

**JACKSON COUNTY COMMUNITY MENTAL  
HEALTH FUND**

BASIC FINANCIAL STATEMENTS  
and  
SUPPLEMENTARY INFORMATION

FOR THE YEARS ENDED DECEMBER 31, 2018 and 2017

# JACKSON COUNTY COMMUNITY MENTAL HEALTH FUND

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

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## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

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, 2018 and 2017, and the related notes to the financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes 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 Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## **Opinion**

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, 2018 and 2017, and the changes in modified cash basis financial position thereof for the years then ended in accordance with the modified cash basis of accounting described in Note 1.

## **Basis of Accounting**

We draw attention to Note 1 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.

## **Other Matters**

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Organization's basic financial statements. Management's discussion and analysis, the supplemental schedules of provider allocations, and the schedules of cash flows as listed in the table of contents, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. 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.

## **Emphasis of Matter**

As discussed in Note 1, 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, 2018 and 2017, 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 19, 2019 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.

July 19, 2019

## MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

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 their entirety. The audited 2018 financial statements were reviewed by staff and the Finance and Internal Committee in July, and the Board of Trustees (Board) in August/September. 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 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 2018 levy rate was 11.60 cents per \$100 assessed valuation; the 2017 levy rate was 12.01 cents per \$100 assessed valuation.

The table below compares all sources of revenue for 2018 and 2017. Current tax collections are the largest source of revenue, followed by other collections. 2018 current tax collections were higher than the prior year due to long-term trends such as increasing property values and conclusion of tax incentives begun in the 1990s. 2018 current tax collections increased over 2017 by approximately \$345,000. Other collections included merchants and manufacturers replacement tax, payments in lieu of taxes, rail/utility tax, taxes paid under protest for which the

Revenue Sources	2018		2017	
Current tax collections	\$10,992,427	87%	\$10,647,652	85%
Delinquent tax collections	307,111	2%	301,252	2%
Delinquent tax late fees	130,598	1%	142,268	1%
Other collections	1,209,588	10%	1,408,633	11%
Investment earnings	57,324	<1%	60,620	<1%
Miscellaneous income	1,839	<1%	16,504	<1%
Total revenues	\$12,698,887	100%	\$12,576,929	100%

assessment prevailed, and other sources. Other collections decreased by approximately \$200,000. Late fees fluctuate from year to year, and also decreased. The relative percentages of each revenue source, and total revenue, were fairly consistent between the two years.

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	2018		2017	
Safety net	\$5,129,332	44%	\$4,975,978	43%
Children and families	3,354,624	29%	3,207,318	28%
Forensic	866,935	7%	870,821	8%
Domestic and sexual violence	728,785	6%	716,610	6%
Education and vocational	187,006	2%	273,827	2%
Consumer services	222,376	2%	226,523	2%
Pilot programs	83,142	<1%	33,500	<1%
Innovation programs	121,682	1%	94,073	1%
Provider initiatives	129,500	1%	72,113	1%
Board designated	153,834	1%	272,819	2%
Administrative expenses	795,042	7%	696,743	6%
Total	\$11,772,258	100%	\$11,440,325	100%

Program allocations for 2018 and 2017 were generally consistent, with most changes attributable to typical year-to-year variation in provider spending. In Safety Net for example, the differences are mainly attributable to incremental growth in agency capacity with resultant spending increases. Board-designated support for technical assistance fluctuates from year-to-year. The amount was lower in 2018. Administrative expenses are budgeted as an allocation within the Organization's financial planning. Administrative expenses increased in 2018 due to growth in health benefit costs, twelve months of a staff position created mid-2017, and modest inflation in many overhead costs.

## **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 Supplementary 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, 2018 and 2017. 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, 2018 and 2017. 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 generally reported as soon as the underlying event giving rise to the change occurs, except for revenue, which is recognized on the 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 Supplementary Information provides additional data regarding expenditures for each contracting Provider Organization, cash flows, schedules of provider allocations for the years ended December 31, 2018 and 2017.

### **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 Bob Crutsinger, Director of Finance, 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.

