

**JACKSON COUNTY COMMUNITY MENTAL
HEALTH FUND**

**BASIC FINANCIAL STATEMENTS
and
OTHER INFORMATION**

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

JACKSON COUNTY COMMUNITY MENTAL HEALTH FUND

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4-6
<u>BASIC FINANCIAL STATEMENTS</u>	
Statements of Net Position-Modified Cash	7
Statements of Activities-Modified Cash	8
Notes to Financial Statements	9-14
<u>OTHER INFORMATION</u>	
Schedules of Cash Flows	15
Schedules of Provider Allocations	16-17
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

Opinion

We have audited the accompanying modified cash basis financial statements of the governmental activities of the Jackson County Community Mental Health Fund (the Organization), as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the modified cash basis financial position of the governmental activities of the Jackson County Community Mental Health Fund as of December 31, 2022 and 2021, and the changes in modified cash basis financial position for the years then ended in accordance with the modified cash basis of accounting described in Note 2.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter-Basis of Accounting

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

Emphasis of Matter-Basis of Presentation

As discussed in Note 2, the financial statements present only the governmental activities and do not purport to, and do not present fairly the financial position of the Organization's general fund, as of December 31, 2022 and 2021, or the changes in its financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 2, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the management's discussion and analysis, the schedules of cash flows, and the schedules of provider allocations but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2023, 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 28, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis is a supplement required by the Governmental Accounting Standards Board (GASB). It is a summary, and to gain a thorough understanding of the Jackson County Community Mental Health Fund's (Organization) finances, the audited financial statements and notes should be read in conjunction with this summary. The audited 2022 financial statements were reviewed by staff and the Finance and Internal Committee and the Board of Trustees (Board). A Certified Public Accountant prepares monthly statements and there is no delay in addressing questions or issues. The opinion in the attached audit is unmodified.

Organization

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

Financial Analysis

The Organization's maximum levy rate of thirteen and three tenths (13.3) cents per one hundred dollars assessed valuation was approved by voters in 1991. That rate is reduced by the Hancock Amendment to the Missouri Constitution. Levy rates are calculated each year by the Jackson County Department of Finance and Purchasing, and approved by the Jackson County Legislature. The Organization's levy rates for the years ended December 31, 2022 and 2021 were 10.77 and 10.56 cents, respectively, per \$100 of assessed valuation.

The table below compares all sources of revenue for 2022 and 2021. Current tax collections are the largest source of revenue, followed by other collections. Consistent with the general trend, 2022 current tax collections were higher than the prior year. 2022 was not a reassessment year and there were fewer protests. This was also a factor in reduced revenue from delinquent collections. Revenue further benefited from a one-time recoupment of collections from the two prior years. Protests in those years affected the assessed valuation. This triggered a statutorily permitted recoupment from 2020 and 2021, which was received as 2022 revenue.

Revenue Sources	2022		2021	
Current tax collections	13,081,239	87%	\$11,746,391	88%
Delinquent tax collections	288,332	2%	310,845	2%
Delinquent tax late fees	133,423	1%	150,831	1%
Other collections	1,362,359	9%	1,168,534	9%
Investment earnings	94,316	1%	45,157	<1%
Miscellaneous income	45,115	0%	636	<1%
Total revenues	15,004,784	100%	\$13,422,394	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 provider agency operations. 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	2022		2021	
Safety net	3,904,694	35%	\$5,070,006	39%
Children and Families	4,147,847	37%	4,133,409	31%
Forensic	231,597	2%	136,258	1%
Domestic and sexual violence	932,058	8%	924,656	7%
Education and vocational	188,050	2%	250,225	2%
Consumer services	424,140	4%	403,075	3%
Pilot programs	116,667	1%	75,000	<1%
Innovation programs	83,400	1%	199,170	2%
Provider initiatives	19,758	<1%	27,470	<1%
Provider and community education	50,378	<1%	0	0
Prior year allocation disbursed in the current year	1,584	0%	318,454	2%
Board designated	1,034,599	<1%	749,135	6%
Administrative expenses	971,161	9%	883,379	6%
Total	12,105,933	100%	\$13,170,237	100%

