CRAWFORD COUNTY MENTAL HEALTH CENTER
PITTSBURG, KS

FINANCIAL STATEMENTS

FOR THE YEAR ENDED
DECEMBER 31, 2024

LOYD GROUP, LLC

Certified Public Accountants

CRAWFORD COUNTY MENTAL HEALTH CENTER
PITTSBURG, KS

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Crawford County Mental Health Center
Pittsburg, KS 66762

Report on the Audit of the Financial Statements

Qualified and Unmodified Opinions

We have audited the financial statements of the business-type activities and the aggregate discretely presented component units of Crawford County Mental Health Center, Kansas (Center), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements as listed in the table of contents.

Summary of Opinions:

Opinion Unit	***Type of Opinion***
Business-Type Activities	Unmodified
Aggregate Discretely Presented Component Units	Qualified

Unmodified Opinions on Business-Type Activities

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities of Crawford County Mental Health Center, as of December 31, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Qualified Opinion on the Aggregate Discretely Presented Component Units

In our opinion, except for the effects of the matter described in the Basis for Qualified and Unmodified Opinion on the Aggregate Discretely Presented Component Units section, the accompanying financial statements present fairly, in all material respects, the financial position of the aggregate discretely presented component units for Crawford County Mental Health Center, as of December 31, 2024, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), 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 Center 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 Qualified Opinion on the Aggregate Discretely Presented Component Units

The financial statements of Families and Children Together, Inc. have not been audited, and we were not engaged to audit Families and Children Together, Inc.'s financial statements as part of our audit of Crawford County Mental Health Center's basic financial statements. Families and Children Together, Inc.'s financial activities are included in Crawford County Mental Health Center's basic financial statements as a discretely presented component unit and represent 100% percent, 100% percent, and 100% percent of the assets, deferred inflows of resources, net position, and revenues, respectively, of Crawford County Mental Health Center's aggregate discretely presented component units.

Responsibilities of Management for the Financial Statements

The Center's management is responsible for the preparation and fair presentation of these 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 the Center's ability to continue as a going concern for one year after the date that the financial statements are issued.

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 GAAS 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 GAAS 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 Center'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 Center'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 and pension information on pages 4-8 and 24-26 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 and opinion on the financial statements that collectively comprise Center's basic financial statements. The 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* is presented for purposes of additional analysis as and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards 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. Such 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 schedule of expenditures of federal awards is 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 March 20, 2026, on our consideration of Crawford County Mental Health Center'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 Crawford County Mental Health Center'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 Crawford County Mental Health Center's internal control over financial reporting and compliance.

Loyd Group, LLC

Loyd Group, LLC
Galva, KS
March 20, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction

The discussion and analysis of Crawford County Mental Health Center's (Center) financial performance provides an overview of the Center's financial activities for the year ended December 31, 2024. Management has prepared the financial statements along with the discussion and analysis. Responsibility for the completeness and fairness of this information rests with the Center's management.

Using this Report

The Center's financial report includes four financial statements: (1) Statement of Net Position, which presents the Center's assets, liabilities and net position or equity; (2) the Statement of Revenue and Expense, which shows revenue, expense and net income for the current and previous years; (3) the Statement of Changes in Net Position, which shows the changes in composition of the Center's net position by reserved and restricted components. It also is the bridge between the Statement of Net Position and the Statement of Revenue and Expense as the net income from the Statement of Revenue and Expense accounts for the change in net position on the Statement of Net Position from the previous year to the current year; and (4) the Statement of Cash Flows, which shows the cash provided or used by the different activities of the Center. These financial statements are prepared in accordance with Governmental Accounting Standards Board. The Center's not-for-profit organization, Families and Children Together, Inc., has also been discretely presented within these financial statements in accordance with Governmental Accounting Standards Board Statement No. 39; *Determining Whether Certain Organizations are Component Units*, as amended by GASB Statement No. 61, *The Financial Reporting Entity:*

The annual financial report includes the independent auditor's report, the management's discussion and analysis, the basic financial statements, and notes to the financial statements.

Activities of the Center are reported as either operating or non-operating in accordance with Governmental Accounting Standards Board Statement 34. Charges for services/patient revenues are recorded as operating revenues. The grants and local funding exist directly for the Center's main purpose and thus are also operating revenues under Statement 34.

Financial Highlights

Analysis of Net Position

The statement of net position and the statement of revenue, expenses, and changes in net position report information on the Center as a whole. These statements report the Center's financial position as of December 31, 2024 and 2023 and the change in net position for the years then ended. The Center's financial position remained strong at December 31, 2024, with assets and deferred outflows of $19,283,939 and liabilities and deferred inflows of $1,461,073. Net position, which represents the residual interest in the Center's total assets and deferred outflows of resources after total liabilities and deferred inflows of resources are deducted, increased by $8,284,627

The Center's financial statements include all assets and liabilities using the accrual basis of accounting. All of the current year's revenue and expenses are recorded as incurred regardless of when cash is received or paid. Revenue and expenses are separated into the categories of operating and non-operating.

	2024	2023
Current assets	$ 2,072,545	$ 7,080,592
Capital assets	16,559,121	1,730,906
Deferred outflows of resources	652,273	-
Total assets and deferred outflows of resources	$ 19,283,939	$ 8,811,498
Current liabilities	$ 1,081,330	$ 387,067
Non-Current liabilities	1,793,552	-
Total liabilities	2,874,882	387,067
Net position:		
Net investment in Capital Assets	15,485,207	1,730,906
Reserved for contingency	300,000	300,000
Unrestricted	623,850	6,393,525
Total net position	16,409,057	8,424,431
Total liabilities and net position	$ 19,283,939	$ 8,811,498

The preliminary changes in assets, liabilities, and net position of the Center for fiscal year 2024 were the result of the following:

- Current assets decreased by $5,008,047 or 70.73%. This was due to several new asset and contruction purchases using cash reserves.
- Noncurrent assets increased by approximately $14,828,215 or 856.67%. This was primarily due to significant expansion and construction due to real estate being transferred to the Center from the County.
- Current liabilities increased by approximately $694,263 or 179.37%. This was primarily due to an increase in payables related to remodeling projects, an increase in payroll related accrued expense due to significant new hiring from expansion activities, 216% increase in clients, 360% increase in services and a 210% increase in full time employees.
- Noncurrent liabilities increased by approximately $1,793,552 or 100%. This was primarily due to an increase in payables related to recognition of pension liabities as they were no longer covered under the County, implementation of GASB 101 for compensated absences, and the finalization of the right of use lease liability.
- Total net position increased by $7,984,626 or 94.78%. This was due to the combination of activities as noted above in the changes of assets and liabilities explanations.