Jackson County Community Mental Health Fund  
1627 Main Street Suite 500, Kansas City Missouri 64108  
Telephone: 816.842.7055 ext. 5  
[www.jacksoncountycares.org](http://www.jacksoncountycares.org)

## **BASIC FINANCIAL STATEMENTS**



**JACKSON COUNTY COMMUNITY MENTAL HEALTH FUND**  
**STATEMENTS OF NET POSITION - MODIFIED CASH**  
**AS OF DECEMBER 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
Cash	\$ 5,921,703	\$ 6,429,185
Certificates of Deposit	3,086,094	2,072,289
Prepaid Expenses	3,901	3,901
Security Deposits	3,750	3,750
Capital Assets, Net	6,931	4,703
Total Assets	<u>\$ 9,022,379</u>	<u>\$ 8,513,828</u>
 <b>LIABILITIES</b>		
Retirement Payable	<u>\$ 1,752</u>	<u>\$ 4,039</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable Revenue-Property Taxes	<u>5,241,642</u>	<u>5,657,433</u>
 <b>NET POSITION</b>		
Net Investment In Capital Assets	6,931	4,703
Restricted Net Position	3,772,054	2,847,653
Total Net Position	<u>3,778,985</u>	<u>2,852,356</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 9,022,379</u>	<u>\$ 8,513,828</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, 2018 AND 2017**

	<b>2018</b>	<b>2017</b>
<b>REVENUES</b>		
Current Tax Collections	\$ 10,992,427	\$ 10,647,652
Delinquent Tax Collections	307,111	301,252
Delinquent Tax Collections - Late Fees	130,598	142,268
Other Collections	1,209,588	1,408,633
Total Tax Collections	12,639,724	12,499,805
Interest Income - Investments	57,324	60,620
Miscellaneous Income	1,839	16,504
Total Revenues	12,698,887	12,576,929
<b>PROVIDER ALLOCATIONS</b>		
Safety Net	5,129,332	4,975,978
Children and Families	3,354,624	3,207,318
Forensic	866,935	870,821
Domestic Violence and Sexual Abuse	728,785	716,610
Educational and Vocational	187,006	273,827
Consumer Services	222,376	226,523
Pilot Programs	83,142	33,500
Innovation Programs	121,682	94,073
Provider Initiatives	129,500	72,113
Total Provider Allocations	10,823,382	10,470,763
<b>BOARD DESIGNATED ALLOCATIONS</b>		
Technical Support and Evaluation	152,184	174,194
Special Initiatives	1,650	-
Emergency Distributions	-	98,625
Disaster Response	-	-
Total Board Designated Allocations	153,834	272,819
<b>ADMINISTRATIVE EXPENSES</b>		
Personnel Costs	498,764	403,260
Employee Benefits	87,660	73,456
Insurance	8,143	8,891
Office/Administrative Expense	72,473	69,726
Professional Fees	52,075	66,310
Staff/Board Meeting and Development	14,699	11,596
Technology Costs	46,861	53,345
Transportation	11,839	8,625
Depreciation	2,528	1,534
Total Administrative Expenses	795,042	696,743
Total Expenses	11,772,258	11,440,325
Change In Net Position	926,629	1,136,604
<b>NET POSITION, BEGINNING OF YEAR</b>	2,852,356	1,715,752
<b>NET POSITION, END OF YEAR</b>	\$ 3,778,985	\$ 2,852,356

See the accompanying notes to the basic financial statements.

**JACKSON COUNTY COMMUNITY MENTAL HEALTH FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2018 AND 2017**

**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, 2018 AND 2017**

*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.”

Prepaid Expenses

Prepaid expenses reflect the payment of rent that benefits more than one fiscal period. As of December 31, 2018 and 2017, prepaid rent was \$3,901.

Cash Equivalents

The Organization considers all unrestricted investment instruments purchased with original maturities of three months or less 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 \$2,528 and \$1,534 in 2018 and 2017, 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 – 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 property taxes, this reliance is a concentration of revenue risk.

**JACKSON COUNTY COMMUNITY MENTAL HEALTH FUND  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017**

**NOTE 4 – REVENUE CONCENTRATION (continued)**

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 property, including railroad and utility properties, located in the County as of January 1, 2017, on which the fiscal 2018 levy was based was \$10,601,411,087. The assessed value for real property, including railroad and utility properties, located in the County as of January 1, 2016, on which the fiscal 2017 levy was based, was \$9,871,051,818.