Safety net allocations decreased from 2021 to 2022. The COVID-19 Pandemic reduced staff capacity, which increased the amount of unspent funds in 2021. Those unspent amounts were deducted from 2022 allocations. At the same time, larger safety net agencies experienced revenue increases from Federal sources, reducing reliance on Organization Safety Net funding. Other program allocations were rather consistent, with changes attributable to typical year-to-year variation. Board-designated funds were comprised mostly of performance incentives to provider agencies through a value-based payment (VBP) initiative. The year-to-year increase reflects the addition of a second cohort of agencies to the VBP initiative. Prior year allocations were significantly higher in 2021. Three agencies were paid after the close of their contracts due to intra-agency conditions and contract monitoring requirements. Administrative expenses are budgeted as an allocation within the Organization's financial planning. The major sources of administrative cost increases in 2022 were employee cost-of-living adjustments and increased insurance 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 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, 2022 and 2021. 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 Organization revenues, allocations and administrative expenses for the fiscal years ending December 31, 2022 and 2021. 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, 2022 and 2021.

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
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BASIC FINANCIAL STATEMENTS

JACKSON COUNTY COMMUNITY MENTAL HEALTH FUND
STATEMENTS OF NET POSITION - MODIFIED CASH
AS OF DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash	\$ 11,721,685	\$ 8,393,469
Certificates of Deposit	4,413,234	4,370,749
Security Deposits and Other	3,750	4,575
Capital Assets, Net	5,722	5,051
Total Assets	<u>\$ 16,144,391</u>	<u>\$ 12,773,844</u>
 LIABILITIES		
Retirement Payable	<u>\$ 0</u>	<u>\$ 174</u>
 DEFERRED INFLOWS OF RESOURCES		
Unavailable Revenue-Property Taxes	<u>7,801,395</u>	<u>7,329,525</u>
 NET POSITION		
Net Investment In Capital Assets	5,722	5,051
Restricted Net Position	8,337,274	5,439,094
Total Net Position	<u>8,342,996</u>	<u>5,444,145</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 16,144,391</u>	<u>\$ 12,773,844</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, 2022 AND 2021**

	2022	2021
REVENUES		
Current Tax Collections	\$ 13,081,239	\$ 11,746,391
Delinquent Tax Collections	288,332	310,845
Delinquent Tax Collections - Late Fees	133,423	150,831
Other Collections	1,362,359	1,168,534
Total Tax Collections	14,865,353	13,376,601
Interest Income - Investments	94,316	45,157
Miscellaneous Income	45,115	636
Total Revenues	15,004,784	13,422,394
PROVIDER ALLOCATIONS		
Safety Net	3,904,694	5,070,006
Children and Families	4,147,847	4,133,409
Forensic	231,597	126,300
Domestic Violence and Sexual Abuse	932,058	924,656
Educational and Vocational	188,050	250,225
Consumer Services	424,140	403,075
Pilot Programs	116,667	75,000
Innovation Programs	83,400	199,170
Provider Initiatives	19,758	27,470
Provider and Community Education	50,378	0
Prior Year Allocation Disbursed in Current Year	1,584	328,412
Total Provider Allocations	10,100,173	11,537,723
BOARD DESIGNATED ALLOCATIONS		
Technical Support and Evaluation	125,712	125,712
Special Initiatives	908,887	623,423
Emergency Distributions	0	0
Disaster Response	0	0
Total Board Designated Allocations	1,034,599	749,135
ADMINISTRATIVE EXPENSES		
Personnel Costs	563,596	512,990
Employee Benefits	115,108	111,680
Insurance	11,471	9,149
Office/Administrative Expense	78,062	80,266
Professional Fees	77,649	92,797
Staff/Board Meeting and Development	11,421	6,913
Technology Costs	105,032	62,232
Transportation	5,993	5,182
Depreciation	2,829	2,170
Total Administrative Expenses	971,161	883,379
Total Expenses	12,105,933	13,170,237
Change In Net Position	2,898,851	252,157
NET POSITION, BEGINNING OF YEAR	5,444,145	5,191,988
NET POSITION, END OF YEAR	\$ 8,342,996	\$ 5,444,145

See the accompanying notes to the basic financial statements.

**JACKSON COUNTY COMMUNITY MENTAL HEALTH FUND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

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, 2022 AND 2021**

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 \$2,829 and \$2,170 in 2022 and 2021, 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.

Operating Lease

Management has assessed the requirements, potential effects, and relevance of FASB’s ASU 2016-02, Leases (Topic 842) regarding the recognition of a “right-of-use asset” and lease liability on the Statement of Financial Position. This topic is not required under the modified cash basis of accounting. Management has evaluated this option and has determined that the adoption of this pronouncement would not provide significant benefits nor improve the relevance and reliability of the Organization’s financial statements. Management will annually evaluate Topic 842 effects on financial reporting if it has lease arrangements. The Organization reports its lease activities under the former guidance (see Note 8).