Operating Revenue

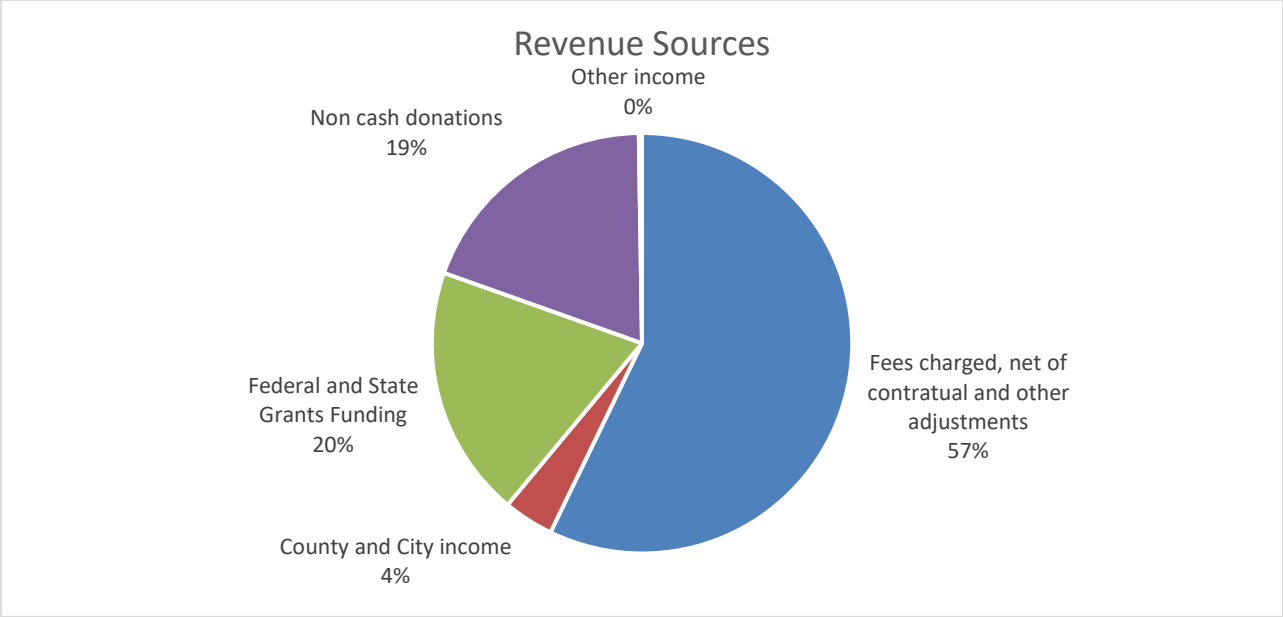
Operating revenue includes charges for all exchange transactions for patient services. In addition, certain federal, state and private grants, donations and local funding are considered operating if they are not for capital purposes.

	2024	% of total 2024	2023	% of total 2023
Operating Revenue				
Fees charged	$ 12,308,952	57.16%	$ 6,037,996	49.30%
County and City income	833,130	3.87%	1,071,879	8.75%
Federal and State Grants Fundin	4,177,582	19.40%	5,071,482	41.40%
Non cash donations	4,164,030	19.34%	-	0.00%
Other income	49,972	0.23%	67,227	0.55%
Total Operating Revenue	$ 21,533,666	100%	$ 12,248,584	100%

Significant operating revenue changes for the year 2024 were the result of the following:

- Fees charged increased by $6,270,956 due to significant expansion activities and CCBHC certification changing from a fee for service payment system to a prospective payment system.
- Noncash donations increased by $4,164,030 due to the donation of buildings and land from the County.

The following is a graphic illustration of operating revenues by source for the year 2024.



Operating Expense

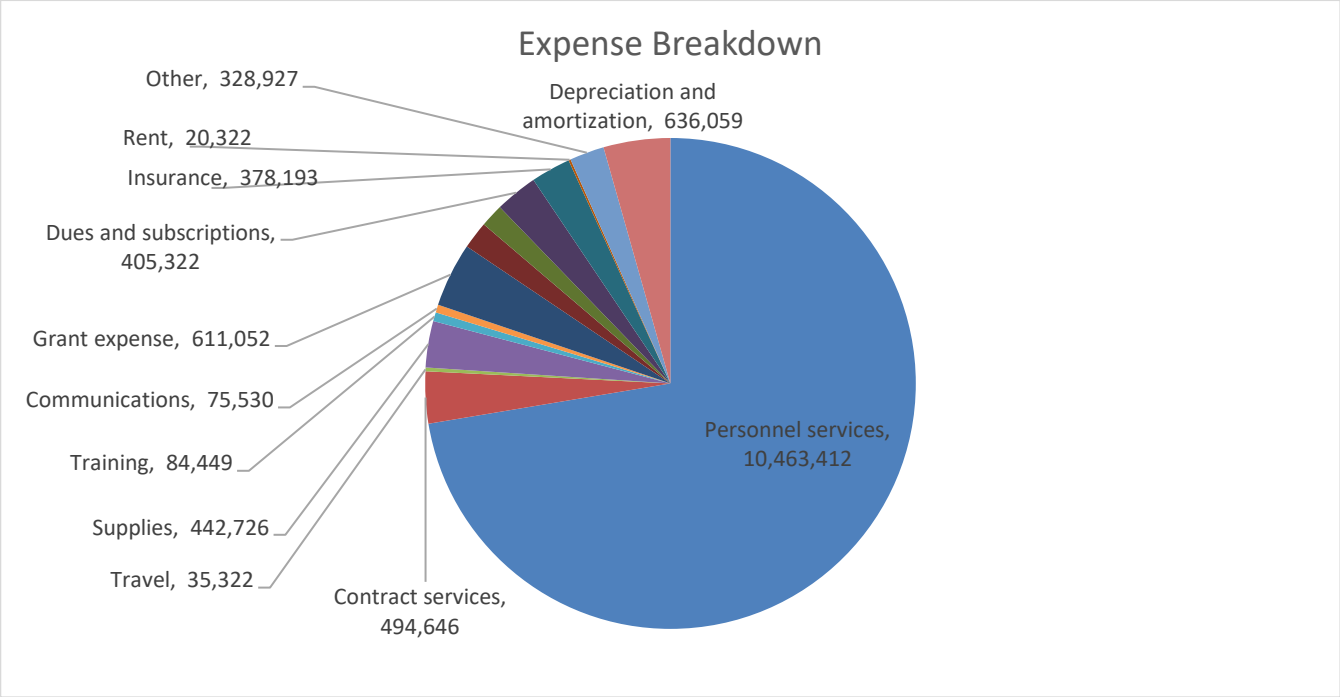
Operating expenses are the costs necessary to provide services and conduct the programs of the Center.

