COMMUNITY MENTAL HEALTH CENTER OF CRAWFORD COUNTY

Independent Auditor's Report
and Financial Statements

December 31, 2021

COMMUNITY MENTAL HEALTH CENTER OF CRAWFORD COUNTY

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MANAGEMENT DISCUSSION AND ANALYSIS

Heather Spaur, Executive Administrator December 8, 2022

This section of Community Mental Health Center of Crawford County Annual Financial Report presents our discussion and analysis of the Mental Health Center's financial performance during the fiscal year ending December 31, 2021.

Our Community Mental Health Center (CMHCCC) in Kansas provides home and community-based, as well as outpatient mental health services on a 24-hours a day, seven days a week basis. We provide full range of residential substances abuse services and therapeutic preschool and lease facilities for infant center services.

This CMHCCC is the local Mental Health Authority coordinating the delivery of publicly funded community-based mental health services. Our CMHC system is state and county funded and locally administered. Service delivery decisions are made at the community level, closest to the residents that require mental health treatment. We employ 180 staff and professionals. **We provide services to Kansans of all ages with a diverse range of presenting problems. As part of licensing regulations, our CMHCCC is required to provide services to all Kansans needing them, regardless of their ability to pay.** This makes the community mental health system the "safety net" for Crawford County for persons with mental health needs.

FINANCIAL HIGHLIGHTS

Net Income/Loss

FY21	Net Income	$914,945.08
FY20	Net Income	$1,352,040.97
FY19	Net loss	$409,522.64
FY18	Net loss	($73,405.06)

Operating Revenues

FY21	$8,079,109.32
FY20	$8,084,967.12
FY19	$7,159,914.79
FY18	$7,012,783.82

Operating Expenses

FY21	$7,177,464.52
FY20	$6,732,926.15
FY19	$6,762,742.73
FY18	$7,094,606.27

Operating Reserves

Our current need for a precautionary operating reserve continues to be reality. The State and MHC Governing Board have defined this as a minimum of three months operating expense. Further contingent liabilities are that the MHC Agency participates in several federal and state

grant programs. Amounts received or receivable from grantor agencies are subject to audit and adjustment by those agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the MHC Agency expects such amounts, if any, to be immaterial.

Future Revenue Trends

State legislation passed in April 2021, makes the CCBHC the official model of mental health systems in Kansas. CMHCCC was awarded a federal SAMHSA CCBHC grant of $1,000,000 for four years starting 9/30/22. The state is also supplying various implementation CCBHC grants as well for expanded services and implementation of EBP models to fidelity. CMHCCC intends to apply for state CCBHC certification July 2024, transitioning the current Fee-for-service model of reimbursement for Kansas Medicaid into a Prospective Payment System (PPS).

KDADS has committed $300,000 annually to CMHCCC for operational funding of a Crisis Stabilization Unit.

A Same Day Access Model will be added to the program design with an anticipated March 2023 opening.

Capital Improvement

Construction of the ATC/CSU building will begin in 2023 and is expected to last 10 months, opening early 2024.

KDADS has committed $700,000 as a one-time grant award to be used in 2023 for the construction in the new ATC and CSU building.

The City of Pittsburg Economic Development has committed $400,000 as a one-time grant for the construction of the ATC/CSU.

Board of Crawford County Commissioners has committed $1,000,000 for the will be constructed in the new ATC and CSU building.

Remodeling of a medical records building to create 12 staff offices will be undertaken in December 2022 and finish Spring 2023.

Remodels and renovations of 8 bed units at Oak Place will be complete late 2022 and paid for with County COVID ARPA funds.

Projected remodels for FACT or possible purchase of new building will be evaluated in 2023.

Top Leadership Transitions

Top leadership positions have transitioned with new directors in 2022 including, the Executive Administrator, CCBHC Director, Same Day Access Director, Information Technology Director, and Director of Adult Services.

REVENUE DISCUSSION & PROGRAM SERVICES

- We cannot deny services to any consumer because of an inability to pay, yet we are required to provide the services outlined in our contract with the State.
- However, the State is NOT providing adequate funding to cover these costs.
- Per our Participating Mental Health Center contract with the State Community Based Behavioral Health Services is comprised of funding allotments from Mental Health Reform, the Governor's Mental Health Initiatives, and State Aid.

