

**JACKSON COUNTY COMMUNITY MENTAL  
HEALTH FUND**

**BASIC FINANCIAL STATEMENTS  
and  
SUPPLEMENTARY INFORMATION**

**FOR THE YEARS ENDED DECEMBER 31, 2023 and 2022**

**JACKSON COUNTY COMMUNITY MENTAL HEALTH FUND**

**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

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## INDEPENDENT AUDITOR'S REPORT

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

### **Opinion**

We have audited the accompanying modified cash basis financial statements of the governmental activities of the Jackson County Community Mental Health Fund (the Organization), as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Organization's basic 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, 2023 and 2022, 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 General 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, 2023 and 2022, 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 basic financial statements and our auditor's report thereon. Our opinion on the basic 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 basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic 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 July 9, 2024, 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  
July 9, 2024

## 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 2023 financial statements were reviewed by staff, 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, 2023 and 2022 were 11.13 and 10.77 cents, respectively, per \$100 of assessed valuation.

The table below compares all sources of revenue for 2023 and 2022. Current tax collections are the largest source of revenue, followed by Other collections, which include taxes on industrial property and inventory. 2023 current tax collections were higher than the prior year due to reassessment. Differences in most revenue sources reflect typical year-to-year variation. Favorable changes money market rates and interest rates for certificates of deposit yielded higher investment earnings in 2023.

Revenue Sources	2023		2022	
Current tax collections	14,288,739	87%	13,081,239	87%
Delinquent tax collections	307,805	2%	288,332	2%
Delinquent tax late fees	149,166	1%	133,423	1%
Other collections	1,347,826	8%	1,362,359	9%
Investment earnings	393,773	2%	94,316	1%
Miscellaneous income	198	0%	45,115	0%
Total revenues	16,487,507	100%	15,004,784	100%

Allocations represent spending by the Organization for its program funding related to the direct provision of mental health services through health care contracts (Provider Allocations). Allocations include certain discretionary items for provider agency operations. Allocations also include administrative expenses of the Organization 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	2023		2022	
Safety net	3,675,023	30%	3,904,694	32%
Children and Families	4,352,851	36%	4,147,847	34%
Domestic and sexual violence	934,956	8%	932,058	8%
Pilot Programs	150,000	1%	116,667	1%
Special Populations	669,703	5%	843,787	7%
Discretionary Projects	222,287	2%	153,536	1%
Prior Year Performance Bonus	630,586	5%	724,717	6%
Prior Year Allocations	117,283	1%	1,584	0%
Board designated	356,986	3%	309,882	3%
Administrative expenses	1,095,737	9%	971,161	8%
Total	12,205,412	100%	12,105,933	100%

Safety net allocations decreased from 2022 to 2023. This difference primarily reflects a 2023 deduction for unspent 2022 funds in one large contract. Children and Families spending increased mainly as the result of one agency returning to normal staffing and service levels, post pandemic. The Special Populations funding category consolidated the relatively small Consumer Services, Forensic, and Education & Vocational funding categories. Although the name of the funding category changed, there were no changes in agencies. Prior year performance payments are based on a Value Based Payment (VBP) system, which is calculated after year-end. VBP provides supplemental funding for agencies to submit data demonstrating certain performance improvements. The decrease from 2022 to 2023 reflects a policy change wherein the bonus is calculated from agency spending (lower amount), rather than the amount allocated (higher amount). Other program allocations were rather consistent, with changes attributable to typical year-to-year fluctuations. Administrative expenses are budgeted as an allocation within the Organization's financial planning. The major sources of administrative cost increases in 2023 were employee cost-of-living adjustments and health 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, 2023 and 2022. 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 ended December 31, 2023 and 2022. 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, 2023 and 2022.