	2024	% of total 2024	2023	% of total 2023
Operating Expense				
Personnel services	$ 10,463,412	72.37%	$ 8,357,079	72.52%
Contract services	494,646	3.42%	313,916	2.72%
Travel	35,322	0.24%	29,495	0.26%
Program expense	442,726	3.06%	451,760	3.92%
Training and development	84,449	0.58%	72,377	0.63%
Marketing and advertising	75,530	0.52%	39,438	0.34%
Grant expense	611,052	4.23%	827,522	7.18%
Utilities	260,316	1.80%	338,345	2.94%
Repairs and maintenance	221,582	1.53%	299,966	2.60%
Dues and subscriptions	405,322	2.80%	300,960	2.61%
Insurance	378,193	2.62%	166,742	1.45%
Rent	20,322	0.14%	24,000	0.21%
Other	328,927	2.28%	41,056	0.36%
Depreciation and amortization	636,059	4.40%	261,098	2.27%
	$ 14,457,858	100%	$ 11,523,754	100%

Significant operating expense changes for the year 2024 were the result of the following:

- Personnel services increased due to recognition of pension liabilities and significant additional hiring from expansion activities.
- Supplies, insurance, other and depreciation expenses all increased as a direct result of purchase and remodeling of buildings for expansion purposes.

The following is a graphic illustration of operating expenses by source for the year 2024.



Statement of Cash Flows

The primary purpose of this statement is to provide relevant information about the cash receipts and cash payments of an entity during a period. The statement of cash flows may also help users assess the following:

- An entity's ability to generate future net cash flows.
- Its ability to meet its obligations as they come due.
- Its need for external financing.

Cash flows for the year consist of the following:

	2024	2023
Cash provided by (used in)		
Operating Activities	$ 5,505,994	$ 1,062,281
Investing Activities	16,002	12,604
Capital and Related Financing Activities	(5,769,328)	(688,768)
Net Increase (Decrease in Cash and Cash Equivalents)	(247,332)	386,117
Cash and Cash Equivalents - Beginning of Year	1,437,952	1,051,835
Cash and Cash Equivalents - End of Year	$ 1,190,620	$ 1,437,952

Debt

At the end of 2024, the Center has debt outstanding of $1,073,914 for a right to use asset. For more information, see Note 5.

Capital Assets

Fixed assets accounts net of accumulated depreciation increased from $1,730,906 as of December 31, 2023 to $16,559,121 as of December 31, 2024, with the current year depreciation and amortization of $636,059.

	2024	2023	Change
Construction in progress	$ 192,691	$ -	$ 192,691
Land	699,530	44,700	654,830
Buildings	3,983,054	-	3,983,054
Furniture, fixtures and equipment	1,302,314	2,162,439	(860,125)
Vehicles	1,693,699	1,310,068	383,631
Leasehold improvements	2,242,640	2,060,209	182,431
Software not in service yet	5,410	-	5,410
Less accumulated depreciation	(3,194,455)	(3,846,510)	652,055
Right of use assets	9,708,567	-	9,708,567
Less accumulated amortization	(74,329)	-	(74,329)
Total property and equipment	$ 16,559,121	$ 1,730,906	$ 14,828,215

As of 2024, the county no longer holds the real estate for the Center. All properties were donated to the Center and added to the fixed asset schedule.

CCMHC is the local Mental Health Authority coordinating the delivery of publicly funded community-based mental health services. CCMHC is licensed as the state community mental health center for Crawford County and as a Certified Community Behavioral Health Clinic (CCBHC). The 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. CCMHC provides statutorily required services to all Kansans without regard for their ability to pay, making the agency the "safety net" for Crawford County for persons with mental health needs.

State funding for the Scope of Work required is comprised of funding allotments from the Mental Health Block Grant (MHBG), Mental Health Reform (KSA 39-1601), State Aid (KSA 65-4431), and monies for screening

There are seven (7) services that individuals who meet the diagnostic criteria for Serious Mental Illness (SMI), Serious Emotional Disturbance (SED), and other individuals at risk of requiring institutional care shall be granted priority based on medical necessity in terms of access and receipt of services. These services align with the mission and vision of KDADS Behavioral Health Services to ensure all Kansans have access to integrated services for prevention, treatment, and recovery to live safe, healthy, successful, and self-determined lives in the community of their choice.

The seven (7) services are:

1. Case Management Services (including Intensive Case Management (CPST))
2. Attendant Care
3. Peer Support
4. 24-hour crisis response, (including mobile crisis; crisis triage, stabilization, and treatment services)
5. Psychiatric services
6. Psychosocial Rehabilitation Services
7. PASRR Specialized Services

The funding for the CMHC system, even with the legislative change to the Prospective Payment System (PPS) under CCBHC for Medicaid covered clients, continues to provide a revenue shortfall, due to the statutory requirement to provide services regardless of ability to pay to the large target population of uninsured and underinsured clients of CCMHC.

- 73% of CCMHC Clients live at or below the federal poverty level
- 65% of CCBHC Clients are uninsured and underinsured
- $4,057,333 cost of uncompensated care for CCBHC services

This financial report is designed to provide our citizens, customers, and creditors with a general overview of Crawford County 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 +Director at (620) 231-5130.