  The required scope of work includes:

  1. 24-hour, 7 days a week emergency treatment and first response services;
  2. Crisis responsiveness;
  3. Evaluation, assessment, and treatment;
  4. Screening for admission to a state psychiatric hospital, when applicable and required by K.A.R. 30-61-10; and follow-up with any consumer seen for or provided with any emergency service and not detained for inpatient care and treatment, to determine the need for any further services and/or referral to any services;
  5. Basic outpatient treatment services;
  6. Basic case management services for adults and basic community-based support services for children, adolescents, and their families;
  7. Liaison services to state psychiatric hospitals, nursing facilities for mental health, psychiatric residential treatment facilities, and state hospital alternatives for children and adolescents; including, discharge planning beginning the first day of an admission, connecting to community resources, facilitating a "warm hand-off" upon discharge, and follow up;
  8. Enhanced community supports such as outreach services, public education, court ordered outpatient treatment, and attendant care services;
  9. Not deny or limit access to medically necessary community behavioral health services to consumers based solely on the presence of a substance use disorder or the receipt of services for a substance use disorder.

- Not all of our consumers have a payor source and most private insurance companies do not pay for all services.
  - Majority of the uninsured consumers are adults because they do not qualify for Medicaid, since the State did not expand Medicaid.
  - Underinsured: Some private insurance companies and Medicare do not pay for needed community based services or inpatient alcohol and drug treatment
- Emergency Services: We are required to be on call 24 hours a day, 7 days a week, 365 days a year
  - The State and Medicaid Managed Care Organizations stopped paying for screens October 2015.
  - The only billable codes are crisis intervention codes and can only be billed on Medicaid clients. So, again no payor for the uninsured we must treat.

- Children's Services: The majority of children have Medicaid, so the earned revenue has helped offset losses in the other departments, however, the ability of Children's Services to continue this is coming to an end.
    - The Medicaid Managed Care Organizations have been and are continuing to limit services to individuals that we feel continue to need our services to be stable in the community.
- Revenue from other services includes:
    - Medicaid –
        - Continues to shrink because of the Managed Care Organizations are denying/limiting services we feel are medically necessary to help the consumer function in society.
        - There have been no increase in Medicaid rates for years and the rates are very low.
    - Grants –
        - Applications are submitted and granted at the discretion of the funding source and are revenues for specific services.
    - Medicare –
        - Only pays for services provided by certain license types
        - Does not pay for any community based services
        - Does not pay for emergency services
    - Private Insurance –
        - The majority of plans only cover outpatient therapy or medication services
        - The majority do not pay for community based services
        - The majority do not pay for emergency services
    - Federal Block Grant for Alcohol and Drug services
        - The Managed Care organization that handles these funds allocates only a certain amount of money each year. If we bill over the allocated amount they do not pay us for those services.

MENTAL HEALTH REFORM FUNDING

Another large decrease felt by the agency is the decrease in Mental Health Reform Services, starting in 2007. From FY 2018-2020, State Aid, Governor's Mental Health Initiative, and Regional Recovery Governor's Mental Health Initiative was combined and restored back into Mental Health Reform with statewide additional amounts $18.2 million, which brought community mental health centers back to the level of funding it received in 2006.

This continual lack of funding by the state stresses the safety net of services for Emergency State Hospital Screens and impact the services for those who are in the community due to lack of State Hospital psychiatric beds. State Mental Health Reform dollars are used by our agency to fund our Emergency Screening.

Mental Health Reform funding helped our system close state hospital beds and helps support services that are essential in keeping individuals out of inpatient settings. Mental Health Reform funding helps to provide safety net systems with 24-hour emergency care. With increasing demands for mental health care in emergency rooms and in-patient setting; and a growing

number of mentally ill citizens in Crawford County jail. The historical removal of funds and the lack of increase in funds past 2006 funding levels by the Governor has created a crisis in emergency service funding which is being verified by increased State Hospital Admissions.

OSAWATOMIE STATE HOSPITAL MORATORIUM

A moratorium on admissions to Osawatomie State Hospital pursuant to KSA 59-2968 was established June 21, 2015 suspending direct admissions of voluntary and involuntary admissions to the hospital until further notice. Admissions will now be arranged according to a wait list as described only when the hospital's census drops below 146 patients. CMHCs do their best to provide quality treatment in their respective communities to patients suffering from mental illness; however some persons require a level of care that can only be provided in an inpatient facility. It is the responsibility of the State of Kansas to provide inpatient mental health programs. A widely recognized national standard has been that for every 100,000 persons in a state's population, 50 mental health hospital beds should be available. This moratorium will put Kansas, which has approximately half the beds we should have at the aforementioned standard, even lower than we already are.

