

FRANKLIN COUNTY SB40 RESOURCE BOARD

AUDITED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

**FRANKLIN COUNTY SB 40 RESOURCE BOARD
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Franklin County SB40 Resource Board

We have audited the accompanying financial statements of Franklin County SB40 Resource Board (SB40) as of and for the years ended June 30, 2020 and 2019 and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to SB40's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SB40's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SB40, as of June 30, 2020 and 2019 and the changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplemental Information

Management's Discussion and Analysis has been omitted. Such information, although not part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements of SB40. The supplemental schedules of operating revenue and support, expenses, and change in net position for budget and actual, SB40 operations, and service coordination are presented for the purpose of additional analysis and are not a required part of the financial statements. The information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Tochtrop & Associates

Tochtrop & Associates, P.C.

October 19, 2020

FRANKLIN COUNTY SB40 RESOURCE BOARD
STATEMENTS OF NET POSITION
JUNE 30, 2020 AND 2019

	ASSETS	
	<u>2020</u>	<u>2019</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,793,104	2,452,208
Receivables:		
Accounts	163,244	154,328
Property taxes	102,753	77,399
Other	6,404	290
Prepaid expenses	<u>23,107</u>	<u>22,282</u>
TOTAL CURRENT ASSETS	<u>3,088,612</u>	<u>2,706,507</u>
CAPITAL ASSETS		
Land and construction in progress	240,578	250,578
Other capital assets, net of of accumulated depreciation	<u>2,516,137</u>	<u>2,606,723</u>
CAPITAL ASSETS	<u>2,756,715</u>	<u>2,857,301</u>
OTHER ASSET		
Loan fees, net of amortization	<u>7,366</u>	<u>7,892</u>
TOTAL ASSETS	<u>\$ 5,852,693</u>	<u>5,571,700</u>

The accompanying notes are an integral part of the financial statements

FRANKLIN COUNTY SB40 RESOURCE BOARD
STATEMENTS OF NET POSITION
JUNE 30, 2020 AND 2019
(CONTINUED)

	<u>2020</u>	<u>2019</u>
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable	\$ 168,791	298,154
Accrued payroll liabilities	30,685	21,866
ABiLITY prepaid rent income	1,550	2,350
Compensated absences	44,937	30,660
Current portion of note payable	<u>43,870</u>	<u>41,773</u>
TOTAL CURRENT LIABILITIES	289,833	394,803
NONCURRENT LIABILITY		
Note payable, net of current portion	<u>815,118</u>	<u>858,227</u>
TOTAL LIABILITIES	<u>1,104,951</u>	<u>1,253,030</u>
NET POSITION		
Invested in capital assets	1,897,727	1,957,301
Unrestricted	<u>2,850,015</u>	<u>2,361,369</u>
TOTAL NET POSITION	<u>4,747,742</u>	<u>4,318,670</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 5,852,693</u>	<u>5,571,700</u>

The accompanying notes are an integral part of the financial statements

FRANKLIN COUNTY SB40 RESOURCE BOARD
STATEMENTS OF REVENUE AND SUPPORT, EXPENSES, AND CHANGE IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
OPERATING REVENUE AND SUPPORT		
Property taxes	\$ 2,011,379	1,910,154
Missouri Department of Mental Health	<u>1,765,555</u>	<u>1,779,486</u>
TOTAL OPERATING REVENUE AND SUPPORT	<u>3,776,934</u>	<u>3,689,640</u>
OPERATING EXPENSES		
SB40 operations	1,904,964	1,863,690
Service coordination	<u>1,382,612</u>	<u>1,372,013</u>
TOTAL OPERATING EXPENSES	<u>3,287,576</u>	<u>3,235,703</u>
INCOME FROM OPERATIONS	489,358	453,937
NONOPERATING REVENUE (EXPENSE)	<u>(60,286)</u>	<u>28,982</u>
CHANGE IN NET POSITION	429,072	482,919
NET POSITION, JULY 1	<u>4,318,670</u>	<u>3,835,751</u>
NET POSITION, JUNE 30	<u>\$ 4,747,742</u>	<u>4,318,670</u>