Heather McCully MBA, MPA, LMSW, PHR
Executive Director

FINANCIAL STATEMENTS

Crawford County Mental Health Center

Statements of Financial Position

As of December 31, 2024

	Crawford County Mental Health Center
ASSETS	
Current assets	
Cash and cash equivalents	$ 1,190,620
Accounts receivable	739,813
Prepaid expenses and other assets	142,112
Total current assets	2,072,545
Property and equipment	
Non-depreciable capital assets	892,221
Depreciable capital assets	18,935,684
Less accumulated depreciation and amortization	(3,268,784)
Total property and equipment	16,559,121
TOTAL ASSETS	18,631,666
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	285,641
Deferred outflows related to pensions for subsequent contributions	366,632
TOTAL DEFERRED OUTFLOWS OF RESOURCES	652,273
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 19,283,939
LIABILITIES AND NET POSITION	
Current Liabilities	
Accounts payable	$ 367,392
Accrued expenses	434,665
Accrued compensated absences	253,163
Lease payable	26,110
Total current Liabilities	1,081,330
Non-Current Liabilities	
Accrued compensated absences	379,743
Net pension liabilities	366,005
Lease payable	1,047,804
Total non-current liabilities	1,793,552
TOTAL LIABILITIES	2,874,882
NET POSITION	
Net investment in capital assets	15,485,207
Reserved for contingency	300,000
Unrestricted	623,850
TOTAL NET POSITION	16,409,057
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 19,283,939

The accompanying notes are an integral part of these financial statements.

Crawford County Mental Health Center

Statement of Activities and Changes in Net Assets

For the Year Ended December 31, 2024

	Crawford County Mental Health Center
PATIENT REVENUE	
Fees charged, net of contractual and other adjustments	$ 12,308,952
NON-PATIENT REVENUE	
County & City funding	833,130
Special County funding	461,143
Federal & state grants & funding	4,177,582
Donations	97
Non cash donations	4,164,030
Other income	49,972
Total non-patient revenue	9,685,954
TOTAL OPERATING REVENUE	21,994,906
OPERATING EXPENSES	
Personnel services	10,463,412
Contract services	494,646
Travel	35,322
Program expense	442,726
Employee development & training	84,449
Marketing & advertising	75,530
Grant expense	611,052
Utilities	260,316
Repairs and maintenance	221,582
Equipment	-
Dues and subscriptions	405,322
Insurance	378,193
Rent	20,322
Other	328,927
Depreciation and amortization	636,059
Total operating expenses	14,457,858
Net operating income	7,537,048
NON-OPERATING INCOME (EXPENSES)	
Interest expense	(68,423)
Interest income	16,002
Rent income	-
Total non-operating income (expense)	(52,421)
NET INCOME	$ 7,484,627

The accompanying notes are an integral part of these financial statements.

Crawford County Mental Health Center

Statement of Changes in Net Position

For the Year Ended December 31, 2024

	Reserved	Invested in Capital Assets	Unrestricted	Net Assets
Balance, December 31, 2023	$ 300,000	$ 1,730,906	$ 6,393,524	$ 8,424,430
Correction of error	-	-	500,000	500,000
Net changes	-	13,754,301	(13,754,301)	-
2024 net income (loss)	-	-	7,484,627	7,484,627
Balance, December 31, 2024	$ 300,000	$ 15,485,207	$ 623,850	$ 16,409,057

The accompanying notes are an integral part of these financial statements.

Crawford County Mental Health Center

Statements of Cash Flows

For the Year Ended December 31, 2024

	2024
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from fees charges	$ 13,186,353
Cash received from intergovernmental entities	5,471,855
Other operating cash receipts	50,069
Cash payments to employees and for employee benefits	(10,056,176)
Cash payment for grant expenses	(641,167)
Cash payments for other operating expenses	(2,504,940)
Net cash provided (used) by operating activities	5,505,994
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	16,002
Net cash provided (used) in investing activities	16,002
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of property and equipment	(6,774,819)
Sale of property and equipment	-
Principal paid on debt and lease obligations	(29,086)
Interest paid on debt and lease obligations	(68,423)
Proceeds for debt and lease obligations	1,103,000
Net cash provided (used) in financing activities	(5,769,328)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(247,332)
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF YEAR	1,437,952
CASH AND CASH EQUIVALENTS AND RESTRICTED, END OF YEAR	$ 1,190,620

The accompanying notes are an integral part of these financial statements.

1. SUMMARY OF ACCOUNTING POLICIES

The following is a summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements.

(a) *Reporting Entity*

The Crawford County Mental Health Center (the Center) is a fully licensed and accredited community mental health center that provides a full range of behavioral health services providing 24-hour Emergency screening/after outpatient, consultation education and alcohol/drug abuse services to the Crawford County area. The Center is a governmental entity formed by resolution of the Board of Crawford County pursuant to K.S.A. 19-4001 in August 1961. The Center's office is in Pittsburg, Kansas. A nine member Board of Directors governs the Center, which is appointed pursuant to the approved bylaws of Crawford County Mental Health Center. As of 2024, the Center holds all property in their name. The Center is not recognized as a separate 501(c)(3) organization by the Internal Revenue Service. The Center does have a 501 (c)(3), FACT, Inc, that is a non-profit whose sole purpose is supporting the agency.

Families and Children Together, Inc. (FACT) is a legally separate, tax-exempt 501(c)(3) organization that is a component unit of the Center. FACT accepts grants and donations in line with its mission of empowering children and families. It is responsible for holding property for the Center, which previous to becoming independent of the County, did not hold real property. The Board is made up of partial common members of the Center. FACT generally operates and gives the Center access to its resources and is considered a component unit of the Center. It is not discretely presented in the Center's financial statements, for which an adverse opinion has been rendered.

For financial reporting purposes, FACT follows the provisions of the Financial Accounting Standards Board (FASB) which establish the financial reporting standards for all nonprofit organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. With the exception of necessary presentation adjustments, no modifications have been made to FACT's financial information. Complete financial statements for FACT can be obtained from FACT's business office.

(b) *Basis of Accounting*

The financial statements of the Center have been prepared on the accrual basic of accounting using the economic resources measurement focus. Revenues, expenses, gains, losses, assets and liabilities from exchange and exchange-like transactions are not recognized when the exchange transaction takes place. Operating revenue and expenses include exchange transactions. Interest income and interest on capital assets related debt are included in non-operating revenues and expenses.