NOTE 3 – ECONOMIC DEPENDENCY

The Organization received substantially all of its revenue from property tax remittances from the County. If a significant reduction in the level of revenue from property taxes were to occur, it could have an adverse effect on the Organization’s ability to provide funding to agencies providing mental health services.

The Organization’s operations are concentrated in Jackson County, Missouri. Future operations could be affected by changes in economic or other conditions in the geographic area.

**JACKSON COUNTY COMMUNITY MENTAL HEALTH FUND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 4 – 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 5 – TAX COLLECTIONS (REVENUE)

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.

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, 2021, on which the fiscal 2022 levy was based was \$13,422,785,486. The assessed value for real property, including railroad and utility properties, located in the County as of January 1, 2020, on which the fiscal 2021 levy was based, was \$12,342,886,135.

The Organization's levy rates for the years ended December 31, 2022 and 2021 were 10.77 and 10.56 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 6 – BANKING ARRANGEMENT

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

NOTE 7 – CERTIFICATES OF DEPOSIT

At December 31, 2022, 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 19, 2022	January 18, 2023	\$2,196,649	1.24%
January 19, 2022	July 18, 2023	<u>2,216,585</u>	0.51%
		<u>\$4,413,234</u>	

**JACKSON COUNTY COMMUNITY MENTAL HEALTH FUND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

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

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

NOTE 8 – OPERATING LEASE

The Organization has a lease agreement for administrative office space which was initially effective July 16, 2012 through July 31, 2023, with a current base rent rate of \$4,000 per month. On May 24, 2023 the lease was amended effective for the period August 1, 2023 through July 31, 2028 with a base rate of \$6,750 which increases 2% each August 1st beginning August 1, 2024. The lease also requires the payment of any increase in operating expenses over “base period operating expenses” based on 7.02% of the building’s rentable space.

The future minimum lease payments under this lease are:

2023	\$61,750
2024	81,675
2025	83,309
2026	84,975
2027	86,874

Rent expense was \$53,826 and \$55,365 for the years ended December 31, 2022 and 2021, respectively.

NOTE 9 – 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 \$26,188 and \$23,077 in 2022 and 2021, respectively.

NOTE 10 – 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.

**JACKSON COUNTY COMMUNITY MENTAL HEALTH FUND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 11 – TAX ABATEMENTS

The Organization is subject to property tax diversion and abatement through various programs implemented by municipalities within Jackson County, Missouri. The programs include Tax Increment Financing, Chapter 99, Chapter 100, Chapter 353, and Enhanced Enterprise Zone. The proliferation of these programs by municipalities in Jackson County have a major impact on Organization revenue. The chart below presents statutory authority, scope of the program, financial impact of each incentive program on the Organization, and the aggregate impact, for the years ended December 31, 2022 and 2021.

Incentive Program	Scope	Financial Impact 2022	Financial Impact 2021
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.	\$658,389	\$645,212
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.	44,069	43,162
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.	180,817	177,173
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.	314,861	308,211

**JACKSON COUNTY COMMUNITY MENTAL HEALTH FUND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

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.	41,296	40,470
Multi- Abatement	Certain properties have been classified as Multi-Abatement in which more than one abatement applies.	135,165	132,373
Total Financial Impact		\$1,374,597	\$1,346,601

NOTE 12 – SUBSEQUENT EVENTS

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through September 22, 2023, 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, 2022 AND 2021**

	2022	2021
Cash Flows From Operating Activities		
Change In Net Position	\$ 2,898,851	\$ 252,157
Adjustments to Reconcile Change In Net Position To Net Cash Provided By (Used In) Operating Activities:		
Depreciation	2,829	2,170
Loss on assets disposed	0	527
Changes In Operating Assets, Liabilities, and Deferred Inflows Of Resources:		
(Increase)/Decrease in Security Deposits and Other	825	0
Increase/(Decrease) in Retirement Payable	(174)	(4)
Increase/(Decrease) in Unavailable Revenue	471,870	1,222,181
Net Cash Provided By (Used In) Operating Activities	3,374,201	1,477,031
Cash Flows From Investing Activities		
Purchase of Capital Assets	(3,500)	0
Purchase of Certificates of Deposit	(10,981,711)	(8,718,580)
Maturity of Certificates of Deposit	10,939,226	8,578,967
Net Cash Provided By (Used In) Investing Activities	(45,985)	(139,613)
Increase (Decrease) In Cash	3,328,216	1,337,418
Cash, Beginning Of Year	8,393,469	7,056,051
Cash, End Of Year	\$ 11,721,685	\$ 8,393,469

