

PIATT COUNTY MENTAL HEALTH CENTER

ANNUAL FINANCIAL REPORT

For the fiscal year ended June 30, 2025



PIATT COUNTY MENTAL HEALTH CENTER

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June 30, 2025

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INDEPENDENT AUDITORS' REPORT

**Members of the Board
Piatt County Mental Health Center
Monticello, Illinois**

Qualified Opinion

We have audited the accompanying financial statements of Piatt County Mental Health Center (the Center), a component unit of Piatt County, Illinois, as of and for the years ended June 30, 2025 and 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.

As discussed in Note 1, the financial statements present only Piatt County Mental Health Center and do not purport to, and do not, present fairly the financial position of Piatt County, Illinois, as of June 30, 2025 and 2024, 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.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the financial statements referred to above present fairly, in all material respects, the respective financial position of Piatt County Mental Health Center, a component unit of Piatt County, Illinois, as of June 30, 2025 and 2024, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion

The financial statements do not disclose all required components of Governmental Accounting Standards Board Statements No. 75 *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions* and No. 68 *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Piatt County Mental Health 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.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 the 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

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, 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. Our opinions on the basic financial statements are not affected by this missing information.

Other Matters

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2025, on our consideration of the 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 the 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 the Center's internal control over financial reporting and compliance.

MCK CPAs & Advisors

Decatur, Illinois
December 9, 2025

PIATT COUNTY MENTAL HEALTH CENTER

STATEMENTS OF NET POSITION

June 30, 2025 and 2024

	2025	2024
<u>ASSETS</u>		
Current Assets:		
Cash and cash equivalents	\$ 292,628	258,404
Accounts receivable, net of allowance for credit losses	554,707	344,060
Investments	611,436	648,569
Prepaid expense	44,050	31,182
Total current assets	1,502,821	1,282,215
Noncurrent Assets:		
Capital assets:		
Building, fixtures, and equipment, net of accumulated depreciation	447,084	482,318
Right-to-use asset, net of amortization	25,734	
Total noncurrent assets	472,818	482,318
TOTAL ASSETS	1,975,639	1,764,533
<u>LIABILITIES</u>		
Current Liabilities:		
Accounts payable and other current liabilities	29,409	23,404
Wages payable	13,505	14,555
Compensated absences (restated for 2024)	105,179	97,708
Lease liability - current	5,477	
Total current liabilities	153,570	135,667
Noncurrent Liabilities:		
Lease liability - noncurrent	20,464	
TOTAL LIABILITIES	174,034	135,667
<u>NET POSITION</u>		
Net investment in capital assets	446,877	482,318
Unrestricted	1,354,728	1,146,548
TOTAL NET POSITION	\$ 1,801,605	1,628,866

See Notes to Financial Statements.

PIATT COUNTY MENTAL HEALTH CENTER

**STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION**

Years ended June 30, 2025 and 2024

	2025	2024
Operating revenues:		
Fees for services	\$ 1,492,482	1,393,016
Grants	349,211	407,247
Contribution from Piatt County 708 Mental Health Board	300,000	
Gifts In-Kind revenue		59,740
Miscellaneous	126,298	106,179
Total operating revenues	2,267,991	1,966,182
Operating expenses:		
Salaries, wages, consultants and related expenses	1,995,844	1,872,667
Consumables, occupancy, transportation and other expenses	467,520	425,417
Gifts In-Kind expense		11,950
Depreciation and amortization expense	72,296	70,965
Total operating expenses	2,535,660	2,380,999
Operating loss	(267,669)	(414,817)
Non-operating revenue:		
Investment income	35,124	27,150
American Rescue Plan Act funding	4,120	11,320
Loss before operating transfers	(228,425)	(376,347)
Transfers received from Piatt County for operations	401,164	426,091
Change in net position	172,739	49,744
Net position, beginning of year (restated for 2024)	1,628,866	1,579,122
Net position, end of year	\$ 1,801,605	1,628,866

See Notes to Financial Statements.

