

CASS COUNTY, MISSOURI

BASIC FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017

**KPM**  
CPAS & ADVISORS

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## **INDEPENDENT AUDITORS' REPORT**

Cass County Commission  
Cass County  
Harrisonville, Missouri

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Cass County, Missouri, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents. We did not audit the financial statements of the discretely presented component units.

### **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.

### **Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented component units of the County. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component units, is based solely on the report of the other auditors. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 auditors' 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 the County'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 the County'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 opinions.

### **Opinions**

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, the discretely presented component units, and the aggregate remaining fund information of Cass County, Missouri, as of December 31, 2017, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that pension information, and budgetary comparison information be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Cass County Commission  
Cass County  
Harrisonville, Missouri

Management has omitted 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Cass County, Missouri's basic financial statements. The Combining Non-Major Fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The Combining Non-Major Fund financial statements and Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2018, on our consideration of Cass County, Missouri's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is 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 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 Cass County, Missouri's internal control over financial reporting and compliance.

KPM CPAs, PC

KPM CPAs, PC  
Springfield, Missouri  
July 31, 2018

CASS COUNTY, MISSOURI  
STATEMENT OF NET POSITION  
December 31, 2017

	Primary Government	Component Unit	Component Unit
	Governmental Activities	Cass Regional Medical Center	Cass Regional Medical Center Foundation
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents- unrestricted	\$ 10,468,090	\$ 17,553,929	\$ 60,757
Investments	500,470	15,318,765	-
Taxes receivable	6,399,000	-	-
Prepaid expenses	58,997	1,168,857	-
Patient accounts receivable, net	-	9,986,531	-
Other accounts receivable	549,360	162,105	-
Due from other governments	992,421	1,545,159	-
Due from affiliate	-	47,940	-
Estimated amounts due from third-party payers	-	1,397,390	-
Inventory	-	1,022,675	-
Restricted cash and cash equivalents	10,435,441	1,273,226	600,818
Restricted investments	5,607	29,386,283	-
Other assets	-	158,087	-
<b>Capital Assets:</b>			
Non-depreciable	6,368,276	3,119,970	-
Depreciable, net	50,702,463	42,387,155	-
<b>TOTAL ASSETS</b>	<b>86,480,125</b>	<b>124,528,072</b>	<b>661,575</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Deferred pension outflows	5,182,299	-	-
<b>TOTAL DEFERRED OUTFLOW OF RESOURCES</b>	<b>5,182,299</b>	<b>-</b>	<b>-</b>

See accompanying notes.

CASS COUNTY, MISSOURI  
STATEMENT OF NET POSITION (continued)  
December 31, 2017

	Primary Government	Component Unit	Component Unit
	Governmental Activities	Cass Regional Medical Center	Cass Regional Medical Center Foundation
<b>LIABILITIES</b>			
<b>Current</b>			
Accounts payable	2,039,323	2,512,193	-
Accrued expenses	144,993	3,608,998	-
Unearned revenue	76,202	-	-
Accrued interest payable	514,957	-	-
Estimated amounts due to third-party payers	-	1,056,114	-
Current maturities of long-term debt	4,315,288	2,200,000	-
	<u>7,090,763</u>	<u>9,377,305</u>	<u>-</u>
<b>Noncurrent</b>			
General obligation bonds payable	17,992,000	-	-
Revenue bonds payable	-	36,100,000	-
Certificates of participation payable, net	27,173,603	-	-
Lease payable	1,261,997	-	-
Net pension liability	6,252,092	-	-
Compensated absences payable	488,250	-	-
	<u>53,167,942</u>	<u>36,100,000</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<b>60,258,705</b>	<b>45,477,305</b>	<b>-</b>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Unavailable revenue - taxes and fees	4,194,884	-	-
Deferred pension inflows	1,947,061	-	-
<b>TOTAL DEFERRED INFLOW OF RESOURCES</b>	<b>6,141,945</b>	<b>-</b>	<b>-</b>
<b>NET POSITION</b>			
Net investment in capital assets	6,327,851	7,307,134	-
Restricted	17,814,861	389,775	704,657
Unrestricted	1,119,062	71,353,858	(43,082)
<b>TOTAL NET POSITION</b>	<b>\$ 25,261,774</b>	<b>\$ 79,050,767</b>	<b>\$ 661,575</b>

See accompanying notes.





CASS COUNTY, MISSOURI  
BALANCE SHEET – GOVERNMENTAL FUNDS  
December 31, 2017

	Special Revenue Funds				Debt Service Funds				Total Governmental Funds
	General Fund	Road and Bridge Fund	Justice Center Sales Tax	Assessor Fund	Justice Center Debt Service	CIA Public Works Debt Service	Broadband Debt Service Fund	Non-Major Governmental Funds	
			Fund		Fund	Fund			
<b>ASSETS</b>									
Cash and cash equivalents	\$ 3,061,516	\$ 3,193,482	\$ 337,309	\$ 795,587	\$ -	\$ -	\$ 517,085	\$ 2,563,111	\$ 10,468,090
Investments	-	-	-	300,470	-	-	-	200,000	500,470
Taxes receivable	1,428,829	3,160,522	1,809,649	-	-	-	-	-	6,399,000
Other accounts receivable	35,445	237,312	248,688	-	-	-	-	27,915	549,360
Intergovernmental receivable	35,360	-	79,705	857,975	-	-	-	19,381	992,421
Prepaid expenses	28,307	6,104	11,478	12,890	-	-	-	218	58,997
Restricted cash and cash equivalents	-	-	-	-	4,292,687	4,894,758	420,958	827,038	10,435,441
Restricted investments	-	-	-	-	-	5,607	-	-	5,607
<b>TOTAL ASSETS</b>	<b>\$ 4,589,457</b>	<b>\$ 6,597,420</b>	<b>\$ 2,486,829</b>	<b>\$ 1,966,922</b>	<b>\$ 4,292,687</b>	<b>\$ 4,900,365</b>	<b>\$ 938,043</b>	<b>\$ 3,637,663</b>	<b>\$ 29,409,386</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>									
<b>Liabilities</b>									
Accounts payable	\$ 249,722	\$ 1,550,606	\$ 41,411	\$ 111	\$ -	\$ -	\$ -	\$ 197,473	\$ 2,039,323
Accrued expenses	13,579	8,840	107,649	1,480	-	-	-	13,445	144,993
Unearned Revenue	-	-	-	-	-	-	-	76,202	76,202
<b>TOTAL LIABILITIES</b>	<b>263,301</b>	<b>1,559,446</b>	<b>149,060</b>	<b>1,591</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>287,120</b>	<b>2,260,518</b>
<b>Deferred Inflows of Resources</b>									
Deferred fees	-	-	-	1,119,562	-	-	-	-	1,119,562
Deferred taxes	45,114	3,030,208	-	-	-	-	-	-	3,075,322
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>45,114</b>	<b>3,030,208</b>	<b>-</b>	<b>1,119,562</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,194,884</b>

See accompanying notes.

CASS COUNTY, MISSOURI  
BALANCE SHEET – GOVERNMENTAL FUNDS (continued)  
December 31, 2017

	Special Revenue Funds				Debt Service Funds			Non-Major Governmental Funds	Total Governmental Funds
	General Fund	Road and Bridge Fund	Justice Center Sales Tax Fund	Assessor Fund	Justice Center Debt Service Fund	CIA Public Works Debt Service Fund	Broadband Debt Service Fund		
FUND BALANCES									
Nonspendable:									
Prepaid items	28,307	6,104	11,478	12,890	-	-	-	218	58,997
Restricted for:									
Road and bridge	-	2,001,662	-	-	-	-	-	-	2,001,662
Judicial	-	-	-	-	-	-	-	290,224	290,224
Public safety	-	-	2,326,291	-	-	-	-	1,072,949	3,399,240
Health and welfare	-	-	-	-	-	-	-	154,528	154,528
Tax maintenance	-	-	-	-	-	-	-	220,114	220,114
Recorder	-	-	-	-	-	-	-	179,674	179,674
Debt service	-	-	-	-	4,292,687	4,900,365	938,043	267,154	10,398,249
Road and bridge	-	-	-	-	-	-	-	799,736	799,736
Capital projects	-	-	-	-	-	-	-	371,434	371,434
Assigned to:									
Assessment	-	-	-	832,879	-	-	-	-	832,879
Unassigned, reported in:									
General Fund	4,252,735	-	-	-	-	-	-	-	4,252,735
Special Revenue Funds	-	-	-	-	-	-	-	(3,882)	(3,882)
Capital Projects Fund	-	-	-	-	-	-	-	(1,606)	(1,606)
TOTAL FUND BALANCES	<u>4,281,042</u>	<u>2,007,766</u>	<u>2,337,769</u>	<u>845,769</u>	<u>4,292,687</u>	<u>4,900,365</u>	<u>938,043</u>	<u>3,350,543</u>	<u>22,953,984</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 4,589,457</u>	<u>\$ 6,597,420</u>	<u>\$ 2,486,829</u>	<u>\$ 1,966,922</u>	<u>\$ 4,292,687</u>	<u>\$ 4,900,365</u>	<u>\$ 938,043</u>	<u>\$ 3,637,663</u>	<u>\$ 29,409,386</u>

See accompanying notes.

CASS COUNTY, MISSOURI  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF  
NET POSITION  
December 31, 2017

Fund balance - total governmental funds	\$ 22,953,984
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:	
Governmental capital assets	113,660,376
Less accumulated depreciation	<u>(56,589,637)</u>
	57,070,739
The net pension asset and deferred costs are not available to pay for current period expenditures and, therefore, are not reported in the funds.	
Deferred outflows due to pensions	5,182,299
Deferred inflows due to pensions	<u>(1,947,061)</u>
	3,235,238
The net pension liability is not due and payable in the current period and, therefore, is not reported in the funds.	
Net pension liability	(6,252,092)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due	(514,957)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	<u>(51,231,138)</u>
Net position of governmental activities	<u><u>\$ 25,261,774</u></u>

See accompanying notes.