The accompanying notes are an integral part of the financial statements

FRANKLIN COUNTY SB40 RESOURCE BOARD
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from property taxes	\$ 1,986,025	1,954,383
Receipts from services provided	1,756,639	1,761,661
Payments to or for the benefit of employees	(1,245,334)	(1,266,540)
Payments to suppliers and providers	<u>(2,068,133)</u>	<u>(2,056,635)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>429,197</u>	<u>392,869</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Rent income	26,600	28,200
Miscellaneous receipts	<u>-</u>	<u>3,108</u>
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>26,600</u>	<u>31,308</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	(39,304)	(1,663,024)
Note payable:		
Advances	-	900,000
Principal payments	(41,012)	-
Debt issuance costs	-	6,022
Interest paid	<u>(44,812)</u>	<u>(16,276)</u>
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(125,128)</u>	<u>(773,278)</u>
CASH FLOWS PROVIDED BY INVESTING ACTIVITIES		
Interest income	<u>10,227</u>	<u>13,950</u>
CHANGE IN CASH AND CASH EQUIVALENTS	340,896	(335,151)
CASH AND CASH EQUIVALENTS, JULY 1	<u>2,452,208</u>	<u>2,787,359</u>
CASH AND CASH EQUIVALENTS, JUNE 30	<u>\$ 2,793,104</u>	<u>2,452,208</u>

The accompanying notes are an integral part of the financial statements

FRANKLIN COUNTY SB40 RESOURCE BOARD
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019
(CONTINUED)

	<u>2020</u>	<u>2019</u>
RECONCILIATION OF INCOME FROM OPERATIONS		
TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Income from operations	\$ 489,358	<u>453,937</u>
Adjustments to reconcile income from operations to net cash provided by operating activities:		
Depreciation	87,315	45,779
(Increase) decrease in current assets:		
Receivables:		
Accounts	(8,916)	(17,825)
Property taxes	(25,354)	44,229
Other	(6,114)	(290)
Prepaid expenses	(825)	5,078
Deposits on leased property	-	2,750
Increase (decrease) in current liabilities:		
Accounts payable	(129,363)	(125,887)
Retainage payable	-	(17,015)
Accrued payroll liabilities	8,819	786
Compensated absences	<u>14,277</u>	<u>1,327</u>
Total Adjustments	<u>(60,161)</u>	<u>(61,068)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 429,197</u>	<u>392,869</u>

Supplemental disclosure of cash flow information:

Noncash Activity:

Donated capital assets	\$ (210,000)	\$ -
Market value over book value of donated capital assets	<u>157,425</u>	<u>-</u>
Book value of donated capital assets	<u>\$ (52,575)</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements

FRANKLIN COUNTY SB40 RESOURCE BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Franklin County SB40 Resource Board (SB40) is a political subdivision formed in 1987 under the "Senate Bill 40" legislation in Franklin County, Missouri. Under this legislation, money generated through a county property tax is designated to provide services for persons with developmental disabilities. SB40 also receives reimbursement from the Missouri Department of Mental Health for providing targeted case management services.

The significant accounting policies consistently applied by SB40 in the preparation of the accompanying financial statements are summarized below:

1. The Reporting Entity

In evaluating SB40 as a reporting entity, management has addressed all component units for which SB40 may or may not be financially accountable and, as such, be includable within SB40's financial statements. In accordance with GASB Statement No. 14, SB40 (the primary government) is financially accountable if it appoints a voting majority of an entity's governing board and 1) it is able to impose its will on the entity or 2) there is a potential for the entity to provide specific financial benefit to or impose specific financial burden on SB40. Additionally, the primary government is required to consider other entities for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting organization's financial statements to be misleading or incomplete. SB40 does not have any component units.

2. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounts of SB40 are maintained using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

SB40 includes all of its activities in one enterprise fund. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises--where the governing body has decided that periodic determination of revenues and expenses is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Enterprise funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with principal ongoing operations. The principal operating revenue of SB40 are property taxes and a service contract. Operating expenses include cost of services, administrative expenses, and depreciation on property and equipment. All revenues and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Private-sector standards of accounting and financial reporting issued after December 1, 1989, generally are followed in the financial statements to the extent that those standards do not conflict with or contradict guidance of GASB.