## **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, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
Cash	\$ 9,142,244	\$ 11,721,685
Certificates of Deposit	11,702,586	4,413,234
Security Deposits and Other	3,750	3,750
Capital Assets, Net	28,285	5,722
Total Assets	<u>\$ 20,876,865</u>	<u>\$ 16,144,391</u>
 <b>LIABILITIES</b>		
Other Liabilities	<u>\$ 3,421</u>	<u>\$ -</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable Revenue-Property Taxes	<u>8,248,353</u>	<u>7,801,395</u>
 <b>NET POSITION</b>		
Net Investment In Capital Assets	28,285	5,722
Restricted Net Position	12,596,806	8,337,274
Total Net Position	<u>12,625,091</u>	<u>8,342,996</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 20,876,865</u>	<u>\$ 16,144,391</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, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b>REVENUES</b>		
Current Tax Collections	\$ 14,288,739	\$ 13,081,239
Delinquent Tax Collections	307,805	288,332
Delinquent Tax Collections - Late Fees	149,166	133,423
Other Collections	1,347,826	1,362,359
Total Tax Collections	<u>16,093,536</u>	<u>14,865,353</u>
Interest Income - Investments	393,773	94,316
Miscellaneous Income	198	45,115
Total Revenues	<u>16,487,507</u>	<u>15,004,784</u>
<b>PROVIDER ALLOCATIONS</b>		
Safety Net	3,675,023	3,904,694
Children and Families	4,352,851	4,147,847
Domestic and Sexual Violence	934,956	932,058
Pilot Programs	150,000	116,667
Special Populations	669,703	843,787
Discretionary Projects	222,287	153,536
Prior Year Performance Bonus	630,586	724,717
Prior Year Allocations	117,283	1,584
Total Provider Allocations	<u>10,752,689</u>	<u>10,824,890</u>
<b>BOARD DESIGNATED ALLOCATIONS</b>		
Technical Support and Evaluation	135,800	125,712
Special Initiatives	221,186	184,170
Emergency Distributions	-	-
Disaster Response	-	-
Total Board Designated Allocations	<u>356,986</u>	<u>309,882</u>
<b>ADMINISTRATIVE EXPENSES</b>		
Personnel Costs	622,799	563,596
Employee Benefits	128,433	115,108
Insurance	11,566	11,471
Office/Administrative Expense	119,249	78,062
Professional Fees	83,766	77,649
Staff/Board Meeting and Development	29,519	11,421
Technology Costs	90,566	105,032
Transportation	7,144	5,993
Depreciation	2,695	2,829
Total Administrative Expenses	<u>1,095,737</u>	<u>971,161</u>
Total Expenses	<u>12,205,412</u>	<u>12,105,933</u>
Change In Net Position	4,282,095	2,898,851
<b>NET POSITION, BEGINNING OF YEAR</b>	<u>8,342,996</u>	<u>5,444,145</u>
<b>NET POSITION, END OF YEAR</b>	<u>\$ 12,625,091</u>	<u>\$ 8,342,996</u>

See the accompanying notes to the basic financial statements.

**JACKSON COUNTY COMMUNITY MENTAL HEALTH FUND  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2023 AND 2022**

**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, 2023 AND 2022**

*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 \$2,695 and \$2,829 in 2023 and 2022, 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. Based on this evaluation, management 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 (see Note 5). 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, 2023 AND 2022**

**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, 2022, on which the fiscal 2023 levy was based was \$14,140,886,042. 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 \$13,422,785,846.

The Organization's levy rates for the years ended December 31, 2023 and 2022 were 11.13 and 10.77 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. 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, 2023, 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>
May 12, 2023	January 12, 2024	\$2,019,210	4.06%
November 15, 2023	January 15, 2024	89,829	1.00%
October 18, 2023	January 15, 2024	5,162,224	4.00%
January 18, 2023	January 18, 2024	2,203,412	3.75%
January 18, 2023	July 18, 2024	<u>2,227,911</u>	4.05%
		<u>\$11,702,586</u>	

**JACKSON COUNTY COMMUNITY MENTAL HEALTH FUND  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2023 AND 2022**

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	1.25%
January 19, 2022	July 18, 2023	<u>2,216,585</u>	0.51%
		<u>\$4,413,234</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 1<sup>st</sup> 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:

