

**JACKSON COUNTY COMMUNITY MENTAL
HEALTH FUND**

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

FOR THE YEARS ENDED DECEMBER 31, 2020 and 2019

JACKSON COUNTY COMMUNITY MENTAL HEALTH FUND

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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>OTHER INFORMATION</u>	
Schedules of Cash Flows	14
Schedules of Provider Allocations	15-16
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	17-18



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, 2020 and 2019, 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, 2020 and 2019, 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, 2020 and 2019, 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 September 23, 2021 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 23, 2021

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 2020 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 levy rate was 10.08 cents per \$100 assessed valuation; the 2019 levy rate was 11.71 cents per \$100 assessed valuation.

The table below compares all sources of revenue for 2020 and 2019. Current tax collections are the largest source of revenue, followed by other collections. 2020 current tax collections were lower than the prior year due to reassessment and ensuing protests. The Board of Equalization generally resolved protests by reverting to 2018 valuations. Due to these conditions 2020 current collections were lower than 2019, however Other Collections were higher than the prior year, reflecting protests where the Assessor prevailed.

Revenue Sources	2020		2019	
Current tax collections	\$10,704,178	85%	\$11,388,677	87%
Delinquent tax collections	290,600	2%	315,708	2%
Delinquent tax late fees	138,631	1%	135,839	1%
Other collections	1,414,658	11%	1,134,191	9%
Investment earnings	168,937	1%	130,023	1%
Miscellaneous income	3,140	0%	19,223	>1%
Total revenues	\$12,720,144	100%	\$13,123,661	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	2020		2019	
Safety net	\$5,077,535	42%	\$5,005,921	40%
Children and Families	3,714,686	31%	3,779,498	30%
Forensic	139,469	1%	649,535	5%
Domestic and sexual violence	843,579	7%	929,437	7%
Education and vocational	105,874	1%	247,890	2%
Consumer services	367,653	3%	324,772	3%
Pilot programs	0	0%	16,175	<1%
Innovation programs	101,093	1%	98,247	1%
Provider initiatives	15,070	<1%	157,634	<1%
Provider and community education	3,000	<1%	16,447	1%
Prior year allocation disbursed in the current year	48,205	<1%	128,650	<1%
Board designated	740,393	6%	258,775	1%
Administrative expenses	848,792	7%	812,472	7%
Total	\$12,005,349	100%	\$12,425,453	100%

In 2020 and 2019 many program allocations were fairly consistent, with changes attributable to typical year-to-year variation. However, there were several unique conditions in 2020. Forensic spending decreased due to reorganization of both City and County correctional programs. At the close of 2020, both correctional settings had phased out Organization-funded mental health services. Nearly all providers experienced impacts of the COVID-19 Pandemic. Impacts were pronounced in educational programs and group treatment settings. In 2020 Board-designated funds included emergency funding for provider technology for remote service provision in response to the Pandemic. Board Prior year allocations relate to agencies 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 2020, mainly due to retainer of a new legal counsel and health benefit 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, 2020 and 2019. 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, 2020 and 2019. 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, 2020 and 2019.

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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BASIC FINANCIAL STATEMENTS

**JACKSON COUNTY COMMUNITY MENTAL HEALTH FUND
STATEMENTS OF NET POSITION - MODIFIED CASH
AS OF DECEMBER 31, 2020 AND 2019**

	2020	2019
ASSETS		
Cash	\$ 7,056,051	\$ 5,374,319
Certificates of Deposit	4,231,136	4,125,229
Security Deposits and Other	4,575	3,750
Capital Assets, Net	7,748	7,121
Total Assets	\$ 11,299,510	\$ 9,510,419
 LIABILITIES		
Retirement Payable	\$ 178	\$ 1,902
 DEFERRED INFLOWS OF RESOURCES		
Unavailable Revenue-Property Taxes	6,107,344	5,031,324
 NET POSITION		
Net Investment In Capital Assets	7,748	7,121
Restricted Net Position	5,184,240	4,470,072
Total Net Position	5,191,988	4,477,193
Total Liabilities, Deferred Inflows and Net Position	\$ 11,299,510	\$ 9,510,419

