

CASS COUNTY, MISSOURI

**SINGLE AUDIT REPORT
(OMB Circular A-133)**

FOR THE YEAR ENDED DECEMBER 31, 2014

**Cass County, Missouri
Single Audit Report
(OMB Circular A-133)
For the Year Ended December 31, 2014**

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CHV**COCHRAN HEAD VICK & CO., P.C.****& Co***Certified Public Accountants***Independent Auditor's Report on Schedule
of Expenditures of Federal Awards**

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To the Cass County Commission
Cass County, Missouri

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cass County, Missouri (the County) as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated April 19, 2016, which contained unmodified opinions on those financial statements. Our report also included reference to the report of other auditors. We did not audit the financial statements of Cass Regional Medical Center, a discretely presented component unit which represents 100% of the assets, net position, and revenues of the discretely presented component unit. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

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Kansas City, Missouri
April 19, 2016



ADDITIONAL INFORMATION

Cass County, Missouri
Schedule of Expenditures of Federal Awards
For the Years Ended December 31, 2014

Program	CFDA #	Grant Number	Federal Expenditures	Amounts Paid to Subrecipients
U.S Department of Agriculture:				
Passed Through the Missouri Department of Health				
Special Supplemental Food Nutrition for Women, Infants, and Children: WIC Program	10.557	ERS04513118	\$ 204,183	\$ -
<i>Total Department of Health</i>			<u>204,183</u>	<u>-</u>
Passed Through the Missouri Department of Education				
School Lunch Program	10.555		9,994	-
<i>Total Department of Education</i>			<u>9,994</u>	<u>-</u>
<i>Total U.S. Department of Agriculture</i>			<u>214,177</u>	<u>-</u>
U.S. Department of Housing and Urban Development:				
Passed Through the Missouri Department of Economic Development:				
CDBG Grant Training for Tomorrow	14.228	2008-DI-20	126,099	126,099
<i>Total U.S. Department of Housing and Urban Development</i>			<u>126,099</u>	<u>126,099</u>
U.S. Department of Transportation:				
Passed Through the Missouri Department of Transportation:				
Hazardous Moving Violation	20.600	14-PT-02-022	7,333	-
DWI Enforcement	20.601	14-154-AL-023	8,633	-
<i>Total Missouri Department of Transportation</i>			<u>15,966</u>	<u>-</u>
Highway Planning and Construction Cluster				
Passed Through the Missouri Department of Transportation:				
Federal Bridge	20.205	BRO-B019 (30)	635	-
Federal Bridge	20.205	BRO-B019 (31)	562,861	-
<i>Total Highway Planning and Construction Cluster</i>			<u>563,496</u>	<u>-</u>
<i>Total U.S. Department of Transportation</i>			<u>579,462</u>	<u>-</u>
U.S. Election Assistance Commission				
Passed Through the Missouri Secretary of State, Elections Division				
Help America Vote Act II	90.401		14,196	-
Help America Vote Act III	90.401		1,803	-
<i>Total U.S. Election Assistance Commission</i>			<u>15,999</u>	<u>-</u>
U.S. Department of Health and Human Services:				
Passed Through the Missouri Department of Health				
Public Health Preparedness and Response for Bioterrorism	93.069	AOC12380162	77,208	-
Voluntary National Retail Food Regulatory Program	93.103	5U50FD004334-03	6,828	-
Comprehensive Tobacco Control Coalition	93.305	DH150004029	1,433	-
Title IV-D	93.563		240,106	-
Child Care Health Consultation	93.563		1,155	-
State Investments in Local Public Health Services	unknown	AOC13380023	92,930	-
Maternal Child Health	93.994	AOC12380048	33,575	-
Child Care Sanitation Inspections	93.575		8,930	-
Summer Food Program Sanitation	93.575		810	-
Chronic Disease Primary Prevention	93.068	DH140010010	2,134	-
<i>Total U.S. Department of Health and Human Services</i>			<u>465,109</u>	<u>-</u>
U.S. Department of Homeland Security				
Pass Through the Missouri State Emergency Management Agency				
Emergency Management Performance Grant	97.042	EAW-2011-EP-0004-301	22,683	-
<i>Total U.S. Department of Homeland Security</i>			<u>22,683</u>	<u>-</u>
<i>Total Expenditures of Federal Awards</i>			<u>\$ 1,423,529</u>	<u>\$ 126,099</u>

Cass County, Missouri
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2014

Note 1. Organization

Cass County, Missouri, is the recipient of several federal awards. All federal awards received directly from federal agencies as well as those awards that are passed through other government agencies, are included on the Schedule of Expenditures of Federal Awards.