**JACKSON COUNTY COMMUNITY MENTAL HEALTH FUND
SCHEDULES OF PROVIDER ALLOCATIONS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	2022	2021
SAFETY NET		
Comprehensive Mental Health Services, Inc.	\$ 838,837	\$ 822,769
Family Conservancy	143,775	152,800
Jewish Family Services	123,708	108,615
KC CARE Health Center	60,285	216,800
KC CARE Health Center - Ryan White	2,017	0
Mattie Rhodes Center	254,009	250,000
ReDiscover	1,201,309	1,376,400
Restart	135,909	154,600
Samuel U. Rodgers Health Center	54,852	170,000
Swope Health Services	541,031	962,422
TMC Behavioral Health	548,962	855,600
Total Safety Net	3,904,694	5,070,006
CHILDREN AND FAMILIES		
Child Abuse Prevention Association (CAPA)	249,450	215,900
Child Advocacy Services Center (The Children's Place)	99,127	214,600
Cornerstones of Care	1,538,300	1,538,300
Crittenton Children's Center	503,023	543,093
Foster Adopt Connect	255,162	132,000
Niles Home for Children	500,000	350,000
Operation Breakthrough	158,600	153,000
Sheffield Place	309,185	303,100
Steppingstone	535,000	535,000
The Salvation Army - Children's Shelter	0	148,416
Total Children and Families	4,147,847	4,133,409
FORENSIC		
Re-Entry		
Benilde Hall	186,845	86,300
CIT Coordination		
ReDiscover	44,752	40,000
Total Forensic	231,597	126,300
PILOT PROGRAMS		
De La Salle	66,667	75,000
Hope Faith Ministries	25,000	0
Youth Ambassadors	25,000	0
Total Pilot Programs	116,667	75,000
DOMESTIC VIOLENCE AND SEXUAL ABUSE		
Hope House	236,149	295,776
Metropolitan Organization to Counter Sexual Abuse (MOCSA)	255,555	216,265
Newhouse	165,889	138,150
Rose Brooks Center	274,465	274,465
Total Domestic Violence And Sexual Abuse	932,058	924,656

**JACKSON COUNTY COMMUNITY MENTAL HEALTH FUND
SCHEDULES OF PROVIDER ALLOCATIONS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	2022	2021
EDUCATIONAL AND VOCATIONAL		
Genesis School, Inc.	\$ 188,050	\$ 179,200
TMC Behavioral Health - Vocational	0	71,025
Total Educational And Vocational	188,050	250,225
CONSUMER SERVICES		
Budget and Financial Management Assistance (BFMA)	119,925	120,510
Jewish Vocational Services	129,715	121,315
Reconciliation Services	174,500	161,250
Total Consumer Services	424,140	403,075
INNOVATION PROGRAMS		
Child Advocacy Services Center (The Children's Place)	0	58,660
Family Conservancy	28,750	0
Jewish Vocational Services	6,270	0
Operation Breakthrough	0	48,010
Rose Brooks Center	25,200	0
Sheffield Place	23,180	0
Truman Medical Center	0	92,500
Total Innovation Programs	83,400	199,170
PROVIDER INITIATIVES		
Culture Journey	9,900	2,470
Cultural Competency Support	0	20,000
Evaluator	9,858	0
United Way	0	5,000
Total Provider Initiatives	19,758	27,470
PROVIDER AND COMMUNITY EDUCATION		
First Call	2,400	0
KC Care Clinic	17,478	0
KC Common Good	5,000	0
Mattie Rhodes	22,500	0
Metro Council	3,000	0
Total Provider and Community Education	50,378	0
PRIOR YEAR ALLOCATION DISBURSED IN CURRENT YEAR		
	1,584	328,412
TOTAL PROVIDER ALLOCATIONS	\$ 10,100,173	\$ 11,537,723



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, 2022 and 2021, and the related notes to the financial statements, and have issued our report thereon dated September 28, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

Report on 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 28, 2023



September 28, 2023

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, 2022. 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 May 22, 2023. 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 2022. 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 28, 2023.

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