The Organization’s levy rates for the years ended December 31, 2018 and 2017 were .1160 and .1201 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 \$10,000. 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, 2018, the Organization owned the following Certificates of Deposit issued by the Bank:

<u>Purchase Date</u>	<u>Maturity Date</u>	<u>Amount</u>	<u>Rate</u>
October 14, 2018	January 11, 2019	\$1,009,384	0.76%
January 14, 2018	January 14, 2019	1,069,047	1.10%
January 16, 2018	January 16, 2019	<u>1,007,663</u>	1.10%
		<u>\$3,086,094</u>	

At December 31, 2017, the Organization owned the following Certificates of Deposit issued by the Bank:

<u>Purchase Date</u>	<u>Maturity Date</u>	<u>Amount</u>	<u>Rate</u>
January 20, 2017	January 14, 2018	\$1,066,634	1.10%
October 18, 2017	January 16, 2018	<u>1,005,655</u>	0.81%
		<u>\$2,072,289</u>	

**JACKSON COUNTY COMMUNITY MENTAL HEALTH FUND  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017**

**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.

The future minimum lease payments under this lease are:

2019	\$ 48,000
2020	48,000
2021	48,000
2022	48,000
2023	<u>24,000</u>
	<u>\$216,000</u>

Rent expense was \$51,863 and \$47,939 for the years ended December 31, 2018 and 2017, 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 \$13,543 and \$15,267 in 2018 and 2017, 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**

Tax abatements are granted by other governmental entities under the Urban Redevelopment program described under Chapter 353 of the RSMo, the Land Clearance program for blighted properties described under Chapter 99 of RSMo, and the Enhanced Enterprise Zone program described under Sections 135.950 to 135.973 of RSMo. For the fiscal year ended December 31, 2018, property taxes abated for the Organization in connection with the Urban Redevelopment program, Land Clearance program and Enhanced Enterprise Zone program were estimated at \$528,161, \$34,896, and \$37,589, respectively. The Organization does not grant tax abatements.

**NOTE 11 – SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events through July 19, 2019, the date that the financial statements were available to be issued.

**OTHER INFORMATION**

**JACKSON COUNTY COMMUNITY MENTAL HEALTH FUND  
SCHEDULES OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

	<b>2018</b>	<b>2017</b>
<b>Cash Flows From Operating Activities</b>		
Change In Net Position	\$ 926,629	\$ 1,136,604
Adjustments to Reconcile Change In Net Position To Net Cash Provided By (Used In) Operating Activities:		
Depreciation	2,528	1,534
Reinvested Interest Income	(13,805)	(23,012)
Changes In Operating Assets, Liabilities, and Deferred Inflows Of Resources:		
(Increase)/Decrease in Prepaid Expenses	-	-
Increase/(Decrease) in Retirement Payable	(2,287)	1,444
Increase/(Decrease) in Unavailable Revenue	(415,791)	86,068
Net Cash Provided By (Used In) Operating Activities	497,274	1,202,638
<b>Cash Flows From Investing Activities</b>		
Purchase of Capital Assets	(4,756)	(1,682)
Purchases of Certificates of Deposit	(7,000,000)	(7,000,000)
Maturities of Certificates of Deposit	6,000,000	6,000,000
Net Cash Provided By (Used In) Investing Activities	(1,004,756)	(1,001,682)
<b>Increase (Decrease) In Cash</b>	(507,482)	200,956
<b>Cash, Beginning Of Year</b>	6,429,185	6,228,229
<b>Cash, End Of Year</b>	\$ 5,921,703	\$ 6,429,185



**JACKSON COUNTY COMMUNITY MENTAL HEALTH FUND  
SCHEDULES OF PROVIDER ALLOCATIONS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

**SAFETY NET**

	<b>2018</b>	<b>2017</b>
Comprehensive Mental Health Services, Inc.	\$ 1,175,849	\$ 1,231,262
Family Conservancy	140,000	130,000
Jewish Family Services	120,587	73,040
KC CARE Health Center	73,221	75,000
KC CARE Health Center - Ryan White	8,615	6,605
Mattie Rhodes Center	205,340	230,275
ReDiscover	1,300,000	1,300,000
Restart	105,000	95,100
Samuel U. Rodgers Health Center	-	342,486
Swope Health Services	1,025,000	1,025,000
TMC Behavioral Health	975,720	467,210
Total Safety Net	5,129,332	4,975,978

**CHILDREN AND FAMILIES**

Child Abuse Prevention Association (CAPA)	205,600	165,552
Child Advocacy Services Center, Inc. (The Children's Place)	197,644	192,719
Cornerstones of Care	1,500,000	1,500,000
Crittenton Children's Center	500,000	500,000
Foster Adopt Connect	113,288	64,726
Operation Breakthrough	100,600	66,829
Sheffield Place	127,492	127,492
Steppingstone	500,000	500,000
The Salvation Army - Children's Shelter	110,000	90,000
Total Children and Families	3,354,624	3,207,318