OSH Census by MHC	# of Patients	CMHC ADULT CENSUS	Rate Per 10,000 Population
Bert Nash	7	92,573	**0.76**
ComCare	38	370,908	**1.02**
Crawford County	2	30,592	**0.65**
Crosswinds Counseling	6	61,585	**0.97**
Elizabeth Layton	7	43,628	**1.60**
Four County	6	65,560	**0.92**
Horizons	0		
Johnson County MHC	7	421,619	**0.17**
Kanza MH	1	31,096	**0.32**
Labette Center	0	16,052	**0.00**
Out of State	4		
Pawnee Mental Health	7	142,871	**0.49**
South Central	0	48,664	**0.00**
Southeast Kansas MHC	3	49,284	**0.61**
Center for Counseling	0		
Spring River	1	15,833	**0.63**
The Guidance Center	8	86,343	**0.93**
Valeo Behavioral Health	10	135,081	**0.74**
Wyandot MHC	11	114,989	**0.96**
Patients committed by criminal courts are not included in the counts for individual CMHCs. The total number of patients attributed to CMHCs in the OSH catchment area will not equal the total number of patients.			

CMHCs have been partners with the State of Kansas for 55 years and work to treat all Kansas with varying degrees of mental illness. The partnership with the State has never been more

critical to the communities across the state, than it is now. As the grants to CMHCs have declined over the last decade, little, if any, investment has been made to increase capacity and infrastructure for them as the number of state mental hospital beds has diminished. The result is additional stress on them and their community partners.

Inpatient treatment resources have continually declined over the past decades and the trend is unsustainable. Intermediate and transitional programs have been put in place by the Kansas Department for Aging and Disabilities (KDADS), but they are simply supplemental programs and not alternatives to conventional inpatient treatment.

The community mental health system can sustain no additional reductions of funding or resources and additional resources must be committed to community based treatments and services and that the state identify and fund inpatient beds at alternative hospitals to ensure adequate safety nets exist.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Center's basic financial statements.

Community Mental Health Center of Crawford County (CMHCCC) is a component unit of the primary government of Crawford County, Kansas (County) and as such is considered to be a governmental organization. CMHCCC provides services in the mental health field and drug and alcohol counseling, and also provides emergency response and gate keeping for the State Hospital Psychiatric Inpatient Beds. The Agency's government-wide financial statements provide both long-term and short-term information about the Center's overall financial status.

Government-Wide Statement
The government-wide statement reports information about the Center as a whole, using accounting methods similar to those used by private sector companies.

The Statement of Net Assets includes all of the government assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid. The Net Assets are the difference between the Center's assets and liabilities and are one way to measure the Center's financial health or position.
The Governing Board of the quasi-government Mental Health Center requires a minimum of three (3) months Operating Expense held in reserve with contingency to meet payroll, warrants, and lease expense obligations.

Cost Center Financial Statements

The cost center Financial Statements provide detail information about the Center's cost per program breakdowns. Cost centers are accounting devices that the Center uses to keep track of specific sources of funding and spending for particular purposes.

- Some cost centers are required by State regulations to keep track of grants or funding through SRS.
- The Governing Board annually establishes cost centers to control and manage money for particular purposes and/or to show that a particular cost center is properly using designated taxes and grants for their selected roles.

OPERATIONS AND SUMMARY OF POLICIES: DISCUSSION AND ANALYSIS

Revenue Recognition

Non-exchange transactions, in which the Center receives value without directly giving equal value in return, include grants, entitlements, shared revenues, and donations. Revenues from grants, entitlements, shared revenues and donations are recognized when all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year the resources are required to be used, or the year when use is first permitted, matching requirements and expenditure requirements in which the resources are provided to the Center on a reimbursement basis.

Compensated Absences

CMHCCC's policy permits most employees to accumulate vacation benefits, up to twenty-four days, that may be realized as paid time off or, in limited circumstances, as a cash payment. Expense and the related liability are recognized as vacation benefits, which are earned whether the employee is expected to realize the benefits as time off or in cash. Sick leave benefits are recognized as expense when the time off occurs and no liability is accrued for such benefits. Compensated absence liabilities are computed using the regular pay and termination pay rates in effect at the balance sheet date, plus an additional amount for compensation-related payments. These compensation related payments can include Social Security and Medicare taxes at a rate computed at the effective date.

Risk Management

CMHCCC is exposed to various risks of loss from torts, theft of, damage to and destruction of assets; business interruptions; errors and omissions; natural disasters; employee injuries and illnesses; and employee health, dental and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage rate in any of the three preceding years.

Income Taxes

As an essential government function of Crawford County, Kansas, The Center is exempt from income taxes under Section 115 of the Internal Revenue Code and a similar provision of state law.