CASS COUNTY, MISSOURI  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS  
 Year Ended December 31, 2017

	Special Revenue Funds				Debt Service Funds			Non-Major Governmental Funds	Total Governmental Funds
	General Fund	Road and Bridge Fund	Justice Center Sales Tax Fund	Assessor Fund	Justice Center Debt Service Fund	CIA Public Works Debt Service Fund	Broadband Debt Service Fund		
<b>REVENUES</b>									
Taxes	\$ 8,577,961	\$ 8,834,210	\$ 8,465,212	\$ 1,136,448	\$ -	\$ -	\$ -	\$ -	\$ 27,013,831
Collector's commission	1,631,546	-	-	-	-	-	-	-	1,631,546
Licenses and permits	51,636	-	-	-	-	-	-	-	51,636
Intergovernmental revenue	362,039	-	1,058,417	97,378	-	234,612	-	412,407	2,164,853
Fees and charges	1,260,416	17,374	571,432	8,671	-	-	-	854,569	2,712,462
Other	143,638	148,511	21,572	16,014	11,720	39,602	2,590	66,069	449,716
<b>TOTAL REVENUES</b>	<b>12,027,236</b>	<b>9,000,095</b>	<b>10,116,633</b>	<b>1,258,511</b>	<b>11,720</b>	<b>274,214</b>	<b>2,590</b>	<b>1,333,045</b>	<b>34,024,044</b>
<b>EXPENDITURES</b>									
Current									
General government	5,030,837	-	-	1,229,839	-	-	-	199,126	6,459,802
Judicial	-	-	-	-	-	-	-	165,266	165,266
Public safety	-	-	10,676,318	-	-	-	-	154,728	10,831,046
Public works	63,412	-	-	-	-	-	-	-	63,412
Health and welfare	333,760	-	-	-	-	-	-	568,171	901,931
Highways and roads	-	5,772,149	-	-	-	-	-	1,349	5,773,498
Debt service	-	209,952	-	-	3,245,355	1,862,340	517,205	295,970	6,130,822
Capital outlay	-	1,589,411	204,974	-	58,249	-	-	843,633	2,696,267
<b>TOTAL EXPENDITURES</b>	<b>5,428,009</b>	<b>7,571,512</b>	<b>10,881,292</b>	<b>1,229,839</b>	<b>3,303,604</b>	<b>1,862,340</b>	<b>517,205</b>	<b>2,228,243</b>	<b>33,022,044</b>
<b>EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES</b>	<b>6,599,227</b>	<b>1,428,583</b>	<b>(764,659)</b>	<b>28,672</b>	<b>(3,291,884)</b>	<b>(1,588,126)</b>	<b>(514,615)</b>	<b>(895,198)</b>	<b>1,002,000</b>
<b>OTHER FINANCING SOURCES (USES)</b>									
Sale of property	-	-	97,550	-	-	-	-	-	97,550
Lease purchase proceeds	-	774,722	-	-	-	-	-	-	774,722
Certificate of participation proceeds	-	-	-	-	2,730,000	-	-	-	2,730,000
Operating transfers in (out)	(5,621,107)	(1,989,758)	(125,797)	(30,218)	4,510,506	1,989,758	955,086	311,530	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(5,621,107)</b>	<b>(1,215,036)</b>	<b>(28,247)</b>	<b>(30,218)</b>	<b>7,240,506</b>	<b>1,989,758</b>	<b>955,086</b>	<b>311,530</b>	<b>3,602,272</b>
<b>EXCESS (DEFICIT) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER (USES)</b>	<b>978,120</b>	<b>213,547</b>	<b>(792,906)</b>	<b>(1,546)</b>	<b>3,948,622</b>	<b>401,632</b>	<b>440,471</b>	<b>(583,668)</b>	<b>4,604,272</b>
<b>FUND BALANCE, January 1</b>	<b>3,302,922</b>	<b>1,794,219</b>	<b>3,130,675</b>	<b>847,315</b>	<b>344,065</b>	<b>4,498,733</b>	<b>497,572</b>	<b>3,934,211</b>	<b>18,349,712</b>
<b>FUND BALANCE, December 31</b>	<b>\$ 4,281,042</b>	<b>\$ 2,007,766</b>	<b>\$ 2,337,769</b>	<b>\$ 845,769</b>	<b>\$ 4,292,687</b>	<b>\$ 4,900,365</b>	<b>\$ 938,043</b>	<b>\$ 3,350,543</b>	<b>\$ 22,953,984</b>

See accompanying notes.

CASS COUNTY, MISSOURI  
 RECONCILIATION OF THE CHANGE IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE  
 STATEMENT OF ACTIVITIES  
 Year Ended December 31, 2017

Net change in fund balances - total governmental funds \$ 4,604,272

Amounts reported for governmental activities in the Statement of Activities  
 are different because:

Governmental funds report capital outlays as expenditures. However, in the  
 Statement of Activities the cost of these assets is allocated over their estimated  
 useful lives on a straight line basis and reported as depreciation expense. The  
 following is the detail of the amount by which depreciation exceeded  
 capital outlays for the year.

Capital outlay	1,987,675
Gain on disposal of capital assets	(89,494)
Depreciation	(3,596,000)
	<u>(1,697,819)</u>

The issuance of long-term debt provides current financial resources to governmental  
 funds. The repayment of the principal of long-term debt is a use of current financial  
 resources of governmental funds. In the Statement of Activities, interest is accrued  
 on outstanding debt whereas in the governmental funds, an interest expenditure is  
 reported when due. The following is the detail of the net effect of these differences.

Repayment of principal on bonds, leases and loans	4,272,919
Certificate of participation proceeds	(2,730,000)
Capital lease proceeds	(774,722)
Accrued interest payable	27,034
	<u>795,231</u>

Some expenditures reported in the governmental funds represent the use of current  
 current financial resources and were recognized in the Statement of Activities  
 when incurred.

Change in pension related costs	(481,981)
Change in compensated absences	21,443
	<u>(460,538)</u>

Change in net position of governmental activities \$ 3,241,146

See accompanying notes.

CASS COUNTY, MISSOURI  
 STATEMENT OF ASSETS AND LIABILITIES – AGENCY FUNDS  
 December 31, 2017

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and investments	<u>\$ 40,976,526</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 40,976,526</u></u>
<b>LIABILITIES</b>	
Due to others	\$ 512,207
Due to other funds	195,036
Due to other governments	<u>40,269,283</u>
<b>TOTAL LIABILITIES</b>	<u><u>\$ 40,976,526</u></u>

See accompanying notes.

## NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cass County, Missouri (the County) is a county of the first class and operates under a three member County Commission.

The accounting methods and procedures adopted by Cass County, Missouri, conform to accounting principles generally accepted in the United States of America as applicable to governmental entities. The following is a summary of the more significant policies.

### Financial Reporting Entity

Cass County, Missouri (the County), is a first-class county located on the west central border of the state and operates under a commission form of government. Commissioners representing the north and south districts are elected every four years. In addition, a presiding commissioner is elected at large every four years. Elected officials are responsible for the operations of certain County offices including the assessor, collector, treasurer, clerk, auditor, sheriff, public administrator, prosecuting attorney, recorder, and the circuit court with its various divisions.

The County's financial reporting entity has been determined in accordance with governmental accounting standards for defining the reporting entity and identifying entities to be included in its basic financial statements. These standards identify the County's financial accountability for potential component units as the primary, but not only, criteria for inclusion. The County is financially accountable if it appoints a voting majority of a potential component unit, or if there is a possibility for the potential component unit to provide specific financial benefits to or impose specific financial burdens on the County. The County's financial reporting entity consists of Cass County, Missouri (the primary government), and its component units. The component unit columns in the government-wide financial statements presents the financial data for the County's discretely presented component units as discussed below.

The Board of Trustees of Cass Regional Medical Center is an elected board charged with the operation of County hospital facilities in Cass County, Missouri. These facilities provide acute health care services under the name of Cass Regional Medical Center. The County is financially accountable for the Medical Center because the County Commission sets the Medical Center's tax levy and the Medical Center has issued debt in the name of the County.

Cass Regional Center Foundation (Foundation) is discretely presented in Cass Regional Medical Center's financial statements and Cass Medical Center Improvement Corporation (Corporation) is included in Cass Regional Medical Center's financial statements as a component unit using the blended method. The Foundation and Corporation are legally separate not-for-profit corporations that are, in substance, a part of Cass Regional Medical Center's operations and are primarily organized to benefit Cass Regional Medical Center.



## NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Complete financial statements for the discretely presented component unit can be obtained from its administrative office as follows:

Cass Regional Medical Center  
2800 E Rock Haven Road  
Harrisonville, Missouri 64701

### Related Organizations

The County Commissioners are also responsible for appointing the members of the Library, Mental Health (CASCO), Planning and Zoning, Emergency Services Board, and Park Board. The County's accountability for these organizations does not extend beyond making the appointments. Thus, these organizations are not component units of the County and, accordingly, no financial data for these organizations are included in the County's basic financial statements.

### Government-Wide and Fund Financial Statements

The basic financial statements include both the government-wide (the Statement of Net Position and the Statement of Activities) and fund financial statements.

### *GOVERNMENT-WIDE FINANCIAL STATEMENTS*

The government-wide statements display information about the government as a whole. Interfund activity has been eliminated from these statements to minimize the duplication of internal activities.

In the government-wide Statement of Net Position, the governmental activities are consolidated and presented on the full accrual, economic resources basis of accounting. The consolidated presentation incorporates long-term assets and receivables as well as long-term debt and obligations, and it provides information to improve analysis and comparability.

The government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or a function. Program revenues include charges for goods or services offered by the programs and grants and contributions that are restricted to meet operating and capital expenses of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

*FUND FINANCIAL STATEMENTS*

Separate fund financial statements report information on the County's governmental funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. Consequently, the emphasis on near-term inflows and outflows of resources do not present the long-term impact of transactions. Since the accounting differs significantly between the governmental funds financial statements and government-wide financial statements, it is necessary to convert the governmental fund data to arrive at the government-wide financial statements. Therefore, reconciliations have been provided following the Governmental Funds Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balance identifying categories that required conversion from the fund statements.

The County reports the following major governmental funds:

General Fund: This is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Road and Bridge Fund: This accounts for the operations and maintenance of roads and bridges within the County. Financing is provided by a special road and bridge tax levy, miscellaneous sales taxes, and occasional transfers from other funds.

Justice Center Sales Tax Fund: This accounts for the sales taxes used to finance the law enforcement activities in the County.

Justice Center Debt Service Fund: This accounts for the accumulation of financial resources for, and the payment of, long-term debt principal, interest, and other related costs of the County's \$33,475,000 Series 2010 Refunding Certificates of Participation on the Justice Center.

CIA Public Works Debt Service Fund: this accounts for the accumulation of financial resources for, and the payment of, long-term debt principal, interest, and other related costs of the County's \$10,000,000 Series 2010 and \$10,000,000 Series 2011 General Obligation Bonds.

Assessor Fund: This accounts for the operations of the County Assessor's office, which includes the cost of performing a reassessment of all taxable real property as required by State Statute 137.750. Financing is provided by the state and a commission received from property tax collections.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Broadband Debt Service Fund: This holds in trust the monies required as a reserve for the bonds and accumulates monies for payment of the principal and interest on \$4,200,000 Certificates of Participation issued in 2011 for construction costs of the broadband project. Principal payments are required annually and interest payments are required semi-annually until 2021.

The County reports the following fiduciary funds:

Agency Funds: Agency Funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other government units and other funds. Agency funds are custodial in nature (assets and liabilities) and do not involve measurement of results of operations.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related 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.

Governmental fund level financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims, and judgments, are recorded only when payment is due.