2024	\$81,675
2025	83,309
2026	84,975
2027	86,674
2028	51,145

Rent expense was \$91,794 and \$53,826 for the years ended December 31, 2023 and 2022, 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 \$27,292 and \$26,188 in 2023 and 2022, 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, 2023 AND 2022**

**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, 2023 and 2022.

Incentive Program	Scope	Financial Impact 2023	Financial Impact 2022
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.	\$660,381	\$658,389
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.	53,253	44,069
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.	220,930	180,817
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.	362,909	314,861



**JACKSON COUNTY COMMUNITY MENTAL HEALTH FUND  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2023 AND 2022**

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.	39,911	41,296
Multi-Abatement	Certain properties have been classified as Multi-Abatement in which more than one abatement applies.	141,145	135,165
<b>Total Financial Impact</b>		<b>\$1,478,529</b>	<b>\$1,374,596</b>

**NOTE 12 – RECLASSIFICATION**

Certain account balances in the 2022 financial statements have been reclassified to conform to the 2023 presentation. On the Statements of Activities, the 2022 allocation categories for Consumer Services, Education and Vocational, and Forensic are combined and reported as Special Populations, and the 2022 allocation categories for Innovation Programs, Provider and Community Education, and Provider Initiatives are combined and reported as Discretionary Projects. The reclassification had no effect on the change in net assets for 2022.

## **OTHER INFORMATION**

**JACKSON COUNTY COMMUNITY MENTAL HEALTH FUND  
SCHEDULES OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<b>2023</b>	<b>2022</b>
<b>Cash Flows From Operating Activities</b>		
Change In Net Position	\$ 4,282,095	\$ 2,898,851
Adjustments to Reconcile Change In Net Position To Net Cash Provided By (Used In) Operating Activities:		
Depreciation	2,695	2,829
Loss on assets disposed	-	-
Changes In Operating Assets, Liabilities, and Deferred Inflows Of Resources:		
(Increase)/Decrease in Security Deposits and Other	-	825
Increase/(Decrease) in Other Liabilities	3,421	(174)
Increase/(Decrease) in Unavailable Revenue	446,958	471,870
Net Cash Provided By (Used In) Operating Activities	4,735,169	3,374,201
<b>Cash Flows From Investing Activities</b>		
Purchase of Capital Assets	(25,258)	(3,500)
Purchase of Certificates of Deposit	(35,861,451)	(10,981,711)
Maturity of Certificates of Deposit	28,572,099	10,939,226
Net Cash Provided By (Used In) Investing Activities	(7,314,610)	(45,985)
<b>Increase (Decrease) In Cash</b>	(2,579,441)	3,328,216
<b>Cash, Beginning Of Year</b>	11,721,685	8,393,469
<b>Cash, End Of Year</b>	\$ 9,142,244	\$ 11,721,685

**JACKSON COUNTY COMMUNITY MENTAL HEALTH FUND  
SCHEDULES OF PROVIDER ALLOCATIONS  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b>SAFETY NET</b>		
Comprehensive Mental Health Services/Burrell	\$ 612,757	\$ 838,837
Family Conservancy	104,833	143,775
Jewish Family Services	54,207	123,708
KC CARE Health Center	41,010	60,285
KC CARE Health Center - Ryan White	0	2,017
Mattie Rhodes Center	239,275	254,009
Rediscover, Inc.	1,228,135	1,201,309
Restart	166,100	135,909
Samuel Rodgers	120,603	54,852
Swope Health Services	557,621	541,031
University Health (TMC)	550,482	548,962
	<u>3,675,023</u>	<u>3,904,694</u>
<b>CHILDREN AND FAMILIES</b>		
Child Abuse Prevention Association (CAPA)	249,450	249,450
Child Advocacy Services Center (The Children's Place)	274,907	99,127
Cornerstones of Care	1,478,275	1,538,300
Crittenton Children's Center	499,128	503,023
FosterAdopt Connect	208,391	255,162
KVC Niles	597,600	500,000
Operation Breakthrough	200,900	158,600
Sheffield Place	309,200	309,185
Steppingstone	535,000	535,000
	<u>4,352,851</u>	<u>4,147,847</u>
<b>DOMESTIC AND SEXUAL VIOLENCE</b>		
Hope House	220,927	236,149
Metropolitan Organization to Counter Sexual Abuse (MOCSA)	255,600	255,555
Newhouse	156,429	165,889
Rose Brooks Center	302,000	274,465
	<u>934,956</u>	<u>932,058</u>
<b>PILOT PROJECTS</b>		
Child Protection Center	50,000	0
De LaSalle	50,000	66,667
Hope Faith Ministries	0	25,000
Youth Ambassadors	50,000	25,000
	<u>150,000</u>	<u>116,667</u>
<b>SPECIAL POPULATIONS</b>		
Benilde Hall	174,277	186,845
Budget and Financial Management Assistance (BFMA)	120,500	119,925
Genesis School	0	188,050
Jewish Vocational Services	100,326	129,715
Reconciliation Services	204,300	174,500
ReDiscover	70,300	44,752
	<u>669,703</u>	<u>843,787</u>