County and State Services

- The County maintains a commitment to former clients of State hospitals that have moved from institutional care to community-based services.
- The Community Mental Health Center of Crawford County has played a critical role in accomplishing significant bed reductions in our State mental health hospitals, which state wide, have declined from 1,003 in 1990 to 340 today. While bed days have decreased, our inpatient system is nearing capacity due to an increase in admissions. The closure of (local) Via Christi and Coffeyville inpatient psychiatric beds further stressed local resources, as well as the 2015 moratorium suspending direct admissions to Osawatomie State Hospital.
- Our local community-based services have proven effective in diverting thousands of individuals from State hospitalization. We provide for children, intensive wraparound services to allow them to stay at home and achieve higher performance in school. For adults, it means living independently and becoming competitively employed.
- The Community Mental Health Center of Crawford County is the public safety net for adults and children with mental illnesses. The number of SPMI adults served state-wide by CMHCs has grown from 7,775 in FY92, to over 18,000 today. The number of children/adolescents with SED served by CMHCs state-wide has grown from 6,034 in FY92, to over 27,000 today. Approximately 20% of CMHCCC's adult population are SPMI and 92% of the adolescent population is SED.
- The Community Mental Health Center of Crawford County provides services in every city in the county, 24-hours a day, seven days a week. This is a funding issue that affects every person in the county.
- Without the Community Mental Health Center of Crawford County services, law enforcement, local emergency rooms, schools and families will be adversely affected. The failure to keep CMHC programs fully funded increases the census in state hospitals, impacts foster care and nursing homes, to say nothing of correctional facilities and juvenile detention facilities.
- The Community Mental Health Center of Crawford County has a State mandate to serve regardless of an ability to pay. State-wide over 100,000 Kansans walk through the doors of a CMHC each year – over 70,000 are the working poor and their children.
- Because of current events in our everyday lives and around the world, there are an increasing number of individuals with severe illnesses coming to the CMHCs. Without adequate funding, neither the necessary amount of services nor array of services may be available at the time of need.
- The Community Mental Health Center of Crawford County has met or exceeded every target and objective set in reducing the use of state hospital beds. The CMHCs have simultaneously succeeded in providing quality community care for virtually thousands of seriously disabled former state hospital patients. The outcomes are impressive state-wide.
- Centers are required to do the screening service by KS statute, yet not paid for them, which has led to a crisis in emergency services after hours, with local law enforcement agencies, hospitals and government agencies collaborating to problem solve.
- CMHCCC is a designated HRSA behavioral healthcare shortage area.

CONCLUSION

The combination of flat reimbursement by Medicaid and the cuts that the State has done over the years makes it harder than ever to continue to provide our community with the services they need. Additional revenues shortfalls come from the majority of the uninsured and underinsured consumers are adults and most private insurance companies do not pay for all services to SPMI. The number of individuals needing treatment remains steady; however our funds to treat them are declining. The state has implemented the CCBHC model to establish a PPS funding system upon CCBHC certification by the CMHC. CMHCCC intends to apply for state certification in July 2024 and was awarded a federal SAMHSA CCBHC grant of $1,000,000 a year for four years beginning September 30, 2022.

CONTACTING THE MENTAL HEALTH CENTER FISCAL MANAGEMENT

This financial report is designed to provide our citizens, customers, and creditors with a general overview of the Community Mental Health Center's finances and to demonstrate the Center's accountability for the money it receives. If you have any questions about this report, or need additional financial information, contact the Center's Executive Administration at (620) 231-5130.

Heather Spaur, MBA, PHR
Executive Administrator

Stacy Kratz, MBA
Chief Operating Officer

Diehl
Banwart
Bolton
Certified Public Accountants PA

INDEPENDENT AUDITORS' REPORT

Management and Board of Directors
Community Mental Health Center of Crawford County
Pittsburg, Kansas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statement of net position of Community Mental Health Center of Crawford County (a component unit of Crawford County), as of December 31, 2021, and the related statement of revenues, expenses and changes in net position and statement of cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, except for the effects of the matter discussed in the "Basis for Qualified Opinion" paragraph, the financial statements referred to above present fairly, in all material respects, the respective net position of Community Mental Health Center of Crawford County as of December 31, 2021, and the changes in net position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the Kansas Municipal Audit and Accounting Guide. 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 Community Mental Health Center of Crawford County 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.