PIATT COUNTY MENTAL HEALTH CENTER

STATEMENTS OF CASH FLOWS

Years ended June 30, 2025 and 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from fees for services	\$ 1,279,352	1,236,960
Grant income received	349,211	413,981
Miscellaneous revenue	426,298	106,179
Payments to employees	(1,989,423)	(1,870,242)
Payments to suppliers	(477,574)	(410,653)
Net cash flows from operating activities	(412,136)	(523,775)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfers received from Piatt County for operations	403,647	422,479
American Rescue Plan Act funding	4,120	11,320
Net cash flows from non-capital financing activities	407,767	433,799
CASH FLOWS FROM CAPITAL ACTIVITIES		
Purchase of capital assets	(33,664)	(17,529)
Net cash flows from capital activities	(33,664)	(17,529)
CASH FLOWS FROM INVESTING ACTIVITIES		
Certificate of deposit activity, net	37,133	76,679
Investment income	35,124	27,150
Net cash flows from investing activities	72,257	103,829
Net increase (decrease) in cash and cash equivalents	34,224	(3,676)
Cash and cash equivalents, beginning	258,404	262,080
Cash and cash equivalents, ending	\$ 292,628	258,404

(Continued)

PIATT COUNTY MENTAL HEALTH CENTER

STATEMENTS OF CASH FLOWS (Continued)

Years ended June 30, 2025 and 2024

	2025	2024
RECONCILIATION OF OPERATING LOSS TO NET		
CASH FLOWS BY OPERATING ACTIVITIES		
Operating loss	\$ (267,669)	(414,817)
Adjustments to reconcile operating loss to net cash flows by operating activities:		
Depreciation	68,897	70,965
Difference between lease payment and amortization	208	
Gifts In-Kind, net		(47,790)
Bad debt and other write-offs	50,290	43,161
(Increase) decrease in assets:		
Accounts receivable	(260,937)	(196,095)
Receivables from Piatt County	(2,483)	3,612
Prepaid expense	(12,868)	(2,977)
Increase (decrease) in liabilities:		
Accounts payable and other current liabilities	6,005	17,741
Wages payable	(1,050)	(4,793)
Accrued compensated absences	7,471	7,218
Net cash flows from operating activities	\$ (412,136)	(523,775)
SUPPLEMENTAL DISCLOSURE		
Noncash transaction:		
Capital assets acquired through private donation	\$ -	47,790

See Notes to Financial Statements.

PIATT COUNTY MENTAL HEALTH CENTER

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

Note 1 - Significant Accounting Policies

Nature of Operations: The Piatt County Mental Health Center (Center), a component unit of Piatt County, Illinois, was created via a resolution by the Piatt County, Illinois board on July 14, 1970, to provide mental health services to the residents of Piatt County, Illinois.

Reporting Entity: The Center has developed criteria to determine whether outside agencies should be included within its financial reporting entity. The criteria include, but are not limited to, whether the Center exercises oversight responsibility which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters, scope of public service, and special financing relationships. The Center has determined that no such agencies meet those criteria.

Based on those same criteria, Piatt County, Illinois (County) has determined that the Center is a component unit of the County and thus is included in the financial report of the County as a discretely presented component unit.

Basis of Presentation and Accounting: The Center operates as a proprietary fund type, specifically an enterprise fund, where the intent of the Center is that costs of providing services to the residents of Piatt County, Illinois, on a continuing basis be financed or recovered primarily through user charges. These user charges are recovered from client fees, third parties, and through programs funded by State of Illinois social service agencies such as the Department of Human Services (DHS).

The Center applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and, as appropriate, Financial Accounting Standards Board (FASB) pronouncements.

The accounting and financial reporting treatment applied to the Center is determined by its measurement focus. The transactions of the Center are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the statements of net position. Net position (i.e., total assets net of total liabilities) is segregated into restricted, invested in capital assets net of related debt, and unrestricted components.

Operating revenues are those revenues that are generated from the primary operations of the Center. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All Center expenses are reported as operating expenses. Finally, operating transfers include amounts paid by Piatt County on behalf of the Center.

The Center's basic financial statements are presented on the full accrual basis of accounting and conform to U.S. generally accepted accounting principles.

Cash and Cash Equivalents/Investments: All deposits of the Center are made in board-designated official depositories and are secured as required by the Public Funds Investment Act. The Center may designate, as an official depository, any bank insured by the Federal Deposit Insurance Corporation or credit union with the principal office located within the State of Illinois. In addition, the Center may establish time deposit accounts such as NOW and Super-NOW accounts, money market accounts, and certificates of deposit.

For purposes of the statements of cash flows, the Center defines cash and cash equivalents as demand deposits, money markets, and cash on hand.