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, 2020 AND 2019**

	2020	2019
REVENUES		
Current Tax Collections	\$ 10,704,178	\$ 11,388,677
Delinquent Tax Collections	290,600	315,708
Delinquent Tax Collections - Late Fees	138,631	135,839
Other Collections	1,414,658	1,134,191
Total Tax Collections	12,548,067	12,974,415
Interest Income - Investments	168,937	130,023
Miscellaneous Income	3,140	19,223
Total Revenues	12,720,144	13,123,661
PROVIDER ALLOCATIONS		
Safety Net	5,077,535	5,005,921
Children and Families	3,714,686	3,779,498
Forensic	139,469	649,535
Domestic Violence and Sexual Abuse	843,579	929,437
Educational and Vocational	105,874	247,890
Consumer Services	367,653	324,772
Pilot Programs	-	16,175
Innovation Programs	101,093	98,247
Provider Initiatives	15,070	157,634
Provider and Community Education	3,000	16,447
Prior Year Allocation Disbursed in Current Year	48,205	128,650
Total Provider Allocations	10,416,164	11,354,206
BOARD DESIGNATED ALLOCATIONS		
Technical Support and Evaluation	184,877	197,082
Special Initiatives	310,522	44,745
Emergency Distributions	75,000	16,948
Disaster Response	169,994	-
Total Board Designated Allocations	740,393	258,775
ADMINISTRATIVE EXPENSES		
Personnel Costs	517,650	500,820
Employee Benefits	106,954	97,089
Insurance	7,045	8,339
Office/Administrative Expense	73,409	73,675
Professional Fees	73,928	48,635
Staff/Board Meeting and Development	4,561	19,644
Technology Costs	57,187	52,184
Transportation	5,483	9,502
Depreciation	2,575	2,584
Total Administrative Expenses	848,792	812,472
Total Expenses	12,005,349	12,425,453
Change In Net Position	714,795	698,208
NET POSITION, BEGINNING OF YEAR	4,477,193	3,778,985
NET POSITION, END OF YEAR	\$ 5,191,988	\$ 4,477,193

See the accompanying notes to the basic financial statements.

**JACKSON COUNTY COMMUNITY MENTAL HEALTH FUND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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, 2020 AND 2019**

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 \$2,575 and \$2,584 in 2020 and 2019, 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, 2020 AND 2019**

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, 2019, on which the fiscal 2020 levy was based was \$12,855,147,736. 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 Organization's levy rates for the years ended December 31, 2020 and 2019 were .1008 and .1171 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 \$15,000. 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, 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>	

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>	

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, 2020 AND 2019**

The future minimum lease payments under this lease are:

2021	\$ 48,000
2022	48,000
2023	<u>24,000</u>
	<u>\$120,000</u>

Rent expense was \$55,389 and \$51,923 for the years ended December 31, 2020 and 2019, 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 \$21,289 and \$20,599 in 2020 and 2019, 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, 2020.

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.	\$636,591
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	31,784

**JACKSON COUNTY COMMUNITY MENTAL HEALTH FUND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

	relocation, construct public improvement, or abate taxes on improvements for up to twenty-five years.	
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.	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.	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.	22,217
Multi- Abatement	Certain properties have been classified as Multi-Abatement in which more than one abatement applies.	107,041
Total Financial Impact		\$1,178,478

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.

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

**JACKSON COUNTY COMMUNITY MENTAL HEALTH FUND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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

NOTE 10 – 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 the Organization was not significantly impacted in 2020, it may nonetheless be materially impacted in 2021 and beyond because its 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 11 – SUBSEQUENT EVENTS

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through July xx, 2021, the date 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, 2020 AND 2019**

	2020	2019
Cash Flows From Operating Activities		
Change In Net Position	\$ 714,795	\$ 698,208
Adjustments to Reconcile Change In Net Position To Net Cash Provided By (Used In) Operating Activities:		
Depreciation	2,575	2,584
Reinvested Interest Income	(105,907)	(50,849)
Changes In Operating Assets, Liabilities, and Deferred Inflows Of Resources:		
(Increase)/Decrease in Security Deposits and Other	(825)	3,901
Increase/(Decrease) in Retirement Payable	(1,724)	150
Increase/(Decrease) in Unavailable Revenue	1,076,020	(210,318)
Net Cash Provided By (Used In) Operating Activities	1,684,934	443,676
Cash Flows From Investing Activities		
Purchase of Capital Assets	(3,202)	(2,774)
Purchases of Certificates of Deposit	(7,000,000)	(7,000,000)
Maturities of Certificates of Deposit	7,000,000	6,011,714
Net Cash Provided By (Used In) Investing Activities	(3,202)	(991,060)
Increase (Decrease) In Cash	1,681,732	(547,384)
Cash, Beginning Of Year	5,374,319	5,921,703
Cash, End Of Year	\$ 7,056,051	\$ 5,374,319