Property taxes, sales and use taxes, interest associated with the current fiscal period and certain state and federal grants and enticements are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period are considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Investments

The County pools cash resources of various funds in the County Treasurer's office in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. Some County offices also hold cash and investments in their own separate bank accounts as required by state statute. The balance in the pooled cash account is available to meet current operating requirements. The County's investments include collateralized certificates of deposit and money market accounts, direct obligations of the U.S. Government, repurchase agreements and other investments authorized by state statutes.

Receivables

All receivables are reported at their gross value and, when appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Due To and Due From Other Funds

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

Capital Assets

Capital assets include land, buildings, improvements, equipment, and infrastructure assets (e.g., roads, bridges, storm sewers, and similar items) and are included in the governmental activities columns in the government-wide financial statements. Capital assets, excluding land, are defined by the County as assets with a cost of \$3,000 or greater and an estimated useful life of at least five years. All land purchases are capitalized regardless of cost. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Historically, governmental infrastructure assets have not been capitalized and reported in the financial statements. In conformity with GASB 34, infrastructure, such as streets and storm sewers, has been capitalized. Additionally, the County elected to depreciate its infrastructure assets.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Depreciation is provided in amounts sufficient to relate the cost of the depreciable assets to operations over their estimated service lives on the straight-line basis. The service lives by type of asset are as follows:

Building improvements	12 - 50 years
Buildings	50 years
Infrastructure	10 - 50 years
Major moveable equipment	5 - 20 years

Expenditures for maintenance and repairs are charged to expense; renewals and betterments are capitalized.

Use of Estimates

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

Compensated Absences

The County has a county-wide policy on vacation and sick leave for all officeholders. Leave is taken at the discretion of each officeholder. The accumulated liability for compensated absences is reported as a long-term liability in the financial statements as the amounts are not expected to be liquidated with expendable available financial resources.

Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1, and are payable by January 1. Property taxes receivable collected within 60 days of year end are recognized as revenue since the taxes are measurable and available to pay current operating expenditures.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Receivables/Unavailable Revenues

The County recognizes assets from derived tax revenue transactions (such as sales taxes) in the period when the underlying exchange transaction on which the tax is imposed occurs or when the assets are received, whichever occurs first. Revenues are recognized, net of estimated refunds and estimated uncollectible amounts, in the same period that the assets are recognized, provided that the underlying exchange transaction has occurred. Resources received in advance are reported as deferred revenues until the period of the exchange.

The County recognizes assets from imposed non-exchange revenue transactions (such as property taxes, licenses and permits, and fines and forfeitures) in the period when an enforceable legal claim to the assets arises or when the resources are received, whichever occurs first. Revenues are recognized in the period when the resources are required to be used or the first period that use is permitted. The County recognizes revenues from property taxes, net of refunds and estimated uncollectible amounts, in the period for which the taxes are levied.

Intergovernmental revenues, representing grants and assistance received from other governmental units, are generally recognized as revenues in the period when all eligibility requirements, as defined by GASB Statement No. 33, have been met. Any resources received before eligibility requirements are met are reported as unavailable revenues.

Charges for services in the governmental funds, which are exchange transactions and are, therefore, not subject to the provisions of GASB Statement No. 33, are recognized as revenues when received in cash because they are generally not measurable until actually received.

It is the County's policy to use the direct write-off method for amounts deemed to be uncollectible, except for the Transportation Development District (TDD) receivable (See note 13). Therefore, an allowance for doubtful accounts has not been established, except for the TDD receivable.

Cash and Cash Equivalents

The County considers all accounts subject to withdrawal by check or on demand to be cash and cash equivalents. All other deposits and certificates of deposit are considered to be investments.

Fund Balance Classification

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on constraints imposed on the use of these resources as follows:

*Nonspendable fund balance* – This classification includes amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

*Restricted fund balance* – This classification reflects the constraints imposed on resources either a) externally by creditors, grantors, contributors, or laws and regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

*Committed fund balance* – These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the County Commission – the government’s highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the County Commission removes the specified use by taking the same type of action imposing the commitment.

*Assigned fund balance* – This classification reflects the amounts constrained by the County’s “intent” to be used for specific purposes, but are neither restricted nor committed. Assigned fund balances include all remaining amounts (except negative balances) that are reported in the governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

*Unassigned fund balance* – This fund balance is the residual classification for the General Fund. It is used to report negative fund balances in other governmental funds.

In circumstances when a disbursement is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

Program Revenues

In the Statement of Activities, revenues that are derived directly from each activity or from parties outside the County’s taxpayers are reported as program revenues. These include various grants from the State and Federal governments. All other governmental receipts are reported as general. All taxes are classified as general revenues, even if restricted for a specific purpose.

Net Position

In the government-wide statements, equity is displayed in three components as follows:

*Net Investment in Capital Assets* – This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

*Restricted* – This consists of net position that is legally restricted by outside parties or by law through constitutional provisions or enabling legislation.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

*Unrestricted* – This consists of net position that does not meet the definition of restricted or net investment in capital assets.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the County first applies restricted net position.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. Currently, the County has one item that qualifies for reporting in this category, deferred amounts relating to employer contributions to the retirement plan.

In addition to liabilities, the Statement of Net Position and Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position/fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has two items that qualify for reporting in this category, deferred pension inflows relating to the retirement plan on the Statement of Net Position and deferred amounts relating to taxes and special assessments on the Balance Sheet. These amounts are recognized as an inflow of resources in the period that the amounts become available.

Pensions

For purposes of measuring the net pension asset, deferred outflow of resources and deferred inflow of resources related to pensions, and pension expense, information about the fiduciary net position of the Missouri Local Government Employees Retirement System (LAGERS) and County Employees' Retirement Fund (CERF) and additions to/deductions from LAGERS and CERF fiduciary net position have been determined on the same basis as they are reported by LAGERS and CERF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Fair Value

The fair value measurement and disclosure framework provides for a fair value hierarchy that gives highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).



NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. There have been no significant changes from the prior year in the methodologies used to measure fair value. The levels of the fair value hierarchy are described below:

Level 1 – Inputs using quoted prices in active markets for identical assets or liabilities

Level 2 – Inputs using significant other observable inputs including quoted prices for similar assets or liabilities

Level 3 – Inputs are significant unobservable inputs

Net Patient Service Revenue – Cass Regional Medical Center

The Medical Center has agreements with third-party payers that provide for payments to the Medical Center at amounts different from its established rates. These payment arrangements include:

- **Medicare.** Inpatient acute care and substantially all outpatient services rendered to Medicare Program beneficiaries are paid based on a cost reimbursement methodology. Clinic health care services rendered to Medicare Program beneficiaries are paid based on a combination of fee schedules and a cost reimbursement methodology. The Medical Center is reimbursed for certain services at tentative rates with final settlement determined after submission of annual cost reports by the Medical Center and audits thereof by the Medicare Administrative Contractor.
- **Medicaid.** Inpatient services rendered to Medicaid Program beneficiaries are reimbursed under a prospectively determined per diem rate and outpatient services are reimbursed based upon the defined allowable cost. The Medical Center is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Medical Center and audits thereof by the Medicaid Fiscal Intermediary. Medicaid settlements are recorded each year based on the estimated final settlement.

Approximately 48% of net patient service revenue is from participation in the Medicare and state-sponsored Medicaid Programs for the years ended December 31, 2017. Laws and regulations governing the Medicare and Medicaid Programs are complex and subject to interpretation and change. As a result, it is reasonably possible that recorded estimates will change materially in the near term.

The Medical Center has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations. The basis for payment to the Medical Center under these agreements includes prospectively determined rates per discharge, discounts from established charges and prospectively determined daily rates. Payments for services provided under these agreements are generally higher than payments from Medicare and Medicaid for comparable services.

CASS COUNTY, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2017

NOTE B – CASH AND CASH EQUIVALENTS

State statutes require that the County’s deposits be insured or collateralized in the name of the County by the trust department of a bank that does not hold the collateralized deposits. As of December 31, 2017, all bank balances on deposit were entirely insured or collateralized with securities.

NOTE C – INVESTMENTS

The County’s investments at December 31, 2017, are as follows:

Investment Type	Fair Value	Investment Maturities		
		Less Than		
		1 Year	3 Years	5 Years
Certificates of Deposit	\$ 4,931,560	\$ 4,081,560	\$ 850,000	\$ -

Certificates of Deposit

Certificates of deposit with maturities in excess of three months are classified as investments but are considered deposits for custodial risk determination. State statutes require that the County’s deposits be collateralized in the name of the County by the trust department of a bank that does not hold the collateralized deposits. As of December 31, 2017, all certificates of deposit are entirely insured or collateralized with securities.

Interest Rate Risk

The County investment policy minimizes interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. The policy also limits the investment of operating funds in shorter-term securities.

NOTE C – INVESTMENTS (continued)

Credit Risk

Statutes authorize the County to invest in investments which are:

- a. Obligations of the United States government, the State of Missouri, this County, or;
- b. In bonds, bills, notes, debentures or other obligations guaranteed as to payment of principal and interest by the government of the United States or any agency or instrumentality thereof, the State of Missouri or this County, or;
- c. In revenue bonds of the County, or;
- d. In certificates of deposit, savings accounts as defined in Chapter 369, Revised Missouri Statutes or in interest bearing time deposits when such funds are held in United States banks, state banks, savings and loan associations operating under Chapter 369, Revised Missouri Statutes, or savings and loan associations authorized by the United States government so long as such deposits, savings accounts, and interest bearing deposits are adequately secured as discussed in Note B.
- e. Banker's acceptances issued by domestic commercial banks possessing the highest rating issued by a nationally recognized rating agency, or;
- f. Commercial paper issued by domestic corporations which has received the highest rating issued by a nationally recognized rating agency.

The County's investment policy follows State Statutes which limits the types of investments by governmental entities. The County's investment policy does not place further limits on the types of investments.

Concentration of Credit Risk

The County places no limit on the amount the County may invest in any one issuer. More than 5% of the County's investments are in Certificates of Deposits. These investments are 100% of the County's total investments.

CASS COUNTY, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2017

NOTE D – INVESTMENTS – CASS REGIONAL MEDICAL CENTER

The Medical Center may legally invest in direct obligations of and other obligations guaranteed as to principal by the U.S. Treasury and U.S. Agencies and instrumentalities and in bank repurchase agreements. It may also invest to a limited extent in corporate bonds and equity securities.

The Medical Center categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The Medical Center has the following recurring fair value measurements as of December 31, 2017:

- Money market mutual funds in the amount of \$552,101 are valued using quoted market values (Level 1 inputs).
- Brokered certificates of deposit (brokered CDs) of \$21,859,836 are valued using a matrix pricing model (Level 2 inputs).
- U.S. Agencies obligations of \$22,293,111 are valued using a matrix pricing model (Level 2 inputs).