FRANKLIN COUNTY SB40 RESOURCE BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE A - SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

When both restricted and unrestricted resources are available for use, it is SB40's policy to use restricted resources first, then unrestricted resources as they are needed.

3. Cash and Cash Equivalents

State statutes authorize SB40 to invest in obligations of U.S. Treasury, federal agencies, commercial paper, corporate bonds, and repurchase agreements.

For cash flow statement purposes, SB40 considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

4. Capital Assets

Capital assets, which include land, construction in progress, buildings, and office equipment, are stated at cost. It is SB40's policy to capitalize property and equipment with an initial cost of more than \$5,000 and an estimated useful life in excess of one year. Donated capital assets are recorded at acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation is computed on the straight-line method using asset lives as follows:

<u>Assets</u>	<u>Years</u>
Buildings	15-38
Office equipment	5

5. Receivables

In the opinion of management, all receivables are collectible in full at June 30, 2020 and 2019; therefore, no allowance for doubtful accounts is provided.

6. Loan fees

SB40 capitalizes costs related to obtaining, renewing, or extending loan agreements and amortizes these costs over the life of the loan. The gross loan fees were \$7,892 at June 30, 2020 and 2019. Amortization expense amounted to \$526 and \$0 for the years ended June 30, 2020 and 2019, respectively.

7. Compensated Absences

It is SB40's policy to permit employees to accumulate a limited amount of earned but unused vacation and sick pay benefits. All vacation pay is accrued when incurred. There is no liability for unpaid accumulated sick leave since SB40 does not have a policy to pay any amounts when employees separate from service.

FRANKLIN COUNTY SB40 RESOURCE BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE A - SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

8. Property Taxes

Property taxes are collected by Franklin County, Missouri and attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and are due and payable by December 31. Taxes paid after December 31 are subject to penalties.

SB40 received a tax levy at June 30, 2020 of \$.0975 per \$100 of assessed value of Franklin County's real estate and personal property. The assessed values at January 1, 2019 were \$2,044,978,776.

SB40 received a tax levy at June 30, 2019 of \$.10 per \$100 of assessed value of Franklin County's real estate and personal property. The assessed values at January 1, 2018 were \$1,935,258,650.

9. Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond the fiscal year-end are recorded as prepaid expenses.

10. Budgets and Budgetary Accounting

SB40 follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. Prior to July 1, the proposed budget is submitted to the Board of Directors for the upcoming fiscal year. The budget includes proposed expenditures and the means of financing them.
- b. Prior to July 1, the budget is adopted by the Board of Directors.
- c. Unused appropriations lapse at the end of the year.
- d. The budget amounts shown in the financial statements are the original and final authorized amounts.
- e. The budget is adopted on a basis consistent with that used for the financial statements.

11. Reclassifications

Certain amounts in the 2019 financial statements have been reclassified for comparative purposes to conform to the 2020 presentation.

12. 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 the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

FRANKLIN COUNTY SB40 RESOURCE BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE B - CASH AND CASH EQUIVALENTS

Custodial credit risk for deposits is the risk that in the event of bank failure, SB40's deposits may not be returned, or SB40 will not be able to recover collateral securities in the possession of an outside party. SB40's bank deposits are required by state law to be secured by the deposit of certain securities specified at RSMo 30.270 with SB40 or trustee institution. The value of the securities must amount to the total of SB40's cash not insured by the Federal Deposit Insurance Corporation (FDIC).

At June 30, 2020 and 2019, SB40's bank balances were entirely secured or collateralized with securities held by SB40 or by its agent in SB40's name.