The Center prepares its financial statements as a business-type activity in conformity with applicable pronouncements of the Governmental Accounting Standards Board (GASB). Pursuant to the GASB Statement No. 20, the Center has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB) that were issued on or before November 30, 1989, and do not conflict with or contradict GASB pronouncements.

(c) *Compensated Absences*

The Center 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.

1. SUMMARY OF ACCOUNTING POLICIES (CONT.)

(d) *Property and equipment*

Property and equipment are stated at cost. Depreciation and amortization of property and equipment is provided on the straight-line method over the estimated useful life of the assets. Depreciation of property and equipment is on the straight-line method over the following estimated useful lives:

Buildings	40 years
Improvements	10 years
Office furniture	10 years
Computer equipment	5 years
Vehicles	5 years

The costs of maintenance and repairs are charged to operating expenses as incurred. The costs of significant additions, renewals, and betterments to depreciable properties are capitalized and depreciated over the remaining or extended estimated useful lives of the item or the properties.

(e) *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.

(f) *Cash equivalents*

The Center considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2025 there were no cash equivalents.

(g) *Investments and investment income*

Investments in the 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.

(h) *Accounts receivable*

Accounts receivable consists of Medicaid and Medicare reimbursements, insurance claims, governmental units and client private pays. Unsecured credit is extended to clients. The Center provides an allowance for uncollectible accounts based on aging of these accounts.

(i) *Net position*

The Center's net position is classified as follows:

Net investment in capital assets - This represents the Center's total investment in capital assets, net of accumulated depreciation and reduced by outstanding debt obligations, if any, related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

1. SUMMARY OF ACCOUNTING POLICIES (CONT.)

(i) *Net position (Cont.)*

Reserved net position - This includes resources which are not legally or contractually restricted, but which have been internally reserved by the Board for future expenditures or contingencies.

Restricted for employee benefits - This represents funds temporarily held by the Center to be used for employees' medical reimbursement under the Center's Section 125 plan.

Unrestricted net position - Unrestricted net position represents resources derived from patient fees, state grants, county appropriations, and other grants and fees. These resources are used for transactions relating to the general operations of the Center, and may be used at the discretion of the governing board to meet current expenses for any purpose.

(j) *Net position flow assumption*

Sometimes the Center will fund outlays for a particular purpose from both restricted (e.g. restricted grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Center's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

(k) *Revenue recognition*

Non-exchange transactions, in which the Center receives value without directly giving equal value in return, includes 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. The Center recognizes revenue from exchange transactions when services are provided at their net realizable value.

(l) *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. CASH DEPOSITS

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

K.S.A. 12-1675 limits the Center'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. The Center has no investment policy that would further limit its investment choices.

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

2. CASH DEPOSITS (CONT.)

Custodial credit risk - deposits. Custodial credit risk is the risk that in the event of a bank failure, the Center's deposits may not be returned to it. State statutes require the Center'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, 2024, all deposits were adequately secured.

At December 31, 2024, the Center's carrying amount of deposits was $1,190,620 and the bank balance was $1,356,892. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, $250,000 was covered by federal depository insurance and $1,106,892 was collateralized by letters of credit with the Center's financial institution.

Custodial credit risk - investments. For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the Center 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. the Center was in compliance with those statutes.

3. PREPAID EXPENSES

The prepaid expenses were as follows:

	2024
Prepaid Insurance	$ 142,112

4. CHANGES IN PROPERTY AND EQUIPMENT

Summary of changes in fixed assets follows:

	Balance 2023	Additions	Deletions	Balance 2024
Land	$ 44,700	$ 654,830	$ -	$ 699,530
Construction in progress	-	192,691	-	192,691
Total non-depreciable capital assets	44,700	847,521	-	892,221
Leasehold improvements	2,060,209	206,121	23,690	2,242,640
Buildings	-	3,983,054		3,983,054
Equipment and furniture	2,162,439	394,373	1,254,498	1,302,314
Vehicles	1,310,068	383,631	-	1,693,699
Software	-	14,217	8,807	5,410
Leased Assets	-	9,708,567	-	9,708,567
Total depreciable capital assets	5,532,716	14,689,963	1,286,995	18,935,684
Accumulated depreciation & amortization	3,919,720	636,059	1,286,995	3,268,784
Total capital assets, net	$ 1,657,696	$ 14,901,425	$ -	$ 16,559,121

Depreciation expense incurred in 2024 was $561,731 and amortization expense was $74,328.

5. LONG-TERM LIABILITIES

The following is a summary of long-term liability transactions for the year ended December 31, 2024:

	Beginning Balance	Additions	Payments/ Reductions	Ending Balance	Current Portion
Right of use lease liability	$ -	$ 4,558,567	$ 3,484,653	$ 1,073,914	$ 26,110
Compensated absences	248,661	384,245	-	632,906	253,163
Net pension liability	-	366,005	-	366,005	-
Total long-term liabilities	$ 248,661	$ 5,308,817	$ 3,484,653	$ 2,072,825	$ 279,273

(a) Lease Obligations

Beginning in 2016, the Center made a series of prepaid rent payments to FACT, Inc. for an alcohol treatment center building. Those payments total approximately $7.9 million through 2024. Construction on the building began in 2023 and was completed in 2024. The lease on the building was finalized in February 2024 and has a 30-year term. The prepaid rent will be expensed over the life of the lease. There is a small $3,000 liability with monthly payments of $1000 per month for the term of the lease.

On December 5, 2024, the Center entered into a 360-month lease which required prepaid rent of $650,000. The prepaid rent will be expensed over the life of the lease. There is no remaining liability obligation.

On February 25, 2024, the Center entered into a 240-month lease for $8,864 per month for property. After the conclusion of 20 years, the lease will continue for two more 30 year lease terms, for an annual payment of $100.

The remaining lease payments are as follows:

Year Ending	Principal	Interest	Total
2025	$ 26,110	$ 80,363	$ 106,473
2026	28,153	78,320	106,473
2027	30,357	76,116	106,473
2028	32,735	73,738	106,473
2029	35,299	71,174	106,473
2030-2034	222,588	309,777	532,365
2035-2039	324,665	207,700	532,365
2040-2044	373,008	61,848	434,856
2045-2049	500	-	500
2050-2054	500	-	500
Total	$ 1,073,915	$ 959,036	$ 2,032,951

6. DEFINED BENEFIT PENSION PLAN

Plan Description

The Crawford County Mental Health Center participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by Kansas law and administered by KPERS, a body corporate and an instrumentality of the State of Kansas. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available, stand-alone annual comprehensive financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737, or at the KPERS website at www.kpers.org.

