

**JACKSON COUNTY COMMUNITY MENTAL
HEALTH FUND**

BASIC FINANCIAL STATEMENTS
and
SUPPLEMENTARY INFORMATION

FOR THE YEARS ENDED DECEMBER 31, 2019 and 2018

JACKSON COUNTY COMMUNITY MENTAL HEALTH FUND

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3-5
<u>BASIC FINANCIAL STATEMENTS</u>	
Statements of Net Position-Modified Cash	6
Statements of Activities-Modified Cash	7
Notes to Financial Statements	8-13
<u>SUPPLEMENTARY INFORMATION</u>	
Schedules of Cash Flows	14
Schedules of Provider Allocations	15-17
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	18-19



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, 2019 and 2018, 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 2; 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, 2019 and 2018, 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 2.

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.

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 schedules of cash flows, and the schedules of provider allocations 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 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, 2019 and 2018, 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 October 22, 2020 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

Marr and Company, P.C.
Certified Public Accountants

Kansas City, Missouri
October 22, 2020

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 conjunction with this summary. The audited 2019 financial statements were reviewed by staff and the Finance and Internal Committee in August, 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 2019 levy rate was 11.71 cents per \$100 assessed valuation; the 2018 levy rate was 11.60 cents per \$100 assessed valuation.

The table below compares all sources of revenue for 2019 and 2018. Current tax collections are the largest source of revenue, followed by other collections. 2019 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. 2019 current tax collections increased over 2018 by approximately \$400,000. Other collections included merchants and manufacturers replacement tax, payments in lieu of taxes, rail/utility tax, taxes paid under protest for which the assessment prevailed, and other sources. Other collections and late fees fluctuate from year to year. The relative percentages of each revenue source, and total revenue, were fairly consistent between the two years.

Revenue Sources	2019		2018	
Current tax collections	\$11,388,677	87%	\$10,992,427	87%
Delinquent tax collections	315,708	2%	307,111	2%
Delinquent tax late fees	135,839	1%	130,598	1%
Other collections	1,134,191	9%	1,209,588	10%
Investment earnings	130,023	1%	57,324	<1%
Miscellaneous income	19,223	>1%	1,839	<1%
Total revenues	\$13,123,661	100%	\$12,698,887	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	2019		2018	
Safety net	5,005,921	40%	\$5,129,332	44%
Children and families	3,781,498	30%	3,354,624	29%
Forensic	649,535	5%	866,935	7%
Domestic and sexual violence	929,437	7%	728,785	6%
Education and vocational	247,890	2%	187,006	2%
Consumer services	324,772	3%	222,376	2%
Pilot programs	16,175	<1%	83,142	<1%
Innovation programs	98,247	1%	121,682	1%
Provider initiatives	157,634	1%	129,500	1%
Provider and community education	16,447	0%	0	0%
Prior year allocation disbursed 2019	128,650	1%	0	0%
Board designated	256,775	2%	153,834	1%
Administrative expenses	812,472	7%	795,042	7%
Total	12,425,453	100%	\$11,772,258	100%

As a function of percentages, program allocations for 2019 and 2018 were rather consistent, with many changes attributable to typical year-to-year variation in provider spending. However, there were several unique conditions in 2019. In Safety Net for example, differences are mainly attributable to providers' ability to access additional funding from state of Missouri sources, with resultant spending decreases by the Organization. Forensic spending decreased due to major reorganization in City of Kansas City, Missouri and Jackson County correctional programs. Provider and community education was a new funding program. Prior year allocations spent in 2019 relate to a provider whose payment was contingent upon close performance oversight. Administrative expenses are budgeted as an allocation within the Organization's financial planning. Administrative expenses increased in 2019, mainly due to health benefit and technology-related 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, 2019 and 2018. The statement helps to demonstrate how the Organization's assets and liabilities changed due to the year's operating activities. This financial statement includes certain assets and liabilities on the modified cash basis of accounting as described in Note 2.