**JACKSON COUNTY COMMUNITY MENTAL HEALTH FUND  
SCHEDULES OF PROVIDER ALLOCATIONS  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<b>2023</b>	<b>2022</b>
<b>DISCRETIONARY PROJECTS</b>		
Child Abuse Prevention Association (CAPA)	\$ 46,920	\$ 0
Culture Journey	4,200	9,900
Evaluation - J. Brook	40,967	9,858
Family Conservancy	0	28,750
First Call	0	2,400
Jewish Vocational Services	0	6,270
KC Care Clinic	0	17,478
KC Common Good	0	5,000
KVC Niles	49,000	0
Mattie Rhodes	3,000	22,500
MetroCouncil	4,000	3,000
Newhouse	22,500	0
Rose Brooks Center	0	25,200
Samuel Rodgers	50,000	0
Sheffield Place	0	23,180
Steppingstone	1,700	0
	<b>222,287</b>	<b>153,536</b>
<b>PRIOR YEAR PERFORMANCE BONUS</b>		
Child Abuse Prevention Association (CAPA)	18,958	17,272
Child Advocacy Services Center (The Children's Place)	16,586	16,304
Comprehensive Mental Health Services/Burrell	63,244	77,600
Cornerstones of Care	118,254	123,064
Crittenton	32,686	41,780
Family Conservancy	7,120	9,168
Foster Adopt Connect	10,771	7,920
Hope House	21,336	23,662
Jewish Family Services	6,562	10,136
Mattie Rhodes	18,942	18,000
Newhouse	11,889	11,052
ReDiscover	98,251	110,112
ReStart	9,895	9,894
Rose Brooks Center	21,957	21,957
Sheffield Place	24,735	24,248
Steppingstone	42,800	40,660
Swope Health Services	54,794	93,440
University Health (TMC)	51,806	68,448
	<b>630,586</b>	<b>724,717</b>
<b>PRIOR YEAR ALLOCATION DISBURSED IN CURRENT YEAR</b>	<b>117,283</b>	<b>1,584</b>
<b>TOTAL PROVIDER ALLOCATIONS</b>	<b>\$ 10,752,689</b>	<b>\$ 10,824,890</b>



**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 year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements, and have issued our report thereon dated July 9, 2024.

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*

July 9, 2024



# MARR AND COMPANY, P.C.

Certified Public Accountants

AICPA®

Employee Benefit Plan Audit  
Quality Center Member

Government Audit  
Quality Center Member

July 9, 2024

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, 2023. 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 13, 2023. Professional standards also require that we communicate to you the following information related to our audit.

## Significant Audit Matters

### *Qualitative Aspects of Accounting Practices*

Management is responsible 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 2023. 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 the 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 methods, assumptions, and data 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. The material adjustment detected as a result of audit procedures and corrected by management was to reclassify \$305,443 of replacement taxes recorded in current tax collections.

### *Disagreements with Management*

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

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated July 9, 2024.

### *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 required supplementary information. 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*