Note 2. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Cass County, Missouri, and is presented on the modified accrual basis of accounting. The information presented in this schedule is in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 3. Local Government Contributions

Local cost sharing, as defined by the Office of Management and Budget Circular A-102, Attachment F, is required by certain federal grants. The amount of cost sharing varies with each program. Only the federal share of expenditures is presented in the Schedule of Expenditures of Federal Awards.

Note 4. Additional Audits

Grantor agencies reserve the right to conduct additional audits of the County's grant programs for economy and efficiency and program results that may result in disallowed costs to Cass County, Missouri. However, management does not believe such audits would result in any disallowed costs that would be material to the County's financial position at December 31, 2014.

Cass County, Missouri
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2014

Section 1 - Summary of Auditor's Results

Financial Statements:

Type Audit Report Issued on the Basic Financial Statements of Auditee
Unmodified

Internal Control Over Financial Reporting
No material weaknesses identified. Two significant deficiencies reported.

See findings 2014-001 and 2014-002.

General Compliance
No instances of noncompliance identified.

Federal Awards:

Internal Control Over Major Programs
No material weaknesses identified. One significant deficiency reported.

Type Audit Report Issued on Compliance for Major Programs
Unmodified

Audit Findings
See findings 2014-003.

Major Programs

<u>CFDA Number</u>	<u>Name of Federal Program</u>
20.205	Highway Planning and Construction (Federal-Aid Highway Program)
10.557	Special Supplemental Food Nutrition Program for Women, Infants, and Children (WIC)

Dollar Threshold Used to Distinguish Between Type A and Type B Program
\$300,000

Auditee Qualified as a Low-risk Auditee
No

Cass County, Missouri
Schedule of Findings and Questioned Costs (continued)
For the Year Ended December 31, 2014

Section 2 – Financial Statement Findings

Financial Statement Findings Required to be Reported in Accordance with Generally Accepted Government Auditing Standards

2014-001 Financial Reporting

Condition

During our testing of accounts receivable and capital assets, we noted that material adjustments were required in order to properly report these amounts on the financial statements. Accordingly, since the County's year-end procedures were not sufficient to identify the adjustments in a timely manner, we consider this matter to be a significant deficiency in internal control over financial reporting.

Criteria

Internal controls should be in place to ensure year-end balances and external financial reporting conforms to generally accepted accounting principles and the County's accounting policies.

Cause

Year-end procedures were not sufficient to identify the adjustments listed above in a timely manner.

Effect

Potential exists for misstatements to the financial statements.

Recommendation

We recommend that management review year-end closing procedures to ensure that transactions are reviewed to determine the proper reporting in accordance with the County's policies and generally accepted accounting principles.

Management's Response

The County concurs with the auditor and is committed to implementing year-end closing procedures to ensure that transactions are reviewed to determine the proper reporting in accordance with the County's policies and generally accepted accounting principles.

2014-002 Grant Administration and Controls

Condition

The County is the recipient of several federal awards and these awards are administered by various County departments. During our testing of compliance and internal control over compliance as part of our Single Audit testing in the current and prior years, we noted instances where some departments were aware of grant compliance requirements and were ensuring that these compliance requirements are being met, while other departments were not performing appropriate procedures to ensure compliance requirements are being met. Accordingly, we consider this finding to be a significant deficiency in internal control.

Criteria

Compliance with laws and regulations regarding federal grants and contracts is of the utmost importance.

Cause

Our audit disclosed that controls over grants of federal and state funds are deficient and need improvement.

Cass County, Missouri
Schedule of Findings and Questioned Costs (continued)
For the Year Ended December 31, 2014

Effect

Controls over grants of federal and state agencies are inadequate and noncompliance with grant laws and regulations could impose significant operating and financial penalties on an organization and should be avoided at all cost.