6. DEFINED BENEFIT PENSION PLAN (CONT.)

KPERS provides benefit to the following statewide pension groups under one plan, as provided by K.S.A 74 article 49:

- Public employees, which include:
  - State/School Employees
  - Local Employees
- Police and Firemen
- Judges

Substantially all public employees in Kansas are covered by the pension plan. The State of Kansas and Kansas schools are required to participate, while participation by local political subdivisions is optional, but irrevocable once elected.

Those employees participating in the pension plan for Crawford County Mental Health Center are included in the local employee group.

Benefits Provided

Benefits are established by statute and may only be changed by the Legislature. Members (except Police and Firemen) with ten or more years of credited service, may retire as early as age 55 (Police and Firemen may be age 50 with 20 years of credited service), with an actuarially reduced monthly benefit. Normal retirement is at age 65, age 62 with ten years of credited service, or whenever a member's combined age and years of credited service equal 85 "points" (Police and Firemen normal retirement ages are age 60 with 15 years of credited service, age 55 with 20 years, age 50 with 25 years, or any age with 36 years of service).

Monthly retirement benefits are based on a statutory formula that includes final average salary and years of service. When ending employment, members may withdraw their contributions from their individual accounts, including interest. Members who withdraw their accumulated contributions lose all rights and privileges of membership. For all pension coverage groups, the accumulated contributions and interest are deposited into and disbursed from the membership accumulated reserve fund as established by K.S.A. 74 4922.

Members choose one of seven payment options for their monthly retirement benefits. At retirement, a member may receive a lump sum payment of up to 50% of the actuarial present value of the member's lifetime benefit. His or her monthly retirement benefit is then permanently reduced based on the amount of the lump sum. Benefit increases, including ad hoc postretirement benefit increases, must be passed into law by the Kansas Legislature. Benefit increases are under the authority of the Legislature and the Governor of the State of Kansas.

The 2012 Legislature made changes affecting new hires, current members and employers. A new cash balance retirement plan (KPERS 3) was created for new hires starting after January 1, 2015. Normal retirement age for KPERS 3 is 65 with five years of service or 60 with 30 years of service. Early retirement is available at age 55 with ten years of service, with a reduced benefit. Monthly benefit options are an annuity benefit based on the account balance at retirement.

For all pension coverage groups, the retirement benefits are disbursed from the retirement benefit payment reserve fund as established by K.S.A. 74 4922.

Contributions

Member contribution rates are established by state law, and are paid by the employee according to the provisions of Section 414(h) of the internal revenue code. State law provides that the employer contribution rates be determined based on the results of an annual actuarial valuation. The contributions and assets of all groups are deposited in the Kansas Public Employees Retirement Fund established by K.S.A. 74-4921. All of the retirement systems are funded on an actuarial reserve basis.

6. DEFINED BENEFIT PENSION PLAN (CONT.)

Contributions (Cont.)

For fiscal years beginning in 1995, Kansas legislation established statutory limits on increases in contribution rates for KPERS employers. Annual increases in the employer contribution rates related to subsequent benefit enhancements are not subject to these limitations. The statutory cap increase over the prior year contribution rate is 1.2% of total payroll.

The actuarially determined employer contribution rates and the statutory contribution rates for local government employees are 9.26% and 9.26%, respectively. 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 covered 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 of 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members.

Employer Allocations

Although KPERS administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense are determined separately for each of the following groups of the plan:

- State/School
- Local
- Police and Fireman
- Judges

To facilitate the separate (sub) actuarial valuations, KPERS maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer and nonemployer allocations are applied to amounts presented in the schedules of pension amounts by employer and nonemployer. The allocation percentages for each group as of June 30, 2024, are based on the ratio of the employer's contributions to total employer and nonemployer contributions of the group for the fiscal years ended June 30, 2024. The contributions used exclude contributions made for prior service, excess benefits and irregular payments.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

State law provides that the employer contribution rates for KPERS 1 and 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% contribution rate for the Death and Disability Program) and the statutory contribution rate was 9.26% for KPERS for the fiscal year ended December 31, 2024. Contributions to the pension plan from the Center were $366,122 for KPERS for the year ended December 31, 2024.

At December 31, 2024, the Center's proportionate share of the collective net pension liability reported by KPERS was $366,005. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023, which was rolled forward to June 30, 2024. The Center's proportion of the net pension liability was based on the ratio of the Center's contributions to KPERS, relative to the total employer and non-employer contributions of the Local subgroup within KPERS.

6. DEFINED BENEFIT PENSION PLAN (CONT.)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont.)

For the year ended December 31, 2024, rolled forward from June 30, 2024, the Center recognized pension expense of $366,122, which includes the changes in the collective net pension liability, projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period.

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 publicly available on the website at www.kpers.org or can be obtained as described above.

At December 31, 2024, the Center reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Center contributions subsequent to the measurement date	$ 366,632	$ -
Differences between expected and actual experience	44,522	-
Net difference between projected and actual earnings on pension plan investments	2,242	-
Changes in assumptions	22,123	-
Changes in proportion	216,754	-
Total	$ 652,273	$ -

The deferred outflows of resources related to pensions totaling $366,632, resulting from Center contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,	Amount
2025	$ 75,077
2026	93,696
2027	63,868
2028	53,000
2029	-
Thereafter	-
	$ 285,641

The Center contributes 100% of the contributions to the pension plan, therefore, there is no revenue recognized for the support provided by nonemployer contributing entities.

Actuarial Assumptions

The net pension liability was determined by an actuarial valuation as of December 31, 2023, which was rolled forward to June 30, 2024, using the following actuarial assumptions, applied to all periods included in the measurement:

- Inflation — 2.75 percent
- Salary increases, including wage increases — 3.50 to 15.50 percent, including inflation
- Long-term rate of return, compounded annually, net of investment expense, and including price inflation — 7.00 percent

6. DEFINED BENEFIT PENSION PLAN (CONT.)

Actuarial Assumptions (Cont.)

Mortality rates were based on the PUB 2010 Mortality Tables, with age setbacks and age set forwards based on different membership groups. Future mortality improvements are anticipated using Scale MP-2021.