At December 31, 2017, the Medical Center had the following investments and maturities:

Type	Fair Value	December 31, 2017 Maturities in Years			
		Less than 1	1-5	6-10	More than 10
U.S. Agencies obligations	\$ 22,293,111	\$ 1,499,018	\$ 20,794,093	\$ -	\$ -
Brokered CDs	21,859,836	5,849,988	16,009,848	-	-
Money market mutual funds	552,101	552,101	-	-	-
	<u>\$ 44,705,048</u>	<u>\$ 7,901,107</u>	<u>\$ 36,803,941</u>	<u>\$ -</u>	<u>\$ -</u>

**Interest Rate Risk** - As a means of limiting its exposure to fair value losses arising from rising interest rates, the Medical Center's investment policy limits its investment portfolio to maturities of a maximum of five years. The money market mutual funds are presented as an investment with a maturity of less than one year because they are redeemable in full immediately.

**Credit Risk** - Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. It is the Medical Center's policy to limit its investments to only U.S. Treasury securities, U.S. Agency securities and collateralized Repurchase Agreements. At December 31, 2017, the Medical Center's investments in U.S. Agencies obligations not directly guaranteed by the U.S. Government and in money market mutual funds were rated AA+ by Standard & Poor's and Aaa by Moody's Investors Service. At December 31, 2017, the Medical Center's investments in brokered certificates did not exceed federally insured limits.

CASS COUNTY, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2017

NOTE D – INVESTMENTS – CASS REGIONAL MEDICAL CENTER (continued)

**Concentration of Credit Risk** - The Medical Center's investment policy limits the amount that may be invested in U.S. Government Agencies to 75% of its investment portfolio and U.S. Government Agency callable securities and collateralized Repurchase Agreements to 50% of its investment portfolio. At December 31, 2017, the Medical Center's investments of U.S. Agencies constituted the following of total investments:

	<u>2017</u>
Federal Home Loan Bank	7%
Federal National Mortgage Association	11%
Other U.S. Government Agency	32%

**Summary of Carrying Values**

The carrying values of deposits and investments shown above are included in the balance sheet as follows:

	<u>2017</u>
Carrying value	
Deposits	\$ 18,827,155
Investments	44,705,048
	<u>\$ 63,532,203</u>
Included in the following balance sheet captions	
Cash and cash equivalents	\$ 17,553,929
Short-term investments	15,318,765
Noncurrent cash and investments	30,659,509
	<u>\$ 63,532,203</u>

**Investment Income**

Investment income for the year ended December 31, 2017, consisted of:

	<u>2017</u>
Interest and dividend income	\$ 737,320
Net decrease in fair value of investments	(199,885)
	<u>\$ 537,435</u>

NOTE E – PATIENT ACCOUNTS RECEIVABLE – CASS REGIONAL MEDICAL CENTER

The Medical Center grants credit without collateral to its patients, many of whom are area residents and are insured under third-party payer agreements. Patient accounts receivable at December 31, 2017, consisted of:

	<u>2017</u>
Medicare	\$ 4,197,819
Medicaid	910,314
Other third-party payers	3,456,582
Patients	<u>11,118,084</u>
	19,682,799
Less allowance for uncollectible accounts	<u>9,696,268</u>
	<u><u>\$ 9,986,531</u></u>

NOTE F – DEPOSITS, INVESTMENTS AND INVESTMENT INCOME – CASS REGIONAL MEDICAL CENTER

***Deposits***

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The Medical Center's deposit policy for custodial credit risk requires compliance with the provisions of state law.

State law requires collateralization of all deposits with federal depository insurance; bonds and other obligations of the U.S. Treasury, U.S. Agencies or instrumentalities or the State of Missouri; bonds of any city, county, school district or special road district of the state of Missouri; bonds of any state; or a surety bond having an aggregate value at least equal to the amount of the deposits.

At December 31, 2017, the Medical Center's bank balances of \$40,686,992 were not exposed to custodial credit risk.

CASS COUNTY, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2017

NOTE G – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017, was as follows:

	Balance December 31, 2016	Additions	Deletions	Balance December 31, 2017
Governmental Activities				
Non-depreciable capital assets:				
Construction in progress	\$ 4,586,537	\$ 993,766	\$ 65,776	\$ 5,514,527
Intangible assets	55,492	-	-	55,492
Land	778,000	20,257	-	798,257
	<u>\$ 5,420,029</u>	<u>\$ 1,014,023</u>	<u>\$ 65,776</u>	<u>\$ 6,368,276</u>
Depreciable capital assets				
Building and improvements	\$ 43,767,944	\$ -	\$ -	\$ 43,767,944
Furniture and equipment	16,013,154	936,445	245,364	16,704,235
Infrastructure	46,782,714	37,207	-	46,819,921
Total Depreciable Capital Assets	106,563,812	<u>\$ 973,652</u>	<u>\$ 245,364</u>	107,292,100
Less Accumulated Depreciation	<u>(53,215,283)</u>	<u>\$ (3,596,000)</u>	<u>\$ 221,646</u>	<u>(56,589,637)</u>
Total Depreciable Capital Assets, net	<u>\$ 53,348,529</u>			<u>\$ 50,702,463</u>

Depreciation expense for governmental activities was charged to functions as follows:

General government	\$ 173,348
Judicial	19,200
Public safety	1,342,286
Health and Welfare	1,214
Road and bridge	2,059,952
	<u>\$ 3,596,000</u>

CASS COUNTY, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2017

NOTE H – DEFERRED TAXES AND FEES

Deferred inflows of resources on the fund financial statements consist of receivables not collected within sixty days of year end and revenue collected within the fiscal year for future years. Deferred inflows of resources on the fund financial statements at December 31, 2017, are as follows:

General Fund		
Property taxes		\$ 45,114
Special Revenue Funds		
Road and Bridge Fund		
Property taxes		3,030,208
Assessor Fund		
Intergovernmental fees		<u>1,119,562</u>
	TOTAL DEFERRED TAXES AND FEES	<u>\$ 4,194,884</u>

NOTE I – CAPITAL ASSETS – CASS REGIONAL MEDICAL CENTER

Capital assets activity for the year ended December 31, 2017, was:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Land	\$ 3,119,970	\$ -	\$ -	\$ -	\$ 3,119,970
Land improvements	2,322,040	58,553	-	-	2,380,593
Buildings and leasehold improvements	48,233,388	98,395	(10,119)	323,180	48,644,844
Equipment	29,484,167	1,555,737	(722,981)	(2,016)	30,314,907
Construction in progress	-	685,189	-	(321,164)	364,025
	<u>83,159,565</u>	<u>2,397,874</u>	<u>(733,100)</u>	<u>-</u>	<u>84,824,339</u>
Less accumulated depreciation					
Land improvements	1,550,448	176,681	-	-	1,727,129
Buildings and leasehold improvements	13,397,019	2,451,409	(5,786)	-	15,842,642
Equipment	20,074,426	2,370,608	(697,591)	-	21,747,443
	<u>35,021,893</u>	<u>4,998,698</u>	<u>(703,377)</u>	<u>-</u>	<u>39,317,214</u>
Capital assets, net	<u>\$ 48,137,672</u>	<u>\$ (2,600,824)</u>	<u>\$ (29,723)</u>	<u>\$ -</u>	<u>\$ 45,507,125</u>



CASS COUNTY, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2017

NOTE J – LONG-TERM DEBT

Changes in the County’s long-term liability balances for the year ended December 31, 2017, were as follows:

	Balance December 31, 2016	Additions	Retirements	Balance December 31, 2017	Amounts Due Within One Year
General Obligation Bonds	\$ 19,914,000	\$ -	\$ 933,000	\$ 18,981,000	\$ 989,000
Certificates of Participation					
Series 2010	23,940,000	-	2,165,000	21,775,000	2,355,000
Plus: Premium on Certificates of Participation	916,832	-	57,229	859,603	-
	24,856,832	-	2,222,229	22,634,603	2,355,000
Series 2010A	325,000	-	80,000	245,000	85,000
Series 2010B	2,199,000	-	-	2,199,000	-
Series 2011	2,645,000	-	415,000	2,230,000	425,000
Series 2017	-	2,730,000	-	2,730,000	-
	30,025,832	2,730,000	2,717,229	30,038,603	2,865,000
Capital Lease Obligations					
Motor Graders - 2015	130,045	-	31,304	98,741	32,095
Excavators - 2015	195,753	-	47,119	148,634	48,311
Loader - 2015	87,066	-	20,958	66,108	21,488
Motor Grader - 2014	137,886	-	44,795	93,091	46,157
Mack Trucks - 2016	389,305	-	93,027	296,278	95,836
Motor Grader - 2011	328,525	-	328,525	-	-
Motor Graders - 2016	302,673	-	56,962	245,711	58,694
Mack Trucks - 2017	-	774,722	-	774,722	158,707
	1,571,253	774,722	622,690	1,723,285	461,288
Compensated Absences Payable	509,693	-	21,443	488,250	-
	<u>\$ 52,020,778</u>	<u>\$ 3,504,722</u>	<u>\$ 4,294,362</u>	<u>\$ 51,231,138</u>	<u>\$ 4,315,288</u>

The County issues general obligation bonds, certificates of participation, and leases to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the County.

CASS COUNTY, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2017

NOTE J – LONG-TERM DEBT (continued)

The County’s bonds and certificates of participation debt at December 31, 2017, consisted of the following:

\$10,000,000 in Recovery Zone Economic Development Bonds, Series 2010; interest payable semi-annually on March 1 and September 1, with interest at 5.60%.	\$ 10,000,000
\$10,000,000 in General Obligation Bonds, Series 2011; interest payable semi-annually on March 1 and September 1, with interest ranging from 3.00% to 5.00%.	6,475,000
\$3,051,000 in General Obligation Bonds, Series 2015; interest payable on semi-annually on March 1 and September 1, with interest at 2.28%.	2,506,000
\$33,475,000, November 4, 2010; Refunding Certificates of Participation (the Justice Center), Series 2010, due in annual installments of \$1,100,000 to \$3,805,000 through May 1, 2025, with interest at 3% to 5%.	21,775,000
\$745,000, May 18, 2010; Certificates of Participation, Series 2010A, issued for the construction of the Tri-Generation System Project, due in annual installments of \$60,000 to \$85,000 through April 1, 2020, interest at 3% to 7.27%.	245,000
\$2,199,000, May 18, 2010; Certificates of Participation, Series 2010B, issued for the construction of the Tri-Generation System Project, due in annual installments of \$90,000 to \$380,000 starting April 1, 2020 through April 1, 2035, interest at 3% to 7.27%.	2,199,000
\$4,200,000, August 18, 2011; Certificates of Participation, Series 2011, issued to finance the construction costs of the Broadband Project, due in annual installments of \$380,000 to \$900,000 starting may 1, 2013 through May 1, 2021, interest at 1.78% to 4.53%.	2,230,000
\$2,730,000, April 20, 2017; Refunding Certificates of Participation, Series 2017, issued to refinance the 2017 payment of the Series 2010 Certificates of Participation, due in one installment of \$2,730,000 on May 1, 2025, interest at 3.05%.	2,730,000
	<u>\$ 48,160,000</u>