Matter Giving Rise to the Qualified Opinion

The financial statements and related notes do not include amounts required under accounting principles generally accepted in the United States of America for unfunded pension liabilities and changes in unfunded pension liabilities. Community Mental Health Center of Crawford County's pension liabilities are discussed in Note 6.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Community Mental Health Center of Crawford County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 opinions. 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, *Government Auditing Standards,* and the Kansas Municipal Audit and Accounting Guide 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 Community Mental Health Center of Crawford County'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 Community Mental Health Center of Crawford County'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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages i through xi be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial

statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Community Mental Health Center of Crawford County's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2022, on our consideration of the Community Mental Health Center of Crawford County'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 Community Mental Health Center of Crawford County'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 Community Mental Health Center of Crawford County's internal control over financial reporting and compliance.[n]

Diehl Banwart Bolton CPA's PA

DIEHL, BANWART, BOLTON, CPAs PA

December 8, 2022
Fort Scott, Kansas

Community Mental Health Center of Crawford County
Statement of Net Position
As of December 31, 2021

Assets

Current Assets		
Cash	$	2,956,817.08
Certifcate of Deposit		2,003,450.31
Accounts Receivable, less allowance for doubtful accounts		130,494.58
Prepaid Expenses		2,228,775.47
Total Current Assets		7,319,537.44
Property and Equipment		
Land		44,700.00
Leasehold Improvements		1,584,167.30
Equipment and Furniture		1,907,690.09
Vehicles		1,567,108.23
less Accumulated Depreciation		(4,089,787.03)
Net Property and Equipment		1,013,878.59
Total Assets	$	8,333,416.03

Liabilities and Net Position

Current Liabilities		
Accounts Payable	$	122,985.00
Accrued Expenses		268,588.19
Total Current Liabilities		391,573.19
Net Position		
Invested in Capital Assets, net of Related Debt		1,013,878.59
Reserved for Contingency		300,000.00
Unreserved		6,627,964.25
Total Net Position		7,941,842.84
Total Liabilities and Net Position	$	8,333,416.03

See Notes to Financial Statements

Community Mental Health Center of Crawford County
Statement of Revenues, Expenses and Changes in Net Position - Actual and Budget
For the Year Ended 12/31/21

	Budget	Actual	Acutal Over (Under) Budget
Operating Revenues			
Net Contract Fees	$ 4,811,467.00	$ 4,406,697.38	$ (404,769.62)
Net Client Fees	720,733.50	907,120.04	186,386.54
Federal and State Grants	997,131.00	1,810,971.66	813,840.66
County and City Funding	657,000.00	660,009.02	3,009.02
Other	33,000.00	294,311.22	261,311.22
Total Operating Revenues	7,219,331.50	8,079,109.32	859,777.82
Operating Expenses			
Personnel	5,089,333.82	5,283,292.68	193,958.86
Professional Services	34,000.00	30,435.30	(3,564.70)
Property Services	671,000.00	744,657.87	73,657.87
Communications	107,000.00	97,547.99	(9,452.01)
Supplies	350,600.00	477,490.56	126,890.56
Rent	12,500.00	78,560.00	66,060.00
Travel	37,000.00	6,405.67	(30,594.33)
Professional and Educational Meetings	26,850.00	38,742.48	11,892.48
Juvenile Justice Authority	3,000.00	-19,603.64	(22,603.64)
Wraparound Services	6,000.00	2,897.55	(3,102.45)
Bad Debts	14,000.00	20,633.26	6,633.26
Detention	215,000.00	184,140.00	(30,860.00)
Miscellaneous	187,150.00	232,264.80	45,114.80
Total Operating Expenses	6,753,433.82	7,177,464.52	424,030.70
Operating Income	465,897.68	901,644.80	435,747.12
Investment Income	10,000.00	13,300.28	3,300.28
Excess of Revenues over Expenses	$ 475,897.68	914,945.08	$ 439,047.40
Net Position January 01, 2021		7,026,897.76	
Net Position December 31, 2021		$ 7,941,842.84	

See Notes to Financial Statements

Community Mental Health Center of Crawford County
Statement of Cash Flows
For the Year Ended December 31, 2021