The Statement of Activities presents all of the Organization's revenues, allocations and administrative expenses for the fiscal years ended December 31, 2019 and 2018. 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 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 cash flows and schedules of provider allocation expenditures for the years ended December 31, 2019 and 2018.

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 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
www.jacksoncountycare.org

BASIC FINANCIAL STATEMENTS

JACKSON COUNTY COMMUNITY MENTAL HEALTH FUND
STATEMENTS OF NET POSITION - MODIFIED CASH
AS OF DECEMBER 31, 2019 AND 2018

	2019	2018
ASSETS		
Cash	\$ 5,374,319	\$ 5,921,703
Certificates of Deposit	4,125,229	3,086,094
Prepaid Expenses	-	3,901
Security Deposits	3,750	3,750
Capital Assets, Net	7,121	6,931
Total Assets	\$ 9,510,419	\$ 9,022,379
 LIABILITIES		
Retirement Payable	\$ 1,902	\$ 1,752
 DEFERRED INFLOWS OF RESOURCES		
Unavailable Revenue-Property Taxes	5,031,324	5,241,642
 NET POSITION		
Net Investment In Capital Assets	7,121	6,931
Restricted Net Position	4,470,072	3,772,054
Total Net Position	4,477,193	3,778,985
Total Liabilities, Deferred Inflows and Net Position	\$ 9,510,419	\$ 9,022,379

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, 2019 AND 2018

	2019	2018
REVENUES		
Current Tax Collections	\$ 11,388,677	\$ 10,992,427
Delinquent Tax Collections	315,708	307,111
Delinquent Tax Collections - Late Fees	135,839	130,598
Other Collections	1,134,191	1,209,588
Total Tax Collections	12,974,415	12,639,724
Interest Income - Investments	130,023	57,324
Miscellaneous Income	19,223	1,839
Total Revenues	13,123,661	12,698,887
PROVIDER ALLOCATIONS		
Safety Net	5,005,921	5,129,332
Children and Families	3,779,498	3,354,624
Forensic	649,535	866,935
Domestic Violence and Sexual Abuse	929,437	728,785
Educational and Vocational	247,890	187,006
Consumer Services	324,772	222,376
Pilot Programs	16,175	83,142
Innovation Programs	98,247	121,682
Provider Initiatives	157,634	129,500
Provider and Community Education	16,447	-
Prior Year Allocation Disbursed In Current Year	128,650	-
Total Provider Allocations	11,354,206	10,823,382
BOARD DESIGNATED ALLOCATIONS		
Technical Support and Evaluation	197,082	152,184
Special Initiatives	44,745	1,650
Emergency Distributions	16,948	-
Total Board Designated Allocations	258,775	153,834
ADMINISTRATIVE EXPENSES		
Personnel Costs	500,820	498,764
Employee Benefits	97,089	87,660
Insurance	8,339	8,143
Office/Administrative Expense	73,675	72,473
Professional Fees	48,635	52,075
Staff/Board Meeting and Development	19,644	14,699
Technology Costs	52,184	46,861
Transportation	9,502	11,839
Depreciation	2,584	2,528
Total Administrative Expenses	812,472	795,042
Total Expenses	12,425,453	11,772,258
Change In Net Position	698,208	926,629
NET POSITION, BEGINNING OF YEAR	3,778,985	2,852,356
NET POSITION, END OF YEAR	\$ 4,477,193	\$ 3,778,985

See the accompanying notes to the basic financial statements.

**JACKSON COUNTY COMMUNITY MENTAL HEALTH FUND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

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, 2019 AND 2018**

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, 2019 and 2018 prepaid rent was \$0 and \$3,901, respectively.

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 \$2,584 and \$2,528 in 2019 and 2018, 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.