There were no changes between the measurement date of December 31, 2023, rolled forward to June 30, 2024, and Crawford County Mental Health Center's reporting date of December 31, 2024.

The long-term expected rate of return of pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class as of the most recent experience study, dated January 29, 2024, as provided by KPER's investment consultant, are summarized in the following table.

Asset class	Long-term target allocation	Long-term expected real rate of return
Non-U.S. Equities	43.00%	8.20%
Core Fixed Income	13.00%	2.20%
Yield Driven	12.00%	5.30%
Infrastructure	3.00%	6.80%
Real Estate	15.00%	5.70%
Alternatives	11.00%	12.00%
Short-term Investments	3.00%	0.30%
Total	100.00%	

Discount Rate

The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate was based on member and employer contributions as outlined below.

In KPERS, the Local, Kansas Police and Firemen and Judges groups are contributing at the full actuarial contribution rate. However, the State/School groups do not necessarily do so.

Based on legislation first passed in 1993, the employer contribution rates certified by KPERS Board may not increase by more than the statutory cap. Subsequent legislation in 2012 set the statutory cap at 0.90 percent for Fiscal Year 2014, 1.00 percent for Fiscal year 2015, 1.10 percent for Fiscal Year 2016 and 1.20 percent for Fiscal Years 2017 and beyond.

In recent years, the Legislature has made several changes to statutory rates that deviate from the scheduled contribution increases set under the statutorily capped rates.

In 2015, S.B. 4, reduced the previously certified State/School statutory rate from 11.27 percent to 8.65 percent for the last half of Fiscal Year 2015. That same session, S.B. 228 recertified statutory rates to 10.91 percent for Fiscal Year 2016 and 10.81 percent for Fiscal Year 2017 in anticipation of the issuance of $1.0 billion in pension obligation bonds.

6. DEFINED BENEFIT PENSION PLAN (CONT.)

Discount Rate (Cont.)

Legislation in the 2016 session (S.B.. 161) provided for the delay of up to $100.0 million in State and School contributions to the Retirement System for Fiscal Year 2016. Concurrently, 2016 H. Sub for S.B. 249 provided that the delayed contributions would be paid in full, with interest at 8.00 percent, by June 30, 2018. However, legislation passed by the 2017 Legislature removed the repayment provision. In addition, 2017 S. Sub for H.B. 2052 delayed $64.0 million in Fiscal Year 2017 contributions, to be paid over 20 years in level dollar installments. The first-year payment $6.4 million was paid in full at the beginning of Fiscal Year 2018, and appropriations for Fiscal Year 2018 were made for the State/School group at the statutory contribution rate of 12.01 percent for that year.

Additional legislation in the 2017 Session (S. Sub for H.B. 2002) provided for a reduction of $194.0 million from the previously certified contribution rate of 13.21 percent in the State/School contributions for Fiscal Year 2019. Like the Fiscal Year 2017 reduction, it is to be paid back over a 20-year period, beginning in Fiscal Year 2020. Therefore, both reductions will be accounted for as receivables by the System.

The 2018 Legislature passed H. Sub for S.B. 109 that provided additional contributions to the school group of $56.0 million in Fiscal Year 2018 and $82.0 million in Fiscal Year 2019.

The 2019 Legislature passed S.B. 9 that provided additional contributions to the school group of $115.0 million in Fiscal Year 2019. H. Sub for S.B. 25 from the 20109 Legislative session authorized additional funding for the KPERS School Group in Fiscal Year 2020 of $51.0 million.

The 2021 Legislature pass House Bill 2405, which authorizes the State of Kansas to issue bonds with net proceeds of $500 million to fund a portion of the School Group's unfunded actuarial liability, S.B. 159 recertified the State/School contribution rates for Fiscal Years 2022 and 2023. Fiscal Year 2022 was recertified from 14.09 percent to 13.33 percent and Fiscal Year 2023 and 13.86 percent to 13.11 percent. The bond proceeds were received by KPERS on August 26, 2021.

The 2022 Legislature passed S.B. 421, which authorized the state of Kansas to transfer $1.125 billion from the State General Fund directly to KPERS in Fiscal Years 2022 and 2023. The first $253.9 million pays off the outstanding accounts receivable for KPERS-School employer contributions withheld in Fiscal Year 2017 and Fiscal Year 2019, discussed previously, while the remaining $871.1 million is applied to the KPERS-School unfunded actuarial liability. In Fiscal Year 2022, $600.0 million was transferred to the System. S.B. 421 authorized two additional transfers totaling $271.0 million in Fiscal Year 2023 (reflected in the projected cash flows of the System).

The 2023 Legislature passed HB 2196, which expanded the Deferred Retirement Option Plan (DROP) in KP&F to include all of that System's employers as of April 27,2023. Under that same Bill, the Kansas Department of Wildlife and Parks (KDWP) became an affiliated KP&F employer making certain law enforcement positions in the Agency eligible for KP&F future service participation as of July 1, 2023. HB 2100 was also passed, defining and establishing limits on environmental, social and governance factors when entering into contracts (including investment contracts) and when making proxy votes on behalf of the System. This latter change was not expected to materially affect the asset allocation. Neither act impacted the valuation results.

The 2024 Legislature passed HP 2711 that increased both the lump sum retiree death benefit from $4,000 to $6,000 and employer contribution rates for State/School for FY 2026 and for Local employers for CY 2025 to fund this benefit improvement. The Bill also increased the employer contribution threshold for the 30% Working After Retirement (WAR) rate from $25,000 to $40,000; and the earnings limit for KP&F retirees from $25,000 to $40,000; while creating at exemption from employer contributions for nurses and direct support workers at Community Development Disability Organizations (CDDOs). Further, the Bill increased the alternative investment cap from 15% to 25% and requires the System to divest all publicly traded securities held in funds by countries of concern. None of the changes from this legislation had any impact on the valuation.

6. DEFINED BENEFIT PENSION PLAN (CONT.)

Discount Rate (Cont.)

Based on employer contribution history as described above, it is a reasonable estimate that the State/School group's contribution rate may not be certified at the statutory rate. It has been assumed that contribution rates will be made within the same range as have been seen in the past few years. Using this assumption actuarial modeling indicates that employer contribution rates for the State/School group are sufficient to avoid a depletion date.