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, 2020 AND 2019**

	2020	2019
SAFETY NET		
Comprehensive Mental Health Services, Inc.	\$ 760,520	\$ 1,026,675
Family Conservancy	147,000	141,680
Jewish Family Services	89,745	107,795
KC CARE Health Center	235,439	284,460
KC CARE Health Center - Ryan White	1,667	3,650
Mattie Rhodes Center	218,635	225,571
ReDiscover	1,376,400	1,301,492
Restart	48,129	34,035
Samuel U. Rodgers Health Center	176,400	-
Swope Health Services	1,168,000	1,099,991
TMC Behavioral Health	855,600	780,572
Total Safety Net	5,077,535	5,005,921
CHILDREN AND FAMILIES		
Child Abuse Prevention Association (CAPA)	215,824	215,824
Cornerstones of Care	1,500,000	1,435,021
Crittenton Children's Center	543,105	600,371
Foster Adopt Connect	116,142	144,110
Niles Home for Children	72,361	124,329
Operation Breakthrough	153,000	134,723
Sheffield Place	259,512	259,512
Steppingstone	533,000	535,000
The Children's Place	193,012	180,608
The Salvation Army - Children's Shelter	128,730	150,000
Total Children and Families	3,714,686	3,779,498
FORENSIC		
Mental Health Court		
Comprehensive Mental Health Services- Monitoring	4,333	34,666
ReDiscover-Monitoring	8,890	47,360
Swope Health Services-Monitoring	1,052	22,667
Truman Medical Center Behavioral Health - Monitoring	6,250	50,000
Re-Entry		
Benilde Hall	19,054	30,129
Corrections		
TMC Behavioral Health - JCDC/RCC	58,390	424,713
CIT Coordination		
ReDiscover	41,500	40,000
Total Forensic	139,469	649,535
PILOT PROGRAMS		
Comprehensive Mental Health Services	-	13,060
Other	-	3,115
Total Pilot Programs	-	16,175

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, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
DOMESTIC VIOLENCE AND SEXUAL ABUSE		
Hope House	\$ 295,776	\$ 295,776
Newhouse	73,065	75,696
Metropolitan Organization to Counter Sexual Abuse (MOCSA)	200,274	283,705
Rose Brooks Center	274,464	274,260
Total Domestic Violence And Sexual Abuse	<u>843,579</u>	<u>929,437</u>
EDUCATIONAL AND VOCATIONAL		
Genesis School, Inc.	58,540	176,889
TMC Behavioral Health - Vocational	47,334	71,001
Total Educational And Vocational	<u>105,874</u>	<u>247,890</u>
CONSUMER SERVICES		
Budget and Financial Management Assistance (BFMA)	120,501	79,979
Jewish Vocational Services	103,851	112,500
Reconciliation Services	143,301	132,293
Total Consumer Services	<u>367,653</u>	<u>324,772</u>
INNOVATION PROGRAMS		
Budget and Financial Management Assistance (BFMA)	-	2,650
Family Conservancy	-	9,940
First Call	26,093	52,187
Rose Brooks Center	-	9,000
Swope Health Services	-	24,470
Truman Medical Center	75,000	-
Total Innovation Programs	<u>101,093</u>	<u>98,247</u>
PROVIDER INITIATIVES		
Culture Journey	10,070	9,453
Integrus Health Group	-	108,181
Support Kansas City	-	40,000
United Way	5,000	-
Total Provider Initiatives	<u>15,070</u>	<u>157,634</u>
PROVIDER AND COMMUNITY EDUCATION		
Jewish Vocational Services	-	1,000
Mattie Rhodes Center	-	7,447
MetroCouncil	3,000	3,000
Society for Social Work	-	4,200
The Children's Place	-	800
Total Provider and Community Education	<u>3,000</u>	<u>16,447</u>
PRIOR YEAR ALLOCATION DISBURSED IN CURRENT YEAR	<u>48,205</u>	<u>128,650</u>
TOTAL PROVIDER ALLOCATIONS	<u>\$ 10,416,164</u>	<u>\$ 11,356,206</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, 2020 and 2019, and the related notes to the financial statements, and have issued our report thereon dated September 23, 2021.

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 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 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 23, 2021



September 23, 2021

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, 2020. 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 November 6, 2020. 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 2020. 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 23, 2021.

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