NOTE C - CAPITAL ASSETS

Capital asset activity at June 30, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<i>Capital assets</i>				
<i>not being depreciated:</i>				
Land	\$ <u>250,578</u>	<u> --</u>	<u>(10,000)</u>	<u>240,578</u>
<i>Capital assets being depreciated:</i>				
Buildings	2,915,478	39,304	(219,071)	2,735,711
Office equipment	<u>26,987</u>	<u> --</u>	<u> --</u>	<u>26,987</u>
Total capital assets being depreciated	<u>2,942,465</u>	<u>39,304</u>	<u>(219,071)</u>	<u>2,762,698</u>
<i>Less accumulated depreciation for:</i>				
Buildings	(317,484)	(84,234)	176,496	(225,222)
Office equipment	<u>(18,258)</u>	<u>(3,081)</u>	<u> --</u>	<u>(21,339)</u>
Total accumulated depreciation	<u>(335,742)</u>	<u>(87,315)</u>	<u>176,496</u>	<u>(246,561)</u>
Total capital assets being depreciated, net	<u>2,606,723</u>	<u>(48,011)</u>	<u>(42,575)</u>	<u>2,516,137</u>
Total capital assets, net	<u>\$2,857,301</u>	<u>(48,011)</u>	<u>(52,575)</u>	<u>2,756,715</u>

Depreciation expense amounted to \$87,315.

On May 15, 2020, SB40 gifted the Sullivan House building and related land to Developmental Services of Franklin County d/b/a ABiLiTY (ABiLiTY). The gift value of the donated property was \$210,000.

FRANKLIN COUNTY SB40 RESOURCE BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE C - CAPITAL ASSETS (CONTINUED)

Capital asset activity at June 30, 2019 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<i>Capital assets</i>				
<i>not being depreciated:</i>				
Land	\$ 250,578	--	--	250,578
Construction in progress	<u>525,534</u>	<u>1,663,024</u>	<u>(2,188,558)</u>	<u>--</u>
Total capital assets not being depreciated	<u>776,112</u>	<u>1,663,024</u>	<u>(2,188,558)</u>	<u>250,578</u>
<i>Capital assets being depreciated:</i>				
Buildings	726,920	2,188,558	--	2,915,478
Leasehold improvements	7,506	--	(7,506)	--
Office equipment	<u>26,987</u>	<u>--</u>	<u>--</u>	<u>26,987</u>
Total capital assets being depreciated	<u>761,413</u>	<u>2,188,558</u>	<u>(7,506)</u>	<u>2,942,465</u>
<i>Less accumulated depreciation for:</i>				
Buildings	(275,553)	(41,931)	--	(317,484)
Leasehold improvements	(7,506)	--	7,506	--
Office equipment	<u>(14,410)</u>	<u>(3,848)</u>	<u>--</u>	<u>(18,258)</u>
Total accumulated depreciation	<u>(297,469)</u>	<u>(45,779)</u>	<u>7,506</u>	<u>(335,742)</u>
Total capital assets being depreciated, net	<u>463,944</u>	<u>2,142,779</u>	<u>--</u>	<u>2,606,723</u>
Total capital assets, net	<u>\$1,240,056</u>	<u>3,805,803</u>	<u>(2,188,558)</u>	<u>2,857,301</u>

Depreciation expense amounted to \$45,779.

NOTE D - RENT

Income

On July 1, 2016, SB40 entered into a one-year lease agreement with ABiLITY for \$1,550 per month. This agreement has expired and continues on a month to month basis. Prepaid rent amounted to \$1,550 at June 30, 2020 and 2019. Rent income amounted to \$18,600 for the years ended June 30, 2020 and 2019.

On July 1, 2016, SB40 entered into a one-year lease agreement with ABiLITY for \$800 per month. This agreement has expired and continued through May 2020. Prepaid rent amounted to \$0 and \$800 at June 30, 2020 and 2019, respectively. Rent income amounted to \$8,800 and \$9,600 for the years ended June 30, 2020 and 2019, respectively.

FRANKLIN COUNTY SB40 RESOURCE BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE D - RENT (CONTINUED)

Expense

On June 30, 2018, a ten-year lease agreement expired and continued on a month to month basis for \$2,986 per month through March 2019. Rent expense amounted to \$27,775 for the year ended June 30, 2019.

On April 30, 2018, a one-year lease agreement expired and continued on a month to month basis for \$900 per month through March 2019. Rent expense amounted to \$8,326 for the year ended June 30, 2019.