CASS COUNTY, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2017

NOTE J – LONG-TERM DEBT (continued)

Aggregate annual principal payments and interest payments applicable to long-term debt are:

**General Obligation Bonds:**

Year Ended December 31,	Principal	Interest	Total
2018	\$ 989,000	\$ 900,949	\$ 1,889,949
2019	1,071,000	866,360	1,937,360
2020	1,127,000	828,611	1,955,611
2021	1,234,000	788,726	2,022,726
2022	1,316,000	742,368	2,058,368
2023	1,399,000	695,163	2,094,163
2024	1,506,000	634,026	2,140,026
2025	3,394,000	482,189	3,876,189
2026	3,330,000	295,680	3,625,680
2027	3,615,000	101,220	3,716,220
	<u>\$ 18,981,000</u>	<u>\$ 6,335,292</u>	<u>\$ 25,316,292</u>

CASS COUNTY, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2017

NOTE J – LONG-TERM DEBT (continued)

**Certificates of Participation:**

Year Ended December 31,	Principal	Interest	Total
2018	\$ 2,865,000	\$ 1,230,608	\$ 4,095,608
2019	3,085,000	1,105,254	4,190,254
2020	3,405,000	952,966	4,357,966
2021	4,020,000	769,623	4,789,623
2022	3,390,000	600,974	3,990,974
2023	3,645,000	457,184	4,102,184
2024	3,915,000	302,742	4,217,742
2025	3,265,000	168,528	3,433,528
2026	115,000	110,237	225,237
2027	120,000	101,995	221,995
2028	125,000	93,401	218,401
2029	130,000	84,457	214,457
2030	129,000	75,208	204,208
2031	140,000	65,431	205,431
2032	145,000	55,071	200,071
2033	150,000	44,347	194,347
2034	155,000	33,260	188,260
2035	380,000	13,813	393,813
	<u>\$ 29,179,000</u>	<u>\$ 6,265,099</u>	<u>\$ 35,444,099</u>

**Capital Lease Obligations:**

The County has entered into lease agreements for financing capital equipment. The lease agreements qualify as capital leases for accounting purposes, therefore have been recorded at the present value of their future minimum lease payments as of the inception date.

CASS COUNTY, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2017

NOTE J – LONG-TERM DEBT (continued)

Future minimum lease payments under the capital leases together with the present value of net minimum lease payments consist of the following:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 461,288	\$ 36,981	\$ 498,269
2019	457,159	37,546	494,705
2020	422,557	25,213	447,770
2021	220,652	12,511	233,163
2022	161,629	5,366	166,995
	<u>\$ 1,723,285</u>	<u>\$ 117,617</u>	<u>\$ 1,840,902</u>

NOTE K – CLAIMS, JUDGEMENTS AND CONTINGENCIES

Federal and State Grants

The County participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the County may be required to reimburse the grantor government. As of December 31, 2017, significant amounts of grant expenditures have not been audited by grantor governments, but the County believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual government funds or the overall financial position of the County.

Risk Management Pool - Workers' Compensation

The County is a member of the Missouri Association of Counties Self Insurance Workers' Compensation and Insurance Fund (the Association), a not-for-profit organization formed by the participating Counties of the State of Missouri to operate as a group self-insurer. The Association seeks to prevent or lessen workers' compensation claims and expense to its members. The Association is governed by a five-member board of directors elected by the members of the Association. The Association operates as a risk management pool. The County has no direct control over budgeting, financing, governing body or management selection.

NOTE K – CLAIMS, JUDGEMENTS AND CONTINGENCIES (continued)

The Association is funded by member assessments and premiums calculated based on members' payroll data multiplied by a pool assessment factor. Additionally, the Articles of the Association provide for supplemental assessments in the event the annual assessment is not sufficient to meet obligations. No supplemental assessments were required by the Association during fiscal 2017.

Legal Matters

There are a number of claims and/or lawsuits to which the County is a party as a result of certain injuries and various other matters and complaints arising in the ordinary course of County activities. The County's management and legal counsel anticipate that the potential claims, if any, against the County resulting from such litigation would not have a material effect on the financial position of the County.

NOTE L – EMPLOYEE PENSION PLAN – CERF

**State of Missouri County Employees' Retirement Fund**

General Information about the Pension Plan

*Plan Description.* Cass County of Missouri's defined benefit pension plan provides certain retirement and death benefits to its members. The County participates in the State of Missouri County Employees' Retirement Fund (CERF). CERF is a mandatory cost-sharing multiple employer retirement system for each county in the state of Missouri, except any city not within a county (which excludes the City of St. Louis) and counties of the first classification with a charter form of government.

CERF covers county elective or appointive officers or employees whose position requires the actual performance of duties not less than 1,000 hours per year; including employees of circuit courts (excluding juvenile courts) located in a first class, non-charter county which is not participating in the Local Government Employees Retirement System (LAGERS); and does not cover circuit clerks, deputy circuit clerks, county prosecuting attorneys, and county sheriffs. Until January 1, 2000, employees hired before January 1, 2000, could opt out of the system.

CERF was established by an act of the Missouri General Assembly effective August 28, 1994, and administered in accordance with RSMo. 50.1000 – 50.1300. As such, it is CERF's responsibility to administer the law in accordance expressed intent of the General Assembly. The plan as amended through November 1, 2010, is in a form acceptable under the Internal Revenue Code. The responsibility for the operations and administration of CERF is vested in the CERF Board of Directors consisting of eleven members. The Board of Directors has the authority to adopt rules and regulations for administering the system.

NOTE L – EMPLOYEE PENSION PLAN – CERF

CERF issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by accessing the CERF website at [www.mocerf.org](http://www.mocerf.org).

*Benefits Provided.* CERF provides retirement and death benefits to its members. All benefits vest after 8 years of creditable service. Employees who retire on or after age 62 are entitled to an allowance for life based on the form of payment selected. The normal form of payment is a single life annuity. Optional joint and survivor annuity and 10-year certain and life annuity payments are also offered to members in order to provide benefits to a named survivor annuitant after their death. Employees who have a minimum of 8 years of creditable service may retire with an early retirement benefit and receive a reduced allowance after attaining age 55. Benefit provisions are fixed by state statute and may be amended only by action of the Missouri Legislature.

*Cost-of-Living Adjustments (“COLA”).* The Missouri Legislature has established a policy of providing an annual increase in the retirement benefit of the lesser of 1% and the February increase in CPI with the increase to take effect each July. The first increase will occur in the year following retirement so long as the retiree has been receiving benefits for at least one year on July 1<sup>st</sup>. The total of all increases shall not exceed 50% of the initial benefit.

*Contributions.* Prior to January 1, 2003, participating county employees, except for those who participated in LAGERS, were required to make contributions equal to 2% of gross compensation. Effective January 1, 2003, participating county employees hired on or after February 25, 2002, are required to make contributions of 4% if they are in a LAGERS county and contributions of 6% if they are in a non-LAGERS county. If an employee leaves covered employment before attaining 8 years of creditable service, accumulated employee contributions are refunded to the employee. The contribution rate is set by state statute and may be amended only by action of the Missouri Legislature. Counties may elect to make all or a portion of the required 4% contribution on behalf of employees. Eligible employees of the employer contribute 4% to the pension plan. The employer did not elect to make all or a portion of the required 4% contribution on behalf of the employee.

In addition to the above contributions required of employees, the following fees and penalties prescribed under Missouri law are required to be collected and remitted to CERF by counties covered by the plan:

- Late fees on filing of personal property tax declarations
- Twenty dollars on each merchants and manufacturers license issued
- Six dollars on each document recorded or filed with county recorders of deeds, with an additional one dollar on each document recorded
- Three sevenths of the fee on delinquent property taxes, and
- Interest earned on investment of the above collections prior to remittance to CERF

NOTE L – EMPLOYEE PENSION PLAN – CERF (continued)

During 2017 and 2016, the County collected and remitted to CERF, employee contributions of \$318,862 and \$281,773, respectively, for the years then ended. The County's contributions to CERF were \$577,048 for the year ended December 31, 2017.

*Pension Liability.* At December 31, 2017, the County had a liability of \$6,158,132 for its proportionate share of the net pension liability. The net pension liability for the plan in total was measured as of December 31, 2016, and determined by an actuarial valuation as of December 31, 2015, rolled forward to December 31, 2016, using the following actuarial assumptions. The County's proportionate share of the total net pension liability was based on the ratio of its actual contributions of \$555,297 paid to CERF for the year ended December 31, 2016, relative to the actual contributions of \$20,290,594 from all participating employers. At December 31, 2016, the County's proportionate share was 2.73672%.

*Actuarial Assumptions.* Actuarial valuations of the Plan involve estimates of the reported amount and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and future compensation increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The last experience study was conducted for the period January 1, 2008, through December 31, 2013.

The total pension liability as of December 31, 2016, was based on the most recent actuarial valuation as of December 31, 2015, rolled forward to December 31, 2016, using the following actuarial assumptions:

- Measurement date - December 31, 2016
- Valuation date - December 31, 2015, rolled forward to December 31, 2016
- Actuarial cost method – Entry age normal
- Investment rate of return – 7.5%
- Inflation – 2.5%
- Compensation increases – 2.5%, plus merit
- Mortality rates – RP 2000 combined mortality projected to 2022 using Scale BB
- Fiduciary Net Position – CERF issues a publicly available financial report that can be obtained at [www.mocerf.org](http://www.mocerf.org).



CASS COUNTY, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2017

NOTE L – EMPLOYEE PENSION PLAN – CERF (continued)

The long-term expected rate of return on the Plan’s investments was determined using a building-block method in which best-estimate ranges of expected future real rates of returns (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflations. Best estimates of arithmetic real rates of return for each major asset class included in the Plan’s target allocation for 2016, is summarized below along with the long-term geometric return. Geometric return (also referred to as the time weighted return) is considered standard practice within the investment management industry. Geometric returns represent the compounded rate of growth of a portfolio. This method eliminates the effects created by cash flows.

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Arithmetic Basis</u>	
		<u>Expected Real Return</u>	<u>Weighted Expected Real Return</u>
U.S. Large Cap Equity	25.00%	6.10%	1.53%
Core Plus	21.00%	2.90%	0.61%
Non-U.S. Equity	15.00%	6.19%	0.93%
Long/Short Equity	10.00%	6.46%	0.65%
U.S. Small Cap Equity	10.00%	6.62%	0.66%
Absolute Return	9.00%	4.01%	0.36%
Core Real Estate	5.00%	5.48%	0.27%
Private Equity	5.00%	7.16%	0.35%
Total	<u>100.00%</u>		<u>5.36%</u>
		Inflation	<u>2.50%</u>
		Long-term expected geometric return	<u>7.86%</u>

*Discount Rate.* The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current statutory rates and that contributions from employers will be made based on the Plan’s revenue sources (various fees and penalties paid by the counties). Such revenue was assumed to increase at the rate of 1.0% per year. This increase assumption has been used by the Plan in prior funding status projects. Historically, revenue increase has averaged more than 1.0% per year. Based on the assumptions, the Plan’s fiduciary net position was projected to be available to make projected future benefit payments of current plan members. The projections covered an 80-year period into the future. The long-term expected rate of return on the Plan’s investments was applied to projected benefit payments.