**JACKSON COUNTY COMMUNITY MENTAL HEALTH FUND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

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, 2018, on which the fiscal 2019 levy was based was \$10,735,382,364. 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 Organization's levy rates for the years ended December 31, 2019 and 2018 were .1171 and .1160 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, 2019, 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 23, 2019	January 22, 2020	\$2,025,388	1.70%
January 18, 2019	July 18, 2020	<u>2,099,841</u>	2.72%
		<u>\$4,125,229</u>	

At December 31, 2018, 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 14, 2018	January 12, 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>	

**JACKSON COUNTY COMMUNITY MENTAL HEALTH FUND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

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:

2020	\$ 48,000
2021	48,000
2022	48,000
2023	<u>24,000</u>
	<u>\$168,000</u>

Rent expense was \$51,923 and \$51,683 for the years ended December 31, 2019 and 2018, 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 \$20,599 and \$13,543 in 2019 and 2018, 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 year ended December 31, 2019.

**JACKSON COUNTY COMMUNITY MENTAL HEALTH FUND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

Incentive Program	Scope	Financial Impact
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.	\$661,310
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.	35,926
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.	135,362
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.	218,415
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.	10,898
Multi-Abatement	Certain properties have been classified as Multi-Abatement in which more than one abatement applies.	89,180
Total Financial Impact		\$1,151,091

**JACKSON COUNTY COMMUNITY MENTAL HEALTH FUND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 11 – SUBSEQUENT EVENTS

- A) 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 we have not been directly impacted, we may nonetheless be impacted because our share of property taxes collected by Jackson County (see Note 4) could be materially 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.

- B) In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through October 22, 2020, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

**JACKSON COUNTY COMMUNITY MENTAL HEALTH FUND
SCHEDULES OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	2019	2018
Cash Flows From Operating Activities		
Change In Net Position	\$ 698,208	\$ 926,629
Adjustments to Reconcile Change In Net Position		
To Net Cash Provided By (Used In) Operating Activities:		
Depreciation	2,584	2,528
Reinvested Interest Income	(50,849)	(13,805)
Changes In Operating Assets, Liabilities, and		
Deferred Inflows Of Resources:		
(Increase)/Decrease in Prepaid Expenses	3,901	-
Increase/(Decrease) in Retirement Payable	150	(2,287)
Increase/(Decrease) in Unavailable Revenue	(210,318)	(415,791)
Net Cash Provided By (Used In) Operating Activities	443,676	497,274
Cash Flows From Investing Activities		
Purchase of Capital Assets	(2,774)	(4,756)
Purchases of Certificates of Deposit	(7,000,000)	(7,000,000)
Maturities of Certificates of Deposit	6,011,714	6,000,000
Net Cash Provided By (Used In) Investing Activities	(991,060)	(1,004,756)
Increase (Decrease) In Cash	(547,384)	(507,482)
Cash, Beginning Of Year	5,921,703	6,429,185
Cash, End Of Year	\$ 5,374,319	\$ 5,921,703

**JACKSON COUNTY COMMUNITY MENTAL HEALTH FUND
SCHEDULES OF PROVIDER ALLOCATIONS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	2019	2018
SAFETY NET		
Comprehensive Mental Health Services, Inc.	\$ 1,026,675	\$ 1,175,849
Family Conservancy	141,680	140,000
Jewish Family Services	107,795	120,587
KC CARE Health Center	284,460	73,221
KC CARE Health Center - Ryan White	3,650	8,615
Mattie Rhodes Center	225,571	205,340
ReDiscover	1,301,492	1,300,000
Restart	34,035	105,000
Swope Health Services	1,099,991	1,025,000
TMC Behavioral Health	780,572	975,720
Total Safety Net	5,005,921	5,129,332
 CHILDREN AND FAMILIES		
Child Abuse Prevention Association (CAPA)	215,824	205,600
Child Advocacy Services Center, Inc. (The Children's Place)	180,608	197,644
Cornerstones of Care	1,435,021	1,500,000
Crittenton Children's Center	600,371	500,000
Foster Adopt Connect	144,110	113,288
Niles Home for Children	124,329	-
Operation Breakthrough	134,723	100,600
Sheffield Place	259,512	127,492
Steppingstone	535,000	500,000
The Salvation Army - Children's Shelter	150,000	110,000
Total Children and Families	3,779,498	3,354,624
 FORENSIC		
Mental Health Court		
Comprehensive Mental Health Services- Monitoring	34,666	25,889
ReDiscover-Monitoring	47,360	73,305
Swope Health Services-Monitoring	22,667	68,001
Truman Medical Center Behavioral Health - Monitoring	50,000	75,000
 Re-Entry		
Benilde Hall	30,129	58,299
 Corrections		
TMC Behavioral Health - JCDC/RCC	424,713	529,440
 CIT Coordination		
ReDiscover	40,000	37,001
Total Forensic	649,535	866,935