Cash Flows from Operating Activities		
Cash Received from Contracts and Grants	$	8,097,074.21
Cash Paid to Employees		(5,325,225.29)
Cash Paid for Other Goods and Services		(2,112,639.13)
Net Cash Provided By (Used In) Operating Activities		659,209.79
Cash Flows from Noncapital Financing Activities		
Net increase in certificates of deposit		(300,000.00)
Net Cash Provided By (UsedIn) Noncapital Financing Activities		(300,000.00)
Cash Flows from Capital and Related Financing Activities		
Capital Expenditures		(456,440.91)
Proceeds from Sales of Fixed Assets		9,185.00
Net Cash Provided By (Used In) Capital Related Financing Activities		(447,255.91)
Cash Flows From Investing Activities		
Interest Received		13,300.28
Net Cash Provided By (Used In) Investing Activities		13,300.28
Net Increase (Decrease) In Cash and Cash Equivalents		(74,745.84)
Beginning Cash and Cash Equivalents		3,031,562.92
Ending Cash and Cash Equivalents	$	2,956,817.08
Reconciliation of Net Income (Loss) To Cash Provided By (Used In) Operating Activities		
Net Operating Income (Loss)	$	901,644.80
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and Amortization		225,520.90
Losses (Gains) on Sales of Fixed Assets		(423.69)
Decrease (Increase) in Operating Assets:		
Accounts Receivable		17,964.89
Prepaid Expenses		(553,549.50)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable		109,985.00
Accrued Liabilities		(41,932.61)
Total Adjustments		(242,435.01)
Net Cash Provided By (Used In) Operating Activities	$	659,209.79

See Notes to Financial Statements

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Community Mental Health Center of Crawford County (CMHCCC) is a component unit of the primary government of Crawford County, Kansas (County) and as such is considered to be a governmental organization. CMHCCC provides services in the mental health field and drug and alcohol counseling.

Basis of Accounting

The Center utilizes the accrual basis of accounting using the economic measurement focus. Revenues, expenses, gains, losses, assets and liabilities from exchange and exchange-like transactions are recognized when the exchange transactions take place, while government-mandated nonexchange transactions are recognized when all applicable eligibility requirements are met.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Accounts Receivable

Accounts receivable at December 31, 2021, consisted of Medicaid and Medicare reimbursements, insurance claims, governmental units and client private pays. Unsecured credit is extended to clients. The allowance for doubtful accounts at December 31, 2021 was $55,600.71.

Investments and Investment Income

Investments in U.S. Treasury, agency and instrumentality obligations with a remaining maturity of one year or less at time of acquisition and in nonnegotiable certificates of deposit are carried at amortized cost. All other investments are carried at fair value. Fair value is determined using quoted market prices.

Investment income includes interest income and the net change for the year in the fair value of investments carried at fair value.

Property and Equipment

Property and equipment are depreciated on a straight-line basis over the estimated useful life of each asset. Assets under capital lease obligations and leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives.

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For the purposes of the statement of cash flows, CMHCCC considers time deposits with an original maturity of less than three months to be cash.

Revenue Recognition

Non-exchange transactions, in which the Center receives value without directly giving equal value in return, include grants, entitlements, shared revenues and donations. Revenues from grants, entitlements, shared revenues and donations are recognized when all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year the resources are required to be used or the year when use is first permitted, matching requirements and expenditure requirements in which the resources are provided to the Center on a reimbursement basis.

Compensated Absences

CMHCCC's policy permits most employees to accumulate vacation benefits, up to twenty-four days, that may be realized as paid time off or, in limited circumstances, as a cash payment. Expense and the related liability are recognized as vacation benefits are earned whether the employee is expected to realize the benefits as time off or in cash. Sick leave benefits are recognized as expense when the time off occurs and no liability is accrued for such benefits. Compensated absence liabilities are computed using the regular pay and termination pay rates in effect at the balance sheet date plus an additional amount for compensation-related payments such as social security and Medicare taxes computed using rates in effect at that date.

Risk Management

CMHCCC is exposed to various risks of loss from torts, theft of, damage to and destruction of assets; business interruptions; errors and omissions; natural disasters; employee injuries and illnesses; and employee health, dental and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

Income Taxes

As an essential government function of Crawford County, Kansas, the Center is exempt from income taxes under Section 115 of the Internal Revenue Code and a similar provision of state law.

2. BUDGETARY INFORMATION

Kansas statutes require that an annual operating budget be legally adopted. The legal annual operation budget is prepared using the accrual basis of accounting.

The statutes permit transferring budgeted amounts between line items. However, such statutes prohibit expenses in excess of the total amount of the adopted budget of expenses. A budget comparison statement is presented showing actual revenues and expenses compared to legally budgeted revenues and expenses.

3. CASH INVESTMENTS AND DEPOSITS WITH FINANCIAL INSTITUTIONS

K.S.A. 9-1401 establishes the depositories which may be used by CMHCCC. The statute requires banks eligible to hold CMHCCC's funds have a main or branch bank in the county in which the CMHCCC is located and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The CMHCCC has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the CMHCCC's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. CMHCCC has no investment policy that would further limit its investment choices.