CASS COUNTY, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2017

NOTE L – EMPLOYEE PENSION PLAN – CERF (continued)

*Discount Rate Sensitivity.* The sensitivity of the net pension liability to changes in the discount rate is presented below. The net pension liability calculated using the discount rate of 7.5% is presented as well as what the net pension liability would be using a discount rate that is 1.0% lower (6.5%) or 1.0% higher (8.5%) than the current rate.

Discount Rate	<u>1.0% Decrease (6.5%)</u>	<u>Current Rate (7.5%)</u>	<u>1.0% Increase (8.5%)</u>
Proportionate share of the Net Pension Liability	<u>\$ 8,608,617</u>	<u>\$ 6,158,132</u>	<u>\$ 4,125,126</u>

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

For the year ended December 31, 2017, the employer recognized pension expense of \$1,360,826. The employer reported deferred outflows and inflows of resources related to pensions from the following sources.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net Deferred Outflows of Resources</u>
Differences in experiences	\$ 151,371	\$ (323,464)	\$ (172,093)
Differences in assumptions	1,201,649	-	1,201,649
Excess investment returns	935,016	-	935,016
Difference between employer contributions and proportionate share of contributions	250,994	(63,614)	187,380
Contributions subsequent to the measurement date*	<u>577,048</u>	<u>-</u>	<u>577,048</u>
	<u>\$ 3,116,078</u>	<u>\$ (387,078)</u>	<u>\$ 2,729,000</u>

\*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as an addition/reduction to the net pension asset/liability for the year ending December 31, 2017.

NOTE L – EMPLOYEE PENSION PLAN – CERF (continued)

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Net Deferred Outflows of Resources</u>
2018	\$ 537,988
2019	537,988
2020	537,988
2021	537,988
	<u>\$ 2,151,952</u>

Payable to the Pension Plan

At December 31, 2017, the County had no outstanding amounts of contributions to the pension plan required, therefore no payable was reported.

NOTE M – EMPLOYEE PENSION PLAN – LAGERS

**Missouri Local Government Employees Retirement System**

General Information about the Pension Plan

*Plan Description.* Cass County’s defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The County participates in the Missouri Local Government Employees Retirement System (LAGERS). LAGERS is an agent multiple-employer, statewide public employee pension plan established in 1967 and administered in accordance with RSMo. 70.600-70.755. As such, it is LAGERS responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and is tax exempt. The responsibility for the operations and administration of LAGERS is vested in the LAGERS Board of Trustees consisting of seven persons. LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by accessing the LAGERS website at [www.molagers.org](http://www.molagers.org).

NOTE M – EMPLOYEE PENSION PLAN – LAGERS (continued)

*Benefits Provided.* LAGERS provides retirement, death and disability benefits. Benefit provisions are adopted by the governing body of the employer, within the options available in the state statutes governing LAGERS. All benefits vest after 5 years of credited service. Employees who retire on or after age 60 (55 for police) with 5 or more years of service are entitled to an allowance for life based upon the benefit program information provided below. Employees may retire with an early retirement benefit with a minimum of 5 years of credited service and after attaining age 55 (50 for police) and receive a reduced allowance.

	<u>2017 Valuation</u>
Benefit Multiplier	1.25% for life
Final Average Salary	3 Years
Member Contributions	0%

Benefit terms provide for annual post retirement adjustments to each member’s retirement allowance subsequent to the member’s retirement date. The annual adjustment is based on the increase in the Consumer Price Index and is limited to 4% per year.

*Employees Covered by Benefit Terms.* At June 30, 2017, the following employees were covered by the benefit terms:

	<u>General</u>	<u>Police</u>	<u>Total</u>
Inactive employees or beneficiaries currently receiving benefits	106	33	139
Inactive employees entitled to but not yet receiving benefits	56	43	99
Active employees	137	61	198
	<u>299</u>	<u>137</u>	<u>436</u>

*Contributions.* The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year. With an additional amount to finance an unfunded accrued liability. Full-time employees of the employer do not contribute to the pension plan. Employer contribution rates are 12.3% (General) and 9.1% (Police) of annual covered payroll.

*Net Pension Asset.* The employer’s net pension asset was measured as of June 30, 2017, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of February 28, 2017.

NOTE M – EMPLOYEE PENSION PLAN – LAGERS (continued)

*Actuarial Assumptions.* The total pension liability in the February 28, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25% wage inflation; 2.50% price inflation
Salary Increase	3.25% to 6.55% including wage inflation for general and police
Investment rate of return	7.25%, net of investment and administrative expenses

The healthy retiree mortality tables, for post-retirement mortality, were the RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables, for post-retirement mortality, were the RP-2014 disabled mortality table for males and females. The pre-retirement mortality tables used were the RP-2014 employees mortality table for males and females.

Both the post-retirement and pre-retirement tables were adjusted for mortality improvement back to the observation period base year of 2006. The base year for males was then established to be 2017. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables.

The actuarial assumptions used in the February 28, 2017, valuation were based on the results of an actuarial experience study for the period March 1, 2010, through February 28, 2015.

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	43.00%	5.29%
Fixed Income	26.00%	2.93%
Real Assets	21.00%	3.31%
Strategic Assets	10.00%	5.73%

*Discount Rate.* The discount rate used to measure the total pension liability is 7.25%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

CASS COUNTY, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2017

NOTE M – EMPLOYEE PENSION PLAN – LAGERS (continued)

Changes in the Net Pension (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) (a) - (b)
<i>General Division</i>			
Balance at beginning of year	\$ 19,981,474	\$ 17,563,128	\$ 2,418,346
Changes for the year:			
Service cost	415,092	-	415,092
Interest	1,431,108	-	1,431,108
Difference between expected and actual experiences	(520,490)	-	(520,490)
Contributions - employer	-	686,249	(686,249)
Net investment income	-	2,062,349	(2,062,349)
Benefits paid, including refunds	(907,818)	(907,818)	-
Pension plan administrative expenses	-	(23,768)	23,768
Other (net transfer)	-	123,107	(123,107)
Net Changes	417,892	1,940,119	(1,522,227)
Balances at end of year	20,399,366	19,503,247	896,119
<i>Police Division</i>			
Balance at beginning of year	10,875,550	10,668,162	207,388
Changes for the year:			
Service Cost	274,353	-	274,353
Interest	787,995	-	787,995
Difference between expected and actual experiences	(402,225)	-	(402,225)
Contributions - employer	-	310,627	(310,627)
Net investment income	-	1,336,177	(1,336,177)
Benefits paid, including refunds	(287,895)	(287,895)	-
Pension plan administrative expenses	-	(9,947)	9,947
Other (net transfer)	-	32,813	(32,813)
Net Changes	372,228	1,381,775	(1,009,547)
Balances at end of year	11,247,778	12,049,937	(802,159)
Total Plan Balances at End of Year	\$ 31,647,144	\$ 31,553,184	\$ 93,960

CASS COUNTY, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2017

NOTE M – EMPLOYEE PENSION PLAN – LAGERS (continued)

*Sensitivity of the Net Pension Asset to Changes in the Discount Rate.* The following present the Net Pension Asset of the employer, calculated using the discount rate of 7.25%, as well as what the employer’s Net Pension Asset would be using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate.

	1% Decrease 6.25%	Current Single Discount Rate Assumption 7.25%	1% Increase 8.25%
<i>General Division</i>			
Total Pension Liability	\$ 23,337,413	\$ 20,399,366	\$ 17,997,283
Fiduciary Net Position	19,503,247	19,503,247	19,503,247
Net Pension (Asset) Liability	3,834,166	896,119	(1,505,964)
<i>Police Division</i>			
Total Pension Liability	13,393,665	11,247,778	9,545,061
Fiduciary Net Position	12,049,937	12,049,937	12,049,937
Net Pension (Asset) Liability	1,343,728	(802,159)	(2,504,876)
Total Net Pension (Asset) Liability	<u>\$ 5,177,894</u>	<u>\$ 93,960</u>	<u>\$ (4,010,840)</u>

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

For the year ended December 31, 2017, the employer recognized pension expense of \$644,296 in the general division and \$312,266 in the police division. The employer reported deferred outflows and inflows of resources related to pensions from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows of Resources
<i>General Division</i>			
Differences in experiences	\$ -	\$ (866,074)	\$ (866,074)
Differences in assumptions	496,250	-	496,250
Excess investment returns	526,529	-	526,529
Contributions subsequent to the measurement date*	399,540	-	399,540
	1,422,319	(866,074)	556,245

CASS COUNTY, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2017

NOTE M – EMPLOYEE PENSION PLAN – LAGERS (continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net Deferred Outflows of Resources</u>
<i>Police Division</i>			
Differences in experiences	-	(693,909)	(693,909)
Differences in assumptions	233,434	-	233,434
Excess investment returns	230,964	-	230,964
Contributions subsequent to the measurement date*	179,504	-	179,504
	<u>643,902</u>	<u>(693,909)</u>	<u>(50,007)</u>
	<u>\$ 2,066,221</u>	<u>\$ (1,559,983)</u>	<u>\$ 506,238</u>

\*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as an addition/reduction to the net pension asset/liability for the year ending December 31, 2017.

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>General Net Deferred Outflows of Resources</u>	<u>Police Net Deferred Outflows of Resources</u>	<u>Total Net Deferred Outflows of Resources</u>
2018	\$ 166,408	\$ 47,850	\$ 214,258
2019	166,408	47,850	214,258
2020	64,507	(61,696)	2,811
2021	(240,618)	(196,774)	(437,392)
2022	-	(64,644)	(64,644)
Thereafter	-	(2,097)	(2,097)
	<u>\$ 156,705</u>	<u>\$ (229,511)</u>	<u>\$ (72,806)</u>

Payable to the Pension Plan

At December 31, 2017, the County had no outstanding amounts of contributions to the pension plan required, therefore no payable was reported.



CASS COUNTY, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2017

NOTE N – ASSESSED VALUATION, TAX LEVY AND LEGAL DEBT MARGIN

The 2017 assessed valuation of the tangible taxable property and the tax levies per \$100 assessed valuation of that property were as follows:

Assessed Valuation		
Real estate	\$	965,103,546
Personal property		208,367,809
Railroad and utilities		111,981,774
		<u>111,981,774</u>
	TOTAL	<u>\$ 1,285,453,129</u>
Tax Rate Per \$100 of Assessed Valuation		
Road and Bridge Fund	\$	<u>.2220</u>

The legal debt margin at December 31, 2017, is computed as follows:

Constitutional debt limit	\$	128,545,313
General obligation bonds outstanding		(18,981,000)
Amount available in Debt Service Funds		10,398,249
		<u>10,398,249</u>
	LEGAL DEBT MARGIN	<u>\$ 119,962,562</u>

Under Article VI, Section 26(b) and (c), Missouri Constitution, the County, by a vote of its qualified electors voting therein, may incur an indebtedness for any purpose authorized by law of the County or by any general law of the State of Missouri. The borrowings authorized by this section shall not exceed ten percent of the value of the taxable tangible property in the County.