**JACKSON COUNTY COMMUNITY MENTAL HEALTH FUND
SCHEDULES OF PROVIDER ALLOCATIONS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
DOMESTIC VIOLENCE AND SEXUAL ABUSE		
Hope House	\$ 295,776	\$ 276,993
NewHouse	75,696	-
Metropolitan Organization to Counter Sexual Abuse (MOCSA)	283,705	183,532
Rose Brooks Center	274,260	268,260
Total Domestic Violence And Sexual Abuse	<u>929,437</u>	<u>728,785</u>
EDUCATIONAL AND VOCATIONAL		
Genesis School, Inc.	176,889	158,112
TMC Behavioral Health - Vocational	71,001	28,894
Total Educational And Vocational	<u>247,890</u>	<u>187,006</u>
CONSUMER SERVICES		
Budget and Financial Management Assistance (BFMA)	79,979	80,399
Jewish Vocational Services	112,500	64,760
Reconciliation Services	132,293	77,217
Total Consumer Services	<u>324,772</u>	<u>222,376</u>
PILOT PROGRAMS		
Comprehensive Mental Health Services	13,060	-
NewHouse	-	83,142
Other	3,115	-
Total Pilot Programs	<u>16,175</u>	<u>83,142</u>
INNOVATION PROGRAMS		
Budget and Financial Management Assistance (BFMA)	2,650	16,780
Family Conservancy	9,940	13,200
First Call	52,187	-
Cornerstones of Care	-	29,302
NewHouse	-	6,400
TMC Behavioral Health	-	56,000
Rose Brooks Center	9,000	-
Swope Health Services	24,470	-
Total Innovation Programs	<u>98,247</u>	<u>121,682</u>
PROVIDER INITIATIVES		
Culture Journey	9,453	-
Integrus Health Group	108,181	102,500
Legal Aid of Western Missouri	-	1,000
Metro Council	-	3,000
CIT International	-	3,000
Support Kansas City	40,000	20,000
Total Provider Initiatives	<u>157,634</u>	<u>129,500</u>

**JACKSON COUNTY COMMUNITY MENTAL HEALTH FUND
SCHEDULES OF PROVIDER ALLOCATIONS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	2019	2018
PROVIDER AND COMMUNITY EDUCATION		
Children's Place	\$ 800	\$ -
Jewish Vocational Services	1,000	-
Mattie Rhodes Center	7,447	-
MetroCouncil	3,000	-
Society for Social Work	4,200	-
Total Provider and Community Education	16,447	-
PRIOR YEAR ALLOCATION DISBURSED IN CURRENT YEAR		
Samuel U. Rodgers Health Center	128,650	-
TOTAL PROVIDER ALLOCATIONS	\$ 11,354,206	\$ 10,823,382



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, 2019 and 2018, and the related notes to the financial statements, and have issued our report thereon dated October 22, 2020.

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 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 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.

Marr and Company

Marr and Company, P.C.
Certified Public Accountants

October 22, 2020