PIATT COUNTY MENTAL HEALTH CENTER

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2025 and 2024

Note 1 - Significant Accounting Policies, continued

Investments: The Center invests cash in excess of current operating needs in an investment account through its bank's wealth management department. This account is shown as investments on the statements of net position, and consists of accounts in multiple certificates of deposit. These investments are stated at original cost plus accumulated interest and are generally held until maturity.

Accounts Receivable: Accounts receivable are comprised of earned and unpaid services performed for clients, various State of Illinois and local agencies, and others. All receivables are current and due within one year. Receivables are reported net of an estimated allowance for credit losses. The allowance for credit losses netted with accounts receivable was \$ 17,776 for the year ended June 30, 2025 (2024 - \$ 10,000).

The Center does not charge interest for past due accounts, and it rarely turns unpaid accounts over to collection.

Capital Assets: Capital assets of proprietary funds are stated at cost. The cost of property additions and major replacements of retired units of property is capitalized. Interest on funds used during construction of major projects is capitalized. The cost of maintenance and minor repairs is charged to operations. Donated capital assets, if any, are valued at their estimated fair value on the date donated. The Center's capitalization threshold is \$ 1,000.

Depreciation is computed on the straight-line basis over the estimated useful lives of the various assets:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and building improvements	10-25 years
Vehicles	5-10 years
Furniture and fixtures	7 years
Technology and equipment	3-5 years

Leased assets are amortized over the life of the associated contract.

Leases: The Center reports lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. As lessee, the Center recognizes a lease liability and an intangible right-to-use lease asset.

Compensated Absences: Qualified Center employees are entitled to paid vacation and sick pay based upon their length of employment. Employees are entitled to all accrued vacation leave upon termination. Unused sick leave is not payable upon termination of employment, but may be utilized according to IMRF regulations to extend retirement benefits for those who qualify. A liability for compensated absences has been recorded on the statements of net position.

PIATT COUNTY MENTAL HEALTH CENTER

NOTES TO FINANCIAL STATEMENTS (Continued) June 30, 2025 and 2024

Note 1 - Significant Accounting Policies, continued

Net Assets: Net assets comprise the various net earnings from operating income, nonoperating revenues and expenses, and capital contributions. Net assets are classified in the following three components:

Net investment in capital assets - This component of net assets consists of capital assets, net of accumulated depreciation and amortization, and reduced by outstanding balances of any bonds, mortgages, notes, lease liabilities or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted - This component of net assets consists of constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets - This component of net assets consists of net assets that do not meet the definition of "restricted" or "net investment in capital assets."

When both restricted and unrestricted net position are available for use, it is the Center's policy to use restricted net position first, then unrestricted as needed.

Use of Estimates: Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses.

Budgets and Budgetary Accounting: The Center follows these procedures in establishing its annual budget:

- 1) Prior to the beginning of the Center's fiscal year, the Center Administrator submits an application for continuation of funding to the State of Illinois Department of Human Services in connection with its preliminary grant request for its next fiscal year beginning July 1.
- 2) After the Center has received notification of its actual grant amounts, the preliminary budget is revised to include these grants, and the final budget is then submitted to both the Center's Board and the Piatt County, Illinois' Board.
- 3) The budget is then formally approved by both Boards.

The budget is adopted on a basis consistent with generally accepted accounting principles.

New Accounting GASB Pronouncements: During the year ended June 30, 2025, the Center implemented the following Governmental Auditing Standards Board (GASB) Statements:

GASB Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*. The objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability.

PIATT COUNTY MENTAL HEALTH CENTER

NOTES TO FINANCIAL STATEMENTS (Continued) June 30, 2025 and 2024

Note 1 - Significant Accounting Policies, continued

New Accounting GASB Pronouncements, continued:

GASB Statement No. 101, *Compensated Absences*. The objective of this statement is to better meet the information needs of the financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

Note 2 - Support from Piatt County, Illinois

Piatt County levies for and pays a variety of expenses on behalf of the Center including: employer portion of FICA taxes, unemployment taxes, employer portion of IMRF contributions, workers' compensation and general insurance. A fair value of \$ 256,164 (2024 - \$ 231,091) for these services provided is included in the financial statements to provide accurate cost information, which is necessary for applications for government grants. Also included in the transfers received from Piatt County is an additional \$ 145,000 of support to assist with capital projects and Medicaid losses during the year ended June 30, 2025 (2024 - \$ 195,000). Contributions from Piatt County 708 Mental Health Board include \$ 25,000 (2024 - \$ -0-) for administrative services and \$ 300,000 (2024 - \$ -0-) in grant funds for mental health substance abuse and developmental services awarded for the fiscal year ended June 30, 2025. This \$ 325,000 was from the new Piatt County tax levy that was passed in November 2024 for mental health services.