NOTE O – DEFICIT FUND BALANCE

As of December 31, 2017, the County had a deficit fund balance in the 2011 CIA Bond Project Fund in the amount of \$1,606, and the Prosecuting Attorney Check Fee Fund in the amount of \$3,882.

CASS COUNTY, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2017

NOTE P – INTERFUND TRANSFERS

Interfund transfers for the year ended December 31, 2017, consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 2,031,161	\$ 7,652,268
Road and Bridge Fund	60,000	2,049,758
Justice Center Sales Tax Fund	4,878,637	5,004,434
Assessor Fund	-	30,218
Justice Center Debt Service Fund	6,952,649	2,442,143
CIA Public Works Debt Service Fund	1,989,758	-
Broadband Debt Service Fund	955,086	-
Non-Major Governmental Funds	493,928	182,398
	<u>\$ 17,361,219</u>	<u>\$ 17,361,219</u>

Transfers are used to (1) move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to disburse them, and (2) use unrestricted receipts in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE Q – COMMITMENTS

At December 31, 2017, the County had the following commitments:

<u>Vendor</u>	<u>Project</u>	<u>Commitment</u>
Pictometry	Assessor Software	\$ 174,155
Shafer, Kline, & Warren	Thorn Grove Bridge	33,135
Henry M. Adkins & Son, Inc.	Voting Equipment	219,179
Computer Information Concepts, Inc.	Finance Software	163,151
		<u>\$ 589,620</u>

#### NOTE R – DEFERRED COMPENSATION PLAN

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all County employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional.

Employees may contribute up to 25% of their annual base salary to a maximum limit of \$17,500 per year (participants 50 and older may contribute an additional \$5,500). The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Investments are managed by the plan's trustee and the choice of the investment option(s) is made by the participants.

#### NOTE S – CONTINGENCIES

In March 2012 the Missouri Department of Revenue (DOR) notified the County of a potential error in sales tax revenues the County received from the DOR. The DOR asserted that a utility provider incorrectly reported its sales tax payments and as a result the DOR improperly paid taxes to the County instead of another local governmental entity. The amount involved includes sales taxes paid to the County during the previous three years and is estimated to be approximately \$910,000. Since March 2012 the utility provider has correctly calculated and remitted the sales tax to the DOR.

There are several parties involved in this dispute including the County, DOR, the utility provider and the local governmental entity. In the opinion of the County's legal counsel the only party that has recourse against the County is the utility provider. Currently the utility provider has not brought action against the County to recover the overpaid sales tax. Moreover, the statute of limitations for any tax overpayment is three years. Thus, the amount for which there may be a recovery is limited to what was overpaid during the preceding thirty-six months, which as of April 1, 2016 was approximately \$300,000. This amount continues to decline each month as long as the utility provider does not take formal action against the County. The ultimate outcome of this matter is not presently determinable and no provision for any liability that may result has been made in the financial statements.

NOTE T – TRANSPORTATION DEVELOPMENT DISTRICT FUTURE RECEIVABLE

In June 2015, the Cass County Transportation Development District (the District) issued \$3,305,000 in revenue bonds to construct North Cass Parkway Interchange on Highway 71. Cass County, Missouri has made the debt service payments on these bonds and funded preliminary work on the project. In future years, after development takes place at the District, the County is anticipating being reimbursed for these payments on the project. However, future reimbursements are dependent upon future development. At December 31, 2017, the County estimates it is owed approximately \$6,143,298 (which includes interest compounded at 6%) from the District. An allowance for doubtful account for the entire amount owed to the County has been recorded in the accompanying financial statements due to the ultimate uncertainty of the collectability of this receivable balance.

NOTE U – PLEDGED REVENUES

The County has pledged its law enforcement sales tax revenues to repay \$33,475,000 in Refunding Certificates of Participation issued in November, 2010. The outstanding principal on these bonds as of December 31, 2017, was \$21,775,000. The Certificates of Participation were originally used to finance the construction of the Cass County Justice Center. The Certificates of Participation are payable solely from the sales taxes generated, which in 2017 were \$7,271,873. Total principal and interest remaining on the Certificates of Participation is \$25,363,225, with the final maturity scheduled for May 1, 2025. For the current year, principal and interest paid were \$2,165,000 and \$985,656, respectively.

The County has pledged its revenues from its capital improvement sales tax revenues to repay \$20,000,000 in General Obligation Bonds issued in June, 2010 and February, 2011. Additionally, the County will also receive recovery zone interest subsidies over the life of the bonds which will amount to approximately \$3,970,000. The outstanding principal on these bonds as of December 31, 2017, was \$16,475,000. The General Obligation Bonds were used to finance road and bridge projects in Cass County. Total principal and interest remaining on the bonds is \$22,546,360, with the final maturity scheduled for March 1, 2027. For the current year, principal and interest paid were \$650,000 and \$865,750, respectively.

The County has pledged revenues generated from cost savings from its Tri-Generation Project to repay approximately \$2,944,000 in Series 2010A and Series 2010B Certificates of Participation. Additionally, the County will also receive recovery zone interest subsidies over the life of the Certificates of Participation. These recovery zone credits will amount to approximately \$1,335,630 over the life of the Certificates of Participation. The outstanding principal on these bonds as of December 31, 2017, was \$2,444,000. Total principal and interest remaining on the Certificates of Participation is \$4,268,904, with the final maturity scheduled for April 1, 2035. For the current year, principal and interest paid were \$80,000 and \$168,462, respectively.

NOTE V – MEDICAL MALPRACTICE CLAIMS – CASS REGIONAL MEDICAL CENTER

The Medical Center is self-insured for the first \$25,000 per occurrence of medical malpractice risks. The Medical Center purchases commercial insurance coverage above the self-insurance limits. Losses from asserted and unasserted claims identified under the Medical Center's incident reporting system are accrued based on estimates that incorporate the Medical Center's experience, as well as other considerations, including the nature of each claim or incident and relevant trend factors. The malpractice expense accrual at December 31, 2017, was \$200,000. It is reasonably possible that the Medical Center's estimate of losses will change by a material amount in the near term.

NOTE W – WORKERS' COMPENSATION CLAIMS - CASS REGIONAL MEDICAL CENTER

The Medical Center has obtained workers' compensation insurance through membership in the Hospitals Self-Insurance Fund of Missouri (the Fund), a trust formed for the benefit of qualified health care providers in the state of Missouri that wish to pool their resources to qualify as a group self-insurer as permitted under the Workmen's Compensation Law, Chapter 287 of the Revised Statutes of Missouri, as amended. The Fund and its members jointly fund and severally agree to assume and discharge, by payment, any lawful awards entered against any member of the Fund. Workers' compensation expense through participation in the Fund was \$268,744 for the year ended December 31, 2017. No additional liability was accrued for workers' compensation claims at December 31, 2017.

NOTE X – EMPLOYEE HEALTH CLAIMS – CASS REGIONAL MEDICAL CENTER

Substantially all of the Medical Center's employees and their dependents are eligible to participate in the Medical Center's employee health insurance plan. The Medical Center is self-insured for health claims of participating employees and dependents up to \$100,000 per individual claim and an annual aggregate amount of \$1,000,000. Commercial stop-loss insurance coverage is purchased for claims in excess of the individual and aggregate annual amounts. A provision is accrued for self-insured employee health claims including both claims reported and claims incurred but not yet reported. The accrual is estimated based on consideration of prior claims experience, recently settled claims, frequency of claims and other economic and social factors. It is reasonably possible that the Medical Center's estimate will change by a material amount in the near term.

CASS COUNTY, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2017

NOTE X – EMPLOYEE HEALTH CLAIMS – CASS REGIONAL MEDICAL CENTER (continued)

Activity in the Medical Center's accrued employee health claims liability during 2017 is summarized as follows:

	<u>2017</u>
Balance, beginning of year	\$ 384,627
Current year claims incurred	3,223,861
Claims and expenses paid	<u>(3,036,391)</u>
	<u>\$ 572,097</u>

NOTE Y – LONG-TERM OBLIGATIONS – CASS REGIONAL MEDICAL CENTER

The following is a summary of long-term debt transactions for the Medical Center for the year ended December 31, 2017:

	<u>2017</u>				
	<u>Beginning</u>			<u>Ending</u>	<u>Current</u>
	<u>Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u>	<u>Portion</u>
Medical Center					
Revenue bonds payable	\$ 40,445,000	\$ -	\$ 2,145,000	\$ 38,300,000	\$ 2,200,000
Corporation					
Note payable to bank (A)	11,685	-	11,685	-	-
Note payable to bank (B)	<u>77,272</u>	<u>-</u>	<u>77,272</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 40,533,957</u>	<u>\$ -</u>	<u>\$ 2,233,957</u>	<u>\$ 38,300,000</u>	<u>\$ 2,200,000</u>

***Revenue Bonds Payable***

The Medical Center issued Hospital Revenue Bonds (Bonds) in the original amount of \$49,905,000 dated November 7, 2007, which bear interest at 4.25% to 4.5%. In November of 2016, the Medical Center fully refunded the outstanding Series 2007 Bonds by issuing \$40,445,000 of Hospital Refunding Revenue Bonds Series 2015 bearing interest at 2.957%. The Bonds are payable in annual installments through May 1, 2032. The Bonds are collateralized by the net revenues and accounts receivable of the Medical Center and the assets restricted under the bond indenture agreement.

CASS COUNTY, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2017

NOTE Y – LONG-TERM OBLIGATIONS – CASS REGIONAL MEDICAL CENTER (continued)

The debt service requirements as of December 31, 2017, are as follows:

Years Ending December 31,	Total to be Paid	Principal	Interest
2018	\$ 3,316,489	\$ 2,200,000	\$ 1,116,489
2019	3,325,918	2,275,000	1,050,918
2020	3,318,203	2,335,000	983,203
2021	3,318,639	2,405,000	913,639
2022	3,322,006	2,480,000	842,006
2023-2027	16,599,457	13,070,000	3,529,457
2028-2032	14,924,500	13,535,000	1,389,500
	<u>\$ 48,125,212</u>	<u>\$ 38,300,000</u>	<u>\$ 9,825,212</u>

***Notes Payable to Bank***

- A) The note payable to bank is due in monthly installments of \$3,476, which includes interest at 4.5%. The note is collateralized by certain property and was paid in full during 2017.
- B) The note payable to bank is due in monthly installments of \$3,624, which includes interest at 3.5%.. The note is collateralized by certain property and was paid in full during 2017.