NOTE E - NONCURRENT LIABILITY

Noncurrent liability consists of the following:

5% note payable to the United Bank of Union, due in monthly payments of \$7,152 including interest. A single balloon payment of the entire unpaid balance is due July 28, 2024. Secured by a deed of trust on the real property located in Union, Missouri.

Changes in note payable for the year ended June 30, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Note payable	\$ <u>900,000</u>	<u> --</u>	<u>41,012</u>	<u>858,988</u>	<u>43,870</u>

Changes in note payable for the year ended June 30, 2019 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Note payable	\$ <u> --</u>	<u>900,000</u>	<u> --</u>	<u>900,000</u>	<u>41,773</u>

Future maturities are as follows:

	<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021		\$ 43,870	41,954	85,824
2022		46,115	39,709	85,824
2023		48,475	37,349	85,824
2024		50,955	34,869	85,824
2025		<u>669,573</u>	<u>2,789</u>	<u>672,362</u>
		<u>\$858,988</u>	<u>156,670</u>	<u>1,015,658</u>

FRANKLIN COUNTY SB40 RESOURCE BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE F - CONTINGENCY EXPENSES

Contingency expenses consist of the following:

	<u>June 30</u> <u>2020</u>	<u>June 30</u> <u>2019</u>
CARF survey and fees	\$ 8,035	--
Professional fees	5,263	6,630
Improvements	4,441	--
Workers' comp expenses	1,176	--
Service maintenance contract	--	9,368
Equipment	<u>--</u>	<u>3,663</u>
	<u>\$18,915</u>	<u>\$19,661</u>

NOTE G - AGENCY FUNDING

Agency funding consist of the following:

	<u>June 30</u> <u>2020</u>	<u>June 30</u> <u>2019</u>
ABiLITY	\$ 855,416	\$ 764,708
EMPAC Group	422,393	440,705
OATS, Inc. - Mid East	84,637	130,639
Exceptional Equestrians	75,334	75,294
Partnership for Hope	65,131	70,220
Consumer Services	53,870	53,696
Rainbow Abilities Center	50,000	50,000
TEMCO, Inc.	17,455	15,191
OATS, Inc. - Mid Missouri	10,091	11,500
Young Men's Christian Association	6,795	12,755
River Bluff Industries	<u>3,900</u>	<u>3,250</u>
	<u>\$1,645,022</u>	<u>\$1,627,958</u>

NOTE H - PROFIT-SHARING PLAN

SB40 maintains a profit-sharing plan open to substantially all employees that meet minimum age requirements. Contributions are based on calendar year wages and are approved for payment in the future year budget. There is no liability for employer contributions since SB40 is not legally obligated to make contributions. Profit-sharing contributions vest based on years of service, at a rate of 20% per year beginning in year two, up to 100% in year six.

SB40's contribution for the years ended June 30, 2020 and 2019, which is based on 2018 and 2017 calendar year wages and approved for payment in the current year budget, amounted to \$65,614 and \$63,467, respectively.

FRANKLIN COUNTY SB40 RESOURCE BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE I - DEFERRED COMPENSATION PLAN

As of January 1, 2018, SB40 offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all employees over the age of 21, permits them to defer a portion of their salary until future years. SB40 makes no contribution to the plan. Investments are managed by the plan's investment manager. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The assets of the plan are held in trust for the exclusive benefit of the plan participants and their beneficiaries and are not available to the creditors of SB40. For this reason, the assets and related liabilities of the plan are not included in the accompanying financial statements.

NOTE J - SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 19, 2020, the date which the financial statements were available for issue. No subsequent events were identified.