Concentration of credit risk. State statutes place no limit on the amount the CMHCCC may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the CMHCCC's deposits may not be returned to it. State statutes require the CMHCCC's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. At December 31, 2021, all deposits were adequately secured.

At December 31, 2021 the CMHCCC's carrying amount of deposits was $4,960,267.39 and the bank balance was $5,109,265.72. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, $250,000.00 was covered by federal depository insurance, $4,859,265.72 was collateralized by securities with a market value of $5,284,810.70 held by the pledging financial institutions' agents in the CMHCCC's name.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the CMHCCC will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured. CMHCCC was in compliance with those statutes.

4. OPERATING LEASES

Rent expense for the year ended December 31, 2021, was $78,560. During 2015 CMHCCC prepaid rent in the amount of $54,900 for a 60 month lease beginning March 1, 2016. In addition, CMHCCC paid an additional $120,000 on this lease in 2016. At December 31, 2021 the prepaid rent on this lease was $5,770. (See Note 9).

During 2016 CMHCC paid $1,400,000 in prepaid rent for a building that is not yet constructed. The lease calls for a 15-year lease. An additional $400,000 was paid on this lease in 2021. This amount will be expensed over the life of the lease once the building is completed (See Note 9).

On April 1, 2017, CMHCCC entered into a 36-month lease which required an initial payment of $225,000 and 36 monthly payments of $5,555.56. At December 31, 2020, this property is not in service and the prepaid rent amount on this lease is $211,250. (See Note 9).

On January 1, 2019, CMHCCC entered into a 36-month lease for $2,500 per month for property. After the conclusion of 36 months, the lease will continue indefinitely for $1 per month (See Note 9).

5. RETAINED EARNINGS RESERVES

Reserved for Contingency

The Board of Directors have established a $300,000 contingency reserve for which funds are to be set aside rather than used for ordinary day to day operations.

6. PENSION PLAN

Plan Description

CMHCCC participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et.seq. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Comprehensive Annual Financial Report which can be found on the KPERS website at www.kpers.org or by writing to KPERS (611 South Kansas Avenue, Suite 100, Topeka, Kansas 66603) or by calling 1-888-275-5737.

Contributions

K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2, or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. Member contributions are withheld by the employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1.0% contribution rate for the Death and Disability Program) and the statutory contribution rate was 8.87% for the fiscal year ended December 31, 2021. Contributions to the pension plan from CMHCCC were $299,470 for the year ended December 31, 2021.

Net Pension Liability

CMHCCC's employees are considered employees of Crawford County Kansas by KPERS. Because of this, CMHCCC's proportionate share of net pension liability reported by KPERS has not been determined. At December 31, 2021, Crawford County's proportionate share of the collective net pension liability reported by KPERS was $9,158,762. The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020, which was rolled forward to June 30, 2021. The County's proportion of the net pension liability was based on the ratio of the County's contributions to KPERS, relative to the total employer and non-employer contributions of the Local subgroup within KPERS. CMHCCC's covered salary for KPERS represents approximately 25% of the total KPERS covered salary for Crawford County.

The complete actuarial valuation report including all actuarial assumptions and methods, and the report on the allocation of the KPERS collective net pension liability to all participating employers are publically available on the website at www.kpers.org or can be obtained as described above.

7. PROPERTY AND EQUIPMENT

The following is a summary of changes in property and equipment for the year ended December 31, 2020:

	Balance January 1, 2020	Additions	Retirements	Balance December 31, 2020
Land	$ 44,700.00	$ -	$ -	$ 44,700.00
Leasehold improvements	1,486,721.18	46,779.44	-	1,533,500.62
Equipment and furniture	1,681,376.30	276,980.47	-	1,958,356.77
Vehicles	1,462,730.50	132,681.00	28,303.27	1,567,108.23
	$ 4,675,527.98	$ 456,440.91	$ 28,303.27	$ 5,103,665.62

8. SUBSEQUENT EVENT

Management has evaluated events and transactions occurring after December 31, 2021, through December 8, 2022, the date the financial statement was available to be issued. During October 2022 CMHCCC transferred $2,000,000 as prepaid rent to FACT Inc. There were no other subsequent events requiring recognition in the financial statement or disclosure in the notes to the financial statement.

9. RELATED PARTY

The lease agreements detailed in Note 4 are with FACT, Inc. Although FACT, Inc. has a separate Board that approves their transactions, there are common members of FACT, Inc. and CMHCCC's Boards and FACT, Inc. generally operates in a way that is beneficial to CMHCCC.

