10 – TAX ABATEMENTS

The Organization is subject to property tax diversion and abatement through various programs implemented by municipalities within Jackson County, Missouri. The programs include Tax Increment Financing, Chapter 99, Chapter 100, Chapter 353, and Enhanced Enterprise Zone. The proliferation of these programs by municipalities in Jackson County have a major impact on Organization revenue. The chart below presents statutory authority, scope of the program, financial impact of each incentive program on the Organization, and the aggregate impact, for the years ended December 31, 2021 and 2020.

Incentive Program	Scope	Financial Impact 2021	Financial Impact 2020
Tax Increment Financing (TIF) RSMo 99.800	Municipalities establish an authority to approve the capture of up to 100% of the incremental increase in property taxes above the property taxes generated by the property prior to redevelopment, called payments in lieu of taxes (PILOTs). Tax is diverted to the project rather than being abated.	\$645,212	\$636,591

**JACKSON COUNTY COMMUNITY MENTAL HEALTH FUND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

Chapter 99 RSMo 99.300	Municipalities establish a Land Clearance for Redevelopment Authority to approve redevelopment plans for blighted areas. The Authority can utilize the power of eminent domain to acquire property, assist relocation, construct public improvement, or abate taxes on improvements for up to twenty-five years.	43,162	31,784
Chapter 100 RSMo 100.010	Municipalities issue Industrial Development Bonds, which are revenue bonds used to finance projects for private corporations, partnerships or individual companies. Because title to the property is held in the name of the government during the lease term, the property acquired with the bond proceeds is tax exempt, which effectively results in tax abatement for the company. Standard abatement is up to 50% of the property tax for ten (10) years.	177,173	130,195
Chapter 353 RSMo 353.030	Municipalities form a for-profit Urban Redevelopment Corporation to redevelop blighted areas by abating some or all of the property taxes for up to twenty-five years. Tax abatement may also be extended to adjacent property when it is necessary for redevelopment.	308,211	250,650
Enhanced Enterprise Zones (EEZ) RSMo 135.950	Geographic areas are designated by local governments and certified by the Missouri Department of Economic Development. EEZ is a discretionary program that offers state tax credits, accompanied by local real property tax abatement, to encourage job creation in a blighted area. Tax credits may be provided each year for up to five tax years after the project commences operations.	40,470	22,217
Multi- Abatement	Certain properties have been classified as Multi-Abatement in which more than one abatement applies.	132,373	107,041
Total Financial Impact		\$1,346,601	\$1,178,478

**JACKSON COUNTY COMMUNITY MENTAL HEALTH FUND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 11 – UNCERTAINTY

The coronavirus (COVID-19) outbreak – officially a pandemic as of March 11, 2020 – has prompted global health concerns. The duration and full effects of the COVID-19 outbreak are yet unknown, but the financial impacts are already widespread. Although it appears we were not significantly impacted in 2021 and 2020, we may nonetheless be materially impacted in 2022 and beyond because our share of property taxes collected by Jackson County (see Note 4) could be significantly impacted due to the effect of the virus on the valuation of property owned or the ability of property owners to pay their property taxes when due.

There is economic uncertainty surrounding the unfolding health and economic crisis on future operations, the financial effects of which cannot be estimated. Accordingly, these financial statements do not include any adjustments related to this uncertainty.

NOTE 12 – SUBSEQUENT EVENTS

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through September 22, 2022, the date the financial statements were available to be issued.

**JACKSON COUNTY COMMUNITY MENTAL HEALTH FUND
SCHEDULES OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021	2020
Cash Flows From Operating Activities		
Change In Net Position	\$ 252,157	\$ 714,795
Adjustments to Reconcile Change In Net Position		
To Net Cash Provided By (Used In) Operating Activities:		
Depreciation	2,170	2,575
Reinvested Interest Income	(11,308)	(105,907)
Loss on assets disposed	527	-
Changes In Operating Assets, Liabilities, and		
Deferred Inflows Of Resources:		
(Increase)/Decrease in Security Deposits and Other	-	(825)
Increase/(Decrease) in Retirement Payable	(4)	(1,724)
Increase/(Decrease) in Unavailable Revenue	1,222,181	1,076,020
Net Cash Provided By (Used In) Operating Activities	1,465,723	1,684,934
Cash Flows From Investing Activities		
Purchase of Capital Assets	-	(3,202)
Purchases of Certificates of Deposit	(128,305)	(7,000,000)
Maturities of Certificates of Deposit	-	7,000,000
Net Cash Provided By (Used In) Investing Activities	(128,305)	(3,202)
Increase (Decrease) In Cash	1,337,418	1,681,732
Cash, Beginning Of Year	7,056,051	5,374,319
Cash, End Of Year	\$ 8,393,469	\$ 7,056,051

See the accompanying notes to the basic financial statements.