**FORENSIC**

**Mental Health Court**

Comprehensive Mental Health Services- Monitoring	25,889	51,999
ReDiscover-Monitoring	73,305	75,000
Swope Health Services-Monitoring	68,001	65,001
Truman Medical Center Behavioral Health - Monitoring	75,000	75,000

**Re-Entry**

Benilde Hall	58,299	46,001
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**Corrections**

TMC Behavioral Health - JCDC/RCC	529,440	533,820
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**CIT Coordination**

ReDiscover	37,001	24,000
Total Forensic	866,935	870,821

**JACKSON COUNTY COMMUNITY MENTAL HEALTH FUND  
SCHEDULES OF PROVIDER ALLOCATIONS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

**DOMESTIC VIOLENCE AND SEXUAL ABUSE**

	<b>2018</b>	<b>2017</b>
Hope House	\$ 276,993	\$ 280,000
Metropolitan Organization to Counter Sexual Abuse (MOCSA)	183,532	175,000
Rose Brooks Center	268,260	261,610
Total Domestic Violence And Sexual Abuse	728,785	716,610

**EDUCATIONAL AND VOCATIONAL**

De La Salle Education Center	-	54,854
Genesis School, Inc.	158,112	171,639
TMC Behavioral Health - Vocational	28,894	47,334
Total Educational And Vocational	187,006	273,827

**CONSUMER SERVICES**

Budget and Financial Management Assistance (BFMA)	80,399	80,487
Jewish Vocational Services	64,760	71,036
Reconciliation Services	77,217	75,000
Total Consumer Services	222,376	226,523

**PILOT PROGRAMS**

NewHouse	83,142	33,500
Total Pilot Programs	83,142	33,500

**INNOVATION PROGRAMS**

Budget and Financial Management Assistance (BFMA)	16,780	-
Cornerstones of Care	29,302	-
Family Conservancy	13,200	-
Hope House	-	4,533
Jewish Vocational Services	-	23,725
NewHouse	6,400	-
Reconciliation Services	-	38,240
Rose Brooks Center	-	27,575
TMC Behavioral Health	56,000	-
Total Innovation Programs	121,682	94,073

**PROVIDER INITIATIVES**

CIT International	3,000	-
Integrus Health Group	102,500	22,500
Legal Aid of Western Missouri	1,000	-
Metro Council	3,000	-
NAMI-GKC	-	2,636
Open Minds	-	2,093
White Privilege Conference	-	5,000
Support Kansas City	20,000	39,884
Total Provider Initiatives	129,500	72,113

**TOTAL PROVIDER ALLOCATIONS**

	\$ 10,823,382	\$ 10,470,763
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**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, 2018 and 2017, and the related notes to the financial statements, and have issued our report thereon dated July 19, 2019.

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) to determine the 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 may exist that have not been identified.

Compliance and Other Matters

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

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

July 19, 2019

July 19, 2019

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, 2018. 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 October 24, 2018. 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 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2018. 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, other than \$13,290 of interest income added to the balance of the certificates of deposit, which management has determined the effect to be immaterial to the financial statements taken as a whole. 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 July 19, 2019.

### *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,

*Cudney, Scott, McEuse & Mullaney LLC*

# CUDNEY, ECORD, McENROE & MULLANE L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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July 19, 2019

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, 2018. 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 October 24, 2018. Professional standards also require we communicate to you the following information related to our audit.

## Significant Audit Matters

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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, other than \$13,290 of interest income added to the balance of the certificates of deposit, which management has determined the effect to be immaterial to the financial statements taken as a whole. 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.

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### *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,

*Cudney, Scott, McEuse & Mullaney*



**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, 2018 and 2017, and the related notes to the financial statements, and have issued our report thereon dated July 19, 2019.

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) to determine the 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.

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

Compliance and Other Matters

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

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

*Cudney, Ecord, McEuse & Williams*

July 19, 2019

**INDEPENDENT AUDITOR'S REPORT**

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

**Report on the Financial Statements**

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, 2018 and 2017, and the related notes to the financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes 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 Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## Opinion

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, 2018 and 2017, and the changes in modified cash basis financial position thereof for the years then ended in accordance with the modified cash basis of accounting described in Note 1.

## Basis of Accounting

We draw attention to Note 1 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.

## Other Matters

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Organization's basic financial statements. Management's discussion and analysis, the supplemental schedules of provider allocations, and the schedules of cash flows as listed in the table of contents, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. 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.

## Emphasis of Matter

As discussed in Note 1, 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, 2018 and 2017, 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.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 19, 2019 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.

*Cudney, Scott, McEuse & Williams*

July 19, 2019