10. FEDERAL AND STATE GRANTS

Federal and State grants shown as revenue on the Statement of Revenues, Expenditures and Changes in Net Assets are comprised of the following:

State Aid	$ 131,421
Mental Health Block Grant	44,755
Mental Health Reform Grant	800,322
State Task Force Grant	36,665
CARES Provider Relief Grant	478,023
Preschool Development Grant	20,564
Child Nutrition Grant	47,916
	$ 1,559,666

COMMUNITY MENTAL HEALTH CENTER OF CRAWFORD COUNTY

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021

FEDERAL GRANTOR PASS THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	AMOUNT EXPENDED
U.S. Department of Agriculture		
Passed Through the State of Kansas		
Department of Education		
Child and Adult Care Food Program	10.558	$ 47,916
		47,916
U.S. Department of Health and Human Services		
COVID-19 Provider Relief Fund	93.498	680,044
Passed Through the State of Kansas		
Division of Children and Families		
Child Care and Development Block Grant	93.575	11,250
Passed Through the State of Kansas		
Department of Education		
Preschool Development Grant	93.434	20,564
Passed Through the State of Kansas		
Department for Aging and Disability Services		
Block Grants for Community Mental Health Services	93.958	44,755
		756,613
Total Expenditures of Federal Awards		$ 804,529

Notes:

The Schedule of Expenditures of Federal Awards has been prepared using accounting principles generally accepted in the United States of America. The total expenditures includes lost revenue based upon the Provider Relief Fund Report, during phase 1 and phase 2 of the reporting (April 10, 2020 through December 31, 2020).

Community Mental Health Center of Crawford County did not elect to use the 10% deminimis indirect cost rate.

Diehl
Banwart
Bolton
Certified Public Accountants PA

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*

Management and Board of Directors
Community Mental Health Center of Crawford County
Pittsburg, Kansas

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 financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Community Mental Health Center of Crawford County (CMHCCC), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise CMHCCC's basic financial statements, and have issued our report thereon dated December 8, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered CMHCCC'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of CMHCCC's internal control. Accordingly, we do not express an opinion on the effectiveness of CMHCCC'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 CMHCCC'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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Diehl Banwart Bolton CPA's PA

Diehl Banwart Bolton CPA's PA

Fort Scott, Kansas
December 8, 2022

Diehl
Banwart
Bolton
Certified Public Accountants PA

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Management and Board of Directors
Community Mental Health Center of Crawford County
Pittsburg, Kansas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Community Mental Health Center of Crawford County's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Community Mental Health Center of Crawford County's major federal programs for the year ended December 31, 2021. Community Mental Health Center of Crawford County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Community Mental Health Center of Crawford County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Community Mental Health Center of Crawford County and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Community Mental Health Center of Crawford County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Community Mental Health Center of Crawford County's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Community Mental Health Center of Crawford County's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Community Mental Health Center of Crawford County's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Community Mental Health Center of Crawford County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Community Mental Health Center of Crawford County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Community Mental Health Center of Crawford County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with

a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Diehl Banwart Bolton CPA's PA

Diehl Banwart Bolton CPA's PA

Fort Scott, Kansas
December 8, 2022

COMMUNITY MENTAL HEALTH CENTER OF CRAWFORD COUNTY
PITTSBURG, KANSAS

Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2021

SECTION I - SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS:

Type of auditors' report issued:

- Qualified opinion for departures from Accounting Principles Generally Accepted in the United States of America for pension liabilities.

Internal control over financial reporting:

- Material weakness(es) identified? _ *YES* _X_ *NO*
- Significant deficiency(ies) identified that are not considered to be material weaknesses? NONE _ *YES* _X_ *REPORTED*

Noncompliance material to financial statements noted? _ *YES* _X_ *NO*

FEDERAL AWARDS:

Internal control over major programs:

- Material weakness(es) identified? _ *YES* _X_ *NO*
- Significant deficiency(ies) identified that are not considered to be material weaknesses? NONE _ *YES* _X_ *REPORTED*

Type of auditors' report issued on compliance for major programs: UNQUALIFIED

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of the Uniform Guidance _ *YES* _X_ *NO*

IDENTIFICATION OF MAJOR PROGRAMS:

CFDA #	NAME OF PROGRAM
93.498	Provider Relief Fund

Auditee qualified as low-risk auditee? _ *YES* _X_ *NO*

The dollar threshold used to distinguish between Type A and Type B Programs was $750,000.