**JACKSON COUNTY COMMUNITY MENTAL HEALTH FUND
SCHEDULES OF PROVIDER ALLOCATIONS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021	2020
SAFETY NET		
Comprehensive Mental Health Services, Inc.	\$ 822,769	\$ 760,520
Family Conservancy	152,800	147,000
Jewish Family Services	108,615	89,745
KC CARE Health Center	216,800	235,439
KC CARE Health Center - Ryan White	-	1,667
Mattie Rhodes Center	250,000	218,635
ReDiscover	1,376,400	1,376,400
Restart	154,600	48,129
Samuel U. Rodgers Health Center	170,000	176,400
Swope Health Services	962,422	1,168,000
TMC Behavioral Health	855,600	855,600
Total Safety Net	5,070,006	5,077,535
CHILDREN AND FAMILIES		
Child Abuse Prevention Association (CAPA)	215,900	215,824
Child Advocacy Services Center (The Children's Place)	214,600	193,012
Cornerstones of Care	1,538,300	1,500,000
Crittenton Children's Center	543,093	543,105
Foster Adopt Connect	132,000	116,142
Niles Home for Children	350,000	72,361
Operation Breakthrough	153,000	153,000
Sheffield Place	303,100	259,512
Steppingstone	535,000	533,000
The Salvation Army - Children's Shelter	148,416	128,730
Total Children and Families	4,133,409	3,714,686
FORENSIC		
Mental Health Court		
Comprehensive Mental Health Services- Monitoring	-	4,333
ReDiscover-Monitoring	-	8,890
Swope Health Services-Monitoring	-	1,052
Truman Medical Center Behavioral Health - Monitoring	-	6,250
Re-Entry		
Benilde Hall	86,300	19,054
Corrections		
TMC Behavioral Health - JCDC/RCC	-	58,390
CIT Coordination		
ReDiscover	40,000	41,500
Total Forensic	126,300	139,469
PILOT PROGRAMS		
De La Salle	75,000	-
Total Pilot Programs	75,000	-

See the accompanying notes to the basic financial statements.

**JACKSON COUNTY COMMUNITY MENTAL HEALTH FUND
SCHEDULES OF PROVIDER ALLOCATIONS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
DOMESTIC VIOLENCE AND SEXUAL ABUSE		
Hope House	\$ 295,776	\$ 295,776
Metropolitan Organization to Counter Sexual Abuse (MOCSA)	216,265	200,274
Newhouse	138,150	73,065
Rose Brooks Center	274,465	274,464
Total Domestic Violence And Sexual Abuse	<u>924,656</u>	<u>843,579</u>
EDUCATIONAL AND VOCATIONAL		
Genesis School, Inc.	179,200	58,540
TMC Behavioral Health - Vocational	71,025	47,334
Total Educational And Vocational	<u>250,225</u>	<u>105,874</u>
CONSUMER SERVICES		
Budget and Financial Management Assistance (BFMA)	120,510	120,501
Jewish Vocational Services	121,315	103,851
Reconciliation Services	161,250	143,301
Total Consumer Services	<u>403,075</u>	<u>367,653</u>
INNOVATION PROGRAMS		
Child Advocacy Services Center (The Children's Place)	58,660	-
First Call	-	26,093
Operation Breakthrough	48,010	-
Truman Medical Center	92,500	75,000
Total Innovation Programs	<u>199,170</u>	<u>101,093</u>
PROVIDER INITIATIVES		
Culture Journey	2,470	10,070
Cultural Competency Support	20,000	-
United Way	5,000	5,000
Total Provider Initiatives	<u>27,470</u>	<u>15,070</u>
PROVIDER AND COMMUNITY EDUCATION		
MetroCouncil	-	3,000
Total Provider and Community Education	<u>-</u>	<u>3,000</u>
PRIOR YEAR ALLOCATION DISBURSED IN CURRENT YEAR	<u>328,412</u>	<u>48,205</u>
TOTAL PROVIDER ALLOCATIONS	<u>\$ 11,537,723</u>	<u>\$ 10,416,164</u>

See the accompanying notes to the basic financial statements.



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

The Board of Trustees
Jackson County Community Mental Health Fund
Kansas City, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the modified cash basis financial statements of the governmental activities of the Jackson County Community Mental Health Fund (the Organization), as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, and have issued our report thereon dated September 22, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Maw and Company

September 22, 2022