SUPPLEMENTAL INFORMATION

FRANKLIN COUNTY SB40 RESOURCE BOARD
SUPPLEMENTAL INFORMATION
SCHEDULE OF OPERATING REVENUE AND SUPPORT, EXPENSES, AND CHANGE IN NET POSITION
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Original</u> <u>Budget</u>	<u>Final</u> <u>Budget</u>	<u>2020</u>	<u>Over</u> <u>(Under)</u> <u>Budget</u>
OPERATING REVENUE AND SUPPORT				
Property taxes	\$ 1,950,000	1,950,000	2,011,379	61,379
Missouri Department of Mental Health	<u>1,676,506</u>	<u>1,676,506</u>	<u>1,765,555</u>	<u>89,049</u>
TOTAL OPERATING REVENUE AND SUPPORT	<u>3,626,506</u>	<u>3,626,506</u>	<u>3,776,934</u>	<u>150,428</u>
OPERATING EXPENSES				
SB40 OPERATIONS				
Agency funding	1,801,708	1,828,708	1,645,022	(183,686)
Personnel expenses	148,216	148,216	145,618	(2,598)
Depreciation	41,133	41,133	38,042	(3,091)
Repairs and maintenance	21,000	21,000	28,344	7,344
IT service contracts	7,617	7,617	7,007	(610)
Professional development and dues	6,000	6,000	6,228	228
Utilities	10,000	10,000	6,153	(3,847)
Communication systems	7,200	7,200	6,030	(1,170)
Professional fees	5,300	5,300	5,961	661
Insurance - property	4,600	4,600	4,125	(475)
Insurance - liability	3,700	3,700	3,823	123
Equipment not capitalized	5,000	5,000	2,443	(2,557)
Postage	2,000	2,000	1,816	(184)
Office supplies	2,700	2,700	1,740	(960)
Conferences and dues	3,100	3,100	1,380	(1,720)
Mileage and meals	2,500	2,500	651	(1,849)
Advertising	2,000	2,000	571	(1,429)
Record checks and physicals	50	50	10	(40)
Executive Director discretionary	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>
TOTAL SB40 OPERATIONS	<u>\$ 2,074,824</u>	<u>2,101,824</u>	<u>1,904,964</u>	<u>(196,860)</u>

FRANKLIN COUNTY SB40 RESOURCE BOARD
SUPPLEMENTAL INFORMATION
SCHEDULE OF OPERATING REVENUE AND SUPPORT, EXPENSES, AND CHANGE IN NET POSITION
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020
(CONTINUED)

	<u>Original</u> <u>Budget</u>	<u>Final</u> <u>Budget</u>	<u>2020</u>	<u>Over</u> <u>(Under)</u> <u>Budget</u>
SERVICE COORDINATION				
Personnel expenses	\$ 1,247,917	1,247,917	1,122,812	(125,105)
Depreciation	52,000	52,000	49,273	(2,727)
IT service contracts	44,883	44,883	40,820	(4,063)
Utilities	40,000	40,000	24,613	(15,387)
Communication systems	28,800	28,800	24,120	(4,680)
Mileage and meals	36,000	36,000	19,784	(16,216)
Contingency	47,581	47,581	18,915	(28,666)
Repairs and maintenance	24,000	24,000	16,746	(7,254)
Insurance - liability	14,800	14,800	13,876	(924)
Equipment not capitalized	25,000	25,000	10,372	(14,628)
Professional fees	8,300	8,300	9,851	1,551
Conferences and dues	10,200	10,200	7,604	(2,596)
Office supplies	10,800	10,800	6,291	(4,509)
Professional development and dues	6,000	6,000	6,236	236
Insurance - property	5,400	5,400	5,013	(387)
Advertising	2,000	2,000	3,037	1,037
Postage	3,000	3,000	2,176	(824)
Record checks and physicals	500	500	1,073	573
Executive Director discretionary	1,000	1,000	-	(1,000)
TOTAL SERVICE COORDINATION	<u>1,608,181</u>	<u>1,608,181</u>	<u>1,382,612</u>	<u>(225,569)</u>
TOTAL OPERATING EXPENSES	<u>3,683,005</u>	<u>3,710,005</u>	<u>3,287,576</u>	<u>(422,429)</u>
INCOME FROM OPERATIONS	<u>(56,499)</u>	<u>(83,499)</u>	<u>489,358</u>	<u>572,857</u>
NONOPERATING REVENUE (EXPENSE)				
Rent	28,200	28,200	27,400	(800)
Interest income	5,000	5,000	10,227	5,227
Donated capital assets	-	-	(210,000)	(210,000)
Market value over book value of donated capital assets	-	-	157,425	157,425
Interest expense	(44,061)	(44,061)	(44,812)	(751)
Amortization	-	-	(526)	(526)
TOTAL NONOPERATING REVENUE (EXPENSE)	<u>(10,861)</u>	<u>(10,861)</u>	<u>(60,286)</u>	<u>(49,425)</u>
CHANGE IN NET POSITION	<u>\$ (67,360)</u>	<u>(94,360)</u>	<u>429,072</u>	<u>523,432</u>