Recommendation

We suggest that the County implement a system for monitoring the compliance requirements of all County grants as well as maintaining appropriate supporting documentation for these requirements. We also recommend that this system centralize the grant process and that the County consider either assigning or hiring personnel to administer grant awards across all departments. In addition to addressing the items noted above, this person's responsibilities would include, among many other duties, ensuring that financial and performance reports are correct and submitted timely, that the County is maintaining adequate documentation for procurement, suspension and debarment, and wage rate requirements, and preparing the schedule of expenditures of federal awards.

Management's Response

The County is committed to additional improvements to internal controls over grants and will consider staffing options in conjunction with budget constraints.

Summary Schedule of Prior Audit Findings

2013-001 Grant Administration and Controls

Condition

The County is the recipient of several federal awards and these awards are administered by various County departments.

Recommendation

We suggested that the County structure a system capable of properly accounting for the transaction and restrictions relative to these grants as well as maintaining more accurate and complete documentation for all grant revenues and expenditures. We also recommended that the County centralize the grant process and consider either assigning or hiring personnel to administer grant awards. Part of this person responsibility, among many other duties, would be to ensure that the SEFA is complete and accurate.

Current Year Status

Comment repeated as finding 2014-002.

Section 3 – Federal Award Findings and Questioned Costs

Federal Award Findings Required to be Reported in Accordance with OMB Circular A-133

2014-002 Activities Allowed – Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) CFDA #10.557

Condition

During testing, it was noted that reimbursement requests were not reviewed prior to submission. In addition, timesheet allocations between programs were not supported by appropriate documentation.

Criteria

The County is responsible for internal control over the preparation of reimbursement requests and the accuracy of the information submitted.

Cass County, Missouri
Schedule of Findings and Questioned Costs (continued)
For the Year Ended December 31, 2014

Cause

The County's internal control was not sufficient to ensure reviews of reimbursement requests before submission or to ensure that all timesheet allocations were supported by appropriate documentation.

Effect

The County submitted reimbursement requests that were not reviewed before submission or supported by appropriate documentation.

Questioned Costs

Not determined

Recommendation

We recommend that the County review and revise policies and procedures over reimbursement request submission and timesheet allocation to grants to ensure that requests are accurate and supported by adequate documentation.

Management's Response/Corrective Action Plan

Contact Person – Tiffany Klassen, Health Director

Corrective Action Plan – The County will implement internal control procedures to ensure that employee pay rates are confirmed prior to submitting reimbursement requests and to ensure that appropriate documentation is maintained.

Expected Completion Date – October 20, 2016

Summary Schedule of Prior Audit Findings

2013-002 Activities Allowed – Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) CFDA #10.557

Condition

During testing, it was noted that reimbursement requests were not reviewed prior to submission. Two instances were noted where the pay rate of an employee had changed but the reimbursement request did not reflect the change. In addition, one instance was noted where an employee's time allocation between programs was not documented.

Recommendation

We recommended that the County implement internal control procedures to ensure that reimbursement requests are correct and are supported by appropriate documentation before they are submitted to the grantor agency.

Current Year Status

Comment repeated in the current year with additional related items as described in finding 2014-003.

COMPLIANCE REPORTS

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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 Cass County Commission
Cass County, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Cass County, Missouri (the County), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise of the County's basic financial statements, and have issued our report thereon dated April 19, 2016. Our report also included a reference to the report of other auditors. Our report includes a reference to other auditors who audited the financial statements of the Cass Regional Medical Center, the discretely presented component unit (the Component Unit), as described in our report on the County's financial statements. The financial statements of the Component Unit were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Component Unit.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the 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 the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County'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 County'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.

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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. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2014-001 and 2014-002 that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County'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 determination of financial statement amounts. 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*.

County's Responses to the Findings

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of 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 County's internal control or on compliance. This report is an integral part of an audit performed in accordance *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kansas City, Missouri
April 19, 2016





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Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133

To the Cass County Commission
Cass County, Missouri

Report on Compliance for Each Major Federal Program

We have audited Cass County, Missouri's (the County) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2014. The County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulation, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the County's compliance.

Opinion of Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014.

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Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2014-003. Our opinion on each major federal program is not modified with respect to this matter.

The County's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 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 to those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2014-003 that we consider to be a significant deficiency.

The County's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 on OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Kansas City, Missouri
April 19, 2016