Note 3 - Illinois Municipal Retirement Fund

The Center, through Piatt County, is a participating member of the Illinois Municipal Retirement Fund (IMRF), which covers all of its employees who:

- a) occupy a job normally requiring 600 hours or more per year;
- b) are paid on a regular payroll from County funds;
- c) were under age seventy when first entering employment, and;
- d) are not covered by another state-created retirement system for the same service.

Employees not qualifying above are considered "nonparticipating employees" and are covered under Social Security.

All actuarial amounts related to the Center are included with the Piatt County, Illinois' payroll information and are included in the financial statements of Piatt County, Illinois, for the year ended November 30, 2025.

Since the Center is a component of a governmental unit, appropriate and full disclosures of IMRF are included in the financial statements of Piatt County, Illinois.

IMRF expense for the year ended June 30, 2025, was \$ 58,619 (2024 - \$ 51,999).

PIATT COUNTY MENTAL HEALTH CENTER

NOTES TO FINANCIAL STATEMENTS (Continued) June 30, 2025 and 2024

Note 4 - 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. As of June 30, 2025, the Center had total bank balances of \$ 947,037. Of that amount, \$ 544,889 was covered by deposit insurance, \$ 402,148 was covered by collateral held by the financial institution's trust department in the Center's name, and none was exposed to custodial credit risk by being uninsured and uncollateralized.

As of June 30, 2024, the Center had total bank balances of \$ 953,398. Of that amount, \$ 594,515 was covered by deposit insurance, \$ 358,883 was covered by collateral held by the financial institution's trust department in the Center's name, and none was exposed to custodial credit risk by being uninsured and uncollateralized.

Note 5 - Operating Leases

In December 2019, the Center entered into a 60-month copier lease. The monthly payment is \$ 390 plus taxes and overages. Total rent expense related to the copier lease for 2025 was \$ 2,698 (2024 - \$ 8,834). The lease expired in November 2024.

In August 2021, The Center entered into a month-to-month lease to occupy space for one of its programs. The monthly payment is \$ 360. Total rent expense related to occupying this space for 2025 was \$ 4,320 (2024 - \$ 4,320).

Note 6 - Long-Term Liabilities

The following is a summary of changes in the Center's long-term obligations for the year ended June 30, 2025:

	Balance at July 1, 2024	Additions	Reductions	Balance at June 30, 2025	Amount Due in One Year
Lease liability	\$ -	29,133	3,192	25,941	5,477

In December 2024, the Center entered into a lease agreement for a copier. The lease period is from December 2024 through November 2029 with monthly payments of \$ 535.

Future maturities of this lease as of June 30, 2025 were as follows:

2026	\$ 6,420
2027	6,420
2028	6,420
2029	6,420
2030	2,675
	<hr/>
	28,355
Less interest	2,414
	<hr/>
Present value of lease liability	\$ 25,941

PIATT COUNTY MENTAL HEALTH CENTER**NOTES TO FINANCIAL STATEMENTS (Continued)**
June 30, 2025 and 2024**Note 7 - Capital Assets**

Capital asset activity for the year ended June 30, 2025 was as follows:

	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
Business-type activities:				
Depreciable capital assets:				
Building	\$ 694,485	30,105		724,590
Equipment, furniture and fixtures, and building improvements	751,350	3,558		754,908
Total depreciable capital assets	1,445,835	33,663	-	1,479,498
Less accumulated depreciation for:				
Building	379,110	18,530		397,640
Equipment, furniture and fixtures, and building improvements	584,407	50,367		634,774
Total accumulated depreciation	963,517	68,897	-	1,032,414
Total depreciable assets, net	482,318	(35,234)	-	447,084
Right-to-use assets:				
Copier lease		29,133		29,133
Total right-to-use assets	-	29,133	-	29,133
Less accumulated amortization for:				
Copier lease		3,399		3,399
Total accumulated amortization	-	3,399	-	3,399
Total right-to-use assets, net	-	25,734	-	25,734
Business-type activities capital assets, net	\$ 482,318	(9,500)	-	472,818

PIATT COUNTY MENTAL HEALTH CENTER

NOTES TO FINANCIAL STATEMENTS (Continued) June 30, 2025 and 2024

Note 7 - Capital Assets, continued

Capital asset activity for the year ended June 30, 2024 was as follows:

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024
Business-type activities:				
Depreciable capital assets:				
Building	\$ 686,444	8,041		694,485
Equipment, furniture and fixtures, and building improvements	700,210	57,278	6,138	751,350
Total depreciable capital assets	1,386,654	65,319	6,138	1,445,835
Less accumulated depreciation for:				
Building	361,762	17,348		379,110
Equipment, furniture and fixtures, and building improvements	536,928	53,617	6,138	584,407
Total accumulated depreciation	898,690	70,965	6,138	963,517
Total depreciable assets, net	\$ 487,964	(5,646)	-	482,318

Total depreciation expense in 2025 was \$ 68,897 (2024 - \$ 70,965). Total amortization expense in 2025 was \$ 3,399 (2024 - \$ -0-).

Note 8 - Risk Management

The Center is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County carries commercial insurance coverage for workers' compensation, liability, property, crime and other insurance that covers the Center. The Center records an estimate for workers' compensation and excess liability insurance expenses based on its share of current year premiums, as well as prior year claims paid out of the County's Self-Insurance Fund. It also incurs actual expenses for workers' compensation insurance paid for consumers. Total expense recorded was \$ 37,915 for the year ended June 30, 2025 (2024 - \$ 35,550).

Since the Center is a component of a governmental unit, appropriate disclosures of the potential risk liabilities and related reserves are anticipated to be included in the financial statements of Piatt County, Illinois.

PIATT COUNTY MENTAL HEALTH CENTER

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2025 and 2024

Note 9 - Other Postemployment Benefits

Retirees of Piatt County may elect to maintain health insurance through the County subsequent to retirement. Such retirees are responsible for paying the full cost of all premiums. As a component unit of Piatt County, employees of the Center qualify to receive this benefit.

Note 10 - Change in Accounting Principle and Restatement

During the fiscal year ended June 30, 2025, the Center implemented GASB Statements No. 100 and No. 101. GASB Statement No. 100, *Accounting Changes and Error Corrections*, had no effect on the financial statements. Implementation of GASB Statement No. 101, *Compensated Absences*, resulted in a restatement of the Center's net position retroactive to the earliest period presented in the comparative financial statements, during the year of implementation. This change resulted in the following reinstatement:

Net assets as of July 1, 2023, as previously stated	\$ 1,605,622
Prior period adjustment to record liability for accrued sick time	<u>(26,500)</u>
Net assets as of July 1, 2023, as restated	<u>\$ 1,579,122</u>

Note 11 - Subsequent Events

The Center has evaluated subsequent events through December 9, 2025, the date through which the financial statements were available to be issued.



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**INDEPENDENT AUDITORS' 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***

**Members of the Board
Piatt County Mental Health Center
Monticello, Illinois**

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 Piatt County Mental Health Center, a component unit of Piatt County, Illinois, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Piatt County Mental Health Center's basic financial statements, and have issued our report thereon dated December 9, 2025.

Report on Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2025-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Piatt County Mental Health Center's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

MCK CPAs & Advisors

Decatur, Illinois
December 9, 2025

PIATT COUNTY MENTAL HEALTH CENTER

SCHEDULE OF FINDINGS AND RESPONSES

June 30, 2025

2025-001 Financial Reporting

Criteria: Management is responsible for establishing and maintaining adequate internal control over financial reporting, including controls over the ability of management to select and apply appropriate accounting principles to prepare financial statements and related footnote disclosures in conformity with accounting principles generally accepted in the United States of America.

Condition: The Center did not issue, without auditors' involvement, complete financial statements with note disclosures, in accordance with accounting principles generally accepted in the United States of America, free of material misstatement.

Cause: Neither management nor the accounting personnel have the expertise to select and apply appropriate accounting principles or to prepare financial statements with appropriate note disclosures in accordance with accounting principles generally accepted in the United States of America.

Effect: Without adequate financial reporting expertise, errors and omissions could occur in the financial statements and not be detected by management.

Recommendation: We recommend that management assess the financial reporting process and consider implementing additional reporting functions and internal control procedures to ensure the accuracy and completeness of the financial statements.

Center's Response: There is no disagreement with the audit finding. The Center is aware of the need for the expertise necessary to prepare a complete set of financial statements and the related disclosures. Management will continue to monitor the internal controls over financial reporting as well as the cost/benefit relationship with these issues.