FRANKLIN COUNTY SB40 RESOURCE BOARD
 SUPPLEMENTAL INFORMATION
 SCHEDULE OF OPERATING REVENUE AND SUPPORT, EXPENSES, AND CHANGE IN NET POSITION
 SB40 OPERATIONS
 FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
OPERATING REVENUE AND SUPPORT		
Property taxes	\$ 2,011,379	1,910,154
OPERATING EXPENSES		
Agency funding	1,645,022	1,627,958
Personnel expenses	145,618	141,855
Depreciation	38,042	31,400
Repairs and maintenance	28,344	9,783
IT service contracts	7,007	6,089
Professional development and dues	6,228	5,840
Utilities	6,153	4,927
Communication systems	6,030	3,936
Professional fees	5,961	6,033
Insurance - property	4,125	4,979
Insurance - liability	3,823	3,671
Equipment not capitalized	2,443	2,402
Postage	1,816	1,778
Office supplies	1,740	1,752
Conferences and dues	1,380	3,611
Mileage and meals	651	709
Advertising	571	445
Record checks and physicals	10	11
Rent	-	5,600
Executive Director discretionary	-	890
Miscellaneous	-	21
TOTAL OPERATING EXPENSES	<u>1,904,964</u>	<u>1,863,690</u>
INCOME (LOSS) FROM OPERATIONS	<u>106,415</u>	<u>46,464</u>
NONOPERATING REVENUE (EXPENSE)		
Rent	27,400	28,200
Interest income	10,227	13,950
Donated capital assets	(210,000)	-
Market value over book value of donated capital assets	157,425	-
Interest expense	(8,962)	(3,255)
Amortization	(105)	-
TOTAL NONOPERATING REVENUE (EXPENSE)	<u>(24,015)</u>	<u>38,895</u>
CHANGE IN NET POSITION	<u>\$ 82,400</u>	<u>85,359</u>

FRANKLIN COUNTY SB40 RESOURCE BOARD
SUPPLEMENTAL INFORMATION
SCHEDULE OF OPERATING REVENUE AND SUPPORT, EXPENSES, AND CHANGE IN NET POSITION
SERVICE COORDINATION
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
OPERATING REVENUE AND SUPPORT		
Missouri Department of Mental Health	\$ 1,765,555	1,779,486
OPERATING EXPENSES		
Personnel expenses	1,122,812	1,126,798
Depreciation	49,273	14,379
IT service contracts	40,820	36,828
Utilities	24,613	21,594
Communication systems	24,120	16,900
Mileage and meals	19,784	32,168
Contingency	18,915	19,661
Repairs and maintenance	16,746	7,702
Insurance - liability	13,876	13,293
Equipment not capitalized	10,372	15,858
Professional fees	9,851	9,949
Conferences and dues	7,604	9,053
Office supplies	6,291	5,894
Professional development and dues	6,236	5,931
Insurance - property	5,013	1,529
Advertising	3,037	1,033
Postage	2,176	2,330
Record checks and physicals	1,073	692
Rent	-	30,501
Miscellaneous	-	20
TOTAL OPERATING EXPENSES	<u>1,382,612</u>	<u>1,372,113</u>
INCOME FROM OPERATIONS	<u>382,943</u>	<u>407,373</u>
NONOPERATING REVENUE (EXPENSE)		
Miscellaneous	-	3,108
Interest expense	(35,850)	(13,021)
Amortization	(421)	-
TOTAL NONOPERATING REVENUE (EXPENSE)	<u>(36,271)</u>	<u>(9,913)</u>
CHANGE IN NET POSITION	<u>\$ 346,672</u>	<u>397,460</u>