Sensitivity of Crawford County Mental Health Center's proportionate share of the net pension liability to changes in the discount rate

The following presents Center's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what Center of Winfield's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.00%) or 1-percentage point higher (8.00%) than the current rate:

1% Decrease (6.00%)	Discount rate (7.00%)	1% Increase (8.00%)
$529,875	$366,005	$229,054

7. BUDGETS

The budget of the Crawford Mental Health Center is an administrative tool and is not required under Kansas Law.

8. RISK MANAGEMENT

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

9. RELATED PARTY

The lease agreements detailed in Note 5 are with FACT, Inc. Although FACT, Inc. has a separate Board that approves their transactions, there are common members of FACT, Inc. and the Center's Boards and FACT, Inc. generally operates in a way that is beneficial to the Center.

10. RESERVE ACCOUNTS

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.

11. CORRECTION OF ERROR

During the analysis of prepaid rent and lease accounting, it was noted that $500,000 was not recognized as part of the initial prepaid rent balance that was paid in prior years. This resulted in an increase to unrestricted net assets.

12. SUBSEQUENT EVENTS

Management has evaluated the effects on the financial statement of subsequent events occurring through the date of this report, which is the date at which the financial statement was available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

CRAWFORD COUNTY MENTAL HEALTH CENTER, KANSAS

Schedule of Center's Proportionate Share of the Net Pension Liability
For the Year Ended December 31, 2024

Kansas Public Employees Retirement System
Last 10 Fiscal Years*

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Local										
Center's proportionate percentage of the net pension liability	0.01723%	For 2015 to 2024, this data was included as part of Crawford County.								
Center's proportionate share of the net pension liability	$ 366,005	For 2015 to 2024, this data was included as part of Crawford County.								
Center's covered payroll	$ 366,122	For 2015 to 2024, this data was included as part of Crawford County.								
Center's proportionate share of the net pension liability as a percentage of its covered payroll	99.97%	For 2015 to 2024, this data was included as part of Crawford County.								
Plan fiduciary net position as a percentage of the total pension liability	71.71%	For 2015 to 2024, this data was included as part of Crawford County.								

CRAWFORD COUNTY MENTAL HEALTH CENTER, KANSAS

Schedule of Center's Contributions
For the Year Ended December 31, 2024

Kansas Public Employees Retirement System
Last 10 Fiscal Years

Local	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 505,321	For 2015 to 2024, this data was included as part of Crawford County.								
Contributions in relation to the contractually required contribution	(505,321)	For 2015 to 2024, this data was included as part of Crawford County.								
Contribution deficiency (excess)	$ -	For 2015 to 2024, this data was included as part of Crawford County.								
Center's covered employee payroll	$ 3,953,793	For 2015 to 2024, this data was included as part of Crawford County.								
Contributions as a percentage of covered payroll	12.78%	For 2015 to 2024, this data was included as part of Crawford County.								

Defined Benefit Pension Plan

Changes in benefit terms:

There are no changes in benefits.

Changes in assumptions:

- The discount rate remained the same at 7.00% in FY23 to 7.00% in FY24.

SINGLE AUDIT SECTION

Crawford County Mental Health Center

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2024

Federal Grantor/Pass-Through Grantor Program Title	Federal Assistance Number	Identifying Number	Disbursements/ Expenditures
U.S. Department of Agriculture			
Passed through State of Kansas Department of Education			
Child and Adult Care Food Program	10.558		$ 55,768
U.S. Department of Health and Human Services			
Direct Program			
Certified Community Behavioral Health Clinics	93.696	1H79SM086722	1,000,000
Passed through Kansas Department for Aging and Disability Services			
Mental Health Block Grant	93.958	IB09SM082601-01	44,755
COVID-19 IPS Mental Health Block Grant	93.958	IB09SM085357-01	156,182
Passed through Kansas Department of Health & Environment			
Implementation of Zero Suicide in Health Systems	93.243	H79SM083465	2,179
Total US Department of Health and Human Services			1,203,116
TOTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS			$ 1,258,884

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of Crawford County Mental Health Center, Pittsburg, Kansas, under programs of the federal government for the year ended December 31, 2024. The information in the Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of the Center it is not intended to and does not present the financial position, changes in net position, or cash flows of the Center.

Note 2 - Summary of Significant Account Policies

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principals contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(2) The Center has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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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*

To the Board of Directors
Crawford County Mental Health Center
Pittsburg, KS

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 Crawford County Mental Health Center (Center) as of and for the year ended December 31, 2024, and the related notes to the financial statement which collectively comprise the Center's basic financial statement, and have issued our report thereon dated March 20, 2026.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Center'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 statement, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center'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 statement will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Center's financial statement is 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 statement. 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.

Loyd Group, LLC

Loyd Group, LLC
Galva, KS
March 20, 2026

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

Board of Directors
Crawford County Mental Health Center
Pittsburg, Kansas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Crawford County Mental Health Center's (Center) 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 the Center's major federal programs for the year ended December 31, 2024. The Center'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, the Center, 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, 2024.

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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 the Center 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 the Center'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 the Center'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 the Center'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 GAAS, *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 the Center's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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 the Center'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 the Center'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 the Center'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

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.

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 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.

Loyd Group, LLC

Loyd Group, LLC
Galva, KS
March 20, 2026

Crawford County Mental Health Center

Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2024

Section 1 – Summary of Auditor's Results

Financial Statements

1. Type of auditor's opinion issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
2. Internal control over financial reporting:	
a. Material weaknesses identified?	No
b. Significant deficiencies identified?	No
3. Noncompliance material to the financial statements noted?	No

Federal Awards

1. Internal control over major programs:	
a. Material weaknesses identified?	No
b. Significant deficiencies identified?	None Reported
2. Type of auditor's report issued on compliance for major programs:	Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?	No
4. Identification of major programs:	
	Federal Assistance No.
Certified Community Behavioral Health Clinics	93.696
5. Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
6. Auditee qualified as a low-risk auditee?	No

Section 2 – Findings – Financial Statement Audit

There were no significant deficiencies noted for the current year.

Section 3 – Findings and Questioned Costs – Major Federal Award Programs

Certified Community Behavioral Health Clinics, Federal Assistance No. 93.696.

There were no reportable findings for the year ended December 31, 2024.