NOTE Z – OPERATING LEASES – CASS REGIONAL MEDICAL CENTER

The Medical Center has noncancellable operating leases for equipment and office facilities expiring through 2029 that require the Medical Center to pay all executory costs (property taxes, maintenance and insurance).

Future minimum lease payments on noncancellable leases with initial terms of more than one year at December 31, 2017, were:

<u>Year Ending</u>	
2018	\$ 1,521,713
2019	1,169,988
2020	1,006,201
2021	447,480
2022	285,640
2023-2027	1,428,198
2028-2029	<u>571,279</u>
Future minimum lease payments	<u><u>\$ 6,430,499</u></u>

Rental expense for all operating leases was \$1,314,025 in 2017.

NOTE AA – CONTINGENCIES – CASS REGIONAL MEDICAL CENTER

***Litigation***

In the normal course of business, the Medical Center is, from time to time, subject to allegations that may or do result in litigation. Some of these allegations are in areas not covered by commercial insurance. The Medical Center evaluates such allegations by conducting investigations to determine the validity of each potential claim. Based upon the advice of legal counsel, management records an estimate of the amount of ultimate expected loss, if any, for each. Events could occur that would cause the estimate of ultimate loss to differ materially in the near term.



CASS COUNTY, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2017

NOTE BB – RESTRICTED AND DESIGNATED NET POSITION – CASS REGIONAL MEDICAL CENTER

At December 2017 and 2016, restricted expendable net position were available for the following purposes:

	<u>2017</u>
Debt service	\$ 363,362
Specific operating activities	<u>26,413</u>
Total restricted expendable net position	<u>\$ 389,775</u>

At December 31, 2017, restricted nonexpendable net position of \$100,000 was held in perpetuity with the interest income available for specific operating activities.

At December 31, 2017, \$30,158,630 of unrestricted net position has been designated by the Medical Center's Board of Trustees for capital acquisitions. Designated net position remains under the control of the Board of Trustees. The Board may, at its discretion, later use the net position for other purposes.

NOTE CC – MANAGEMENT AGREEMENT – CASS REGIONAL MEDICAL CENTER

The Medical Center has entered into a management agreement with HCA-Midwest Division (HCA). The agreement, which expires on December 1, 2018, provides for certain administrative, management and purchasing services to be provided by HCA to the Medical Center. Payments made to HCA and its affiliates for the year ended December 31, 2017, were approximately \$1,840,000.

No amounts due to HCA were included in accounts payable at December 31, 2017.

NOTE DD –PENSION PLAN – CASS REGIONAL MEDICAL CENTER

The Medical Center contributes to a defined contribution pension plan covering substantially all employees. Pension expense is recorded for the amount of the Medical Center's required contributions, determined in accordance with the terms of the plan. The plan is administered by the Medical Center. The plan provides for discretionary matching contributions by the Medical Center. For 2017, the Medical Center matched the employees' contributions up to 3% of compensation. Contributions actually made by plan members and the Medical Center aggregated approximately \$1,070,000 and \$658,000, respectively, during 2017.

NOTE EE –TAX ABATEMENTS

As of December 31, 2017, the County did not provide tax abatements to any businesses. However, the County's taxes were reduced by agreements entered into by other governments through the following programs – the Urban Redevelopment Corporation Law (Chapter 353), Enhanced Enterprise Zones Program, Chapter 100 Industrial Development Act, and Real Property Tax Increment Allocation Redevelopment Act (Tax Incremental Financing).

- The Urban Redevelopment Corporation Law, or Chapter 353, is an economic development tool to encourage redevelopment of blighted areas. Under Sections 353.010-353.190, RSMo., the Urban Redevelopment Corporation has a tax abatement available for 25 years. During the first 10 years, the property is not subject to real property taxes except in the amount of real property taxes assessed on the land during the calendar year during which the Urban Redevelopment Corporation acquired title to the real property. For the remaining 15 years, the property may be assessed up to 50% of its true value. Payments in lieu of taxes (PILOTs) may be imposed on the Urban Redevelopment Corporation by the city in order to replace all or part of the real estate taxes abated. The PILOTs must be allocated based on a proportionate share to each taxing district.
- The Enhanced Enterprise Zones Program is designed to attract new or expanding businesses to the area. Under Sections 135.950-135.970, RSMo., in order for a manufacturer, distributor, or certain service industries to qualify for the 50% tax abatement for 10 years, the business must meet certain minimum criteria depending on the type of business facility. New or expanded business facilities must have two new employees and \$100,000 in new investment. Replacement business facilities must have two new employees and \$1,000,000 in new investment. Both types of business facilities must also offer health insurance to full time employees in Missouri, of which at least 50% is paid by the employer.

NOTE EE –TAX ABATEMENTS (continued)

- The Chapter 100 Industrial Development Act allow cities or counties to purchase or construct certain types of projects with bond proceeds and lease the project to a company under Sections 100.010-100.200, RSMo. Eligible projects include the purchase, construction, extension and improvement of warehouses, distributions facilities, research and development facilities, office industries, agricultural processing industries, service facilities which provide interstate commerce, and industrial plants. Since the city or county owns the property and leases it to the company, an amount of the property taxes can be abated for a term agreed on by the city or county issuer and the company. Cities and counties are allowed to require the company to make payments in lieu of taxes (PILOTs) for a portion of the taxes it would have otherwise been required to pay.
- Tax Incremental Financing (TIF) is an economic development tool which redirects local tax revenues towards the redevelopment of eligible properties that are otherwise economically unfeasible. Sections 99.800-99.865, RSMo, the Real Property Tax Increment Allocation Redevelopment Act, enables cities to finance certain redevelopment costs with the incremental tax revenue generated by the net increase in assessed valuation resulting from the redevelopment. Real estate taxes in the redevelopment area are frozen at the current level or base valuation. The increased assessed valuation resulting from the redevelopment is referred to as payments in lieu of taxes (PILOT). PILOTs for each TIF district are collected by the county collector and distributed to the cities that authorized the TIF, these funds are then distributed to a TIF special allocation fund or other political subdivisions.

Information relevant to disclosure of these programs for the year ended December 31, 2017, is as follows:

<u>Government Entering into Agreement</u>	<u>Tax Abatement Program</u>	<u>Amount of Taxes Abated During December 31, 2017</u>	<u>Payment in Lieu of Tax Received</u>
City of Harrisonville, Missouri	Tax Increment Financing		
	Ad-valorem taxes	\$ 13,309	\$ -
	Sales taxes	160,783	-
	Enhanced Enterprise Zones		
	Ad-valorem taxes	710	-
City of Raymore, Missouri	Tax Increment Financing		
	Ad-valorem taxes	18,881	9,440
	Sales taxes	501,350	-
	Chapter 353		
	Ad-valorem taxes	4,314	-

CASS COUNTY, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2017

NOTE EE –TAX ABATEMENTS (continued)

<u>Government Entering into Agreement</u>	<u>Tax Abatement Program</u>	<u>Amount of Taxes Abated During December 31, 2017</u>	<u>Payment in Lieu of Tax Received</u>
City of Belton, Missouri	Tax Increment Financing		
	Ad-valorem taxes	1,509	-
	Sales taxes	816,706	-
	Chapter 100		
	Ad-valorem taxes	1,423	-
	Chapter 353		
	Ad-valorem taxes	6,382	-
City of Pleasant Hill, Missouri	Enhanced Enterprise Zone		
	Ad-valorem taxes	286	-
		<u>\$ 1,568,753</u>	<u>\$ 9,440</u>

**REQUIRED SUPPLEMENTARY INFORMATION**

CASS COUNTY, MISSOURI  
SCHEDULE OF CHANGES IN NET PENSION (ASSET) AND RELATED RATIOS – LAGERS  
Year Ended December 31, 2017

**Missouri Local Government Employees Retirement System (LAGERS)**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>TOTAL PENSION LIABILITY</b>			
Service Cost	\$ 689,445	\$ 662,456	\$ 682,790
Interest on the Total Pension Liability	2,219,103	2,066,942	2,019,501
Difference between expected and actual experience	(922,715)	(619,757)	(898,326)
Changes of assumptions	-	1,172,728	-
Benefit Payments	<u>(1,195,713)</u>	<u>(1,197,952)</u>	<u>(1,083,293)</u>
NET CHANGE IN TOTAL PENSION LIABILITY	790,120	2,084,417	720,672
TOTAL PENSION LIABILITY, BEGINNING	<u>30,857,024</u>	<u>28,772,607</u>	<u>28,051,935</u>
TOTAL PENSION LIABILITY, ENDING	31,647,144	30,857,024	28,772,607
<b>PLAN FIDUCIARY NET POSITION</b>			
Contributions - employer	996,876	1,022,032	1,046,903
Pension Plan Net Investment Income	3,398,526	(29,812)	547,864
Benefit Payments	(1,195,713)	(1,197,952)	(1,083,293)
Pension Plan Administrative Expense	(33,715)	(32,978)	(34,858)
Other (Net Transfer)	<u>155,920</u>	<u>1,726</u>	<u>158,974</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	3,321,894	(236,984)	635,590
PLAN FIDUCIARY NET POSITION, BEGINNING	<u>28,231,290</u>	<u>28,468,274</u>	<u>27,832,684</u>
PLAN FIDUCIARY NET POSITION, ENDING	<u>31,553,184</u>	<u>28,231,290</u>	<u>28,468,274</u>
EMPLOYER NET PENSION LIABILITY (ASSET)	<u>\$ 93,960</u>	<u>\$ 2,625,734</u>	<u>\$ 304,333</u>
Plan fiduciary net position as a percentage of the total pension liability	99.70%	91.49%	98.94%
Covered employee payroll	\$ 8,757,386	\$ 9,089,433	\$ 8,561,436
Employer's net pension asset/liability as a percentage of covered employee payroll	1.07%	28.89%	3.55%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

CASS COUNTY, MISSOURI  
SCHEDULE OF CONTRIBUTIONS – LAGERS  
Year Ended December 31, 2017

**Missouri Local Government Employees Retirement System (LAGERS)**  
**Schedule of Contributions**  
**Last 10 Fiscal Years**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Actuarially determined contribution	\$ 1,091,784	\$ 967,159	\$ 1,027,963	\$ 1,028,170	\$ 950,660	\$ 965,861	\$ 1,056,232	\$ 1,569,499	\$ 1,479,066	\$ 1,437,865
Contributions in relation to the actuarially determined contribution	<u>1,091,784</u>	<u>967,159</u>	<u>1,027,962</u>	<u>1,028,171</u>	<u>950,660</u>	<u>965,861</u>	<u>1,054,542</u>	<u>1,526,563</u>	<u>1,479,067</u>	<u>1,437,866</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ (1)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,690</u>	<u>\$ 42,936</u>	<u>\$ (1)</u>	<u>\$ (1)</u>
Covered-employee payroll	\$ 9,880,426	\$ 9,016,107	\$ 8,811,847	\$ 9,120,775	\$ 8,914,611	\$ 8,329,280	\$ 8,216,138	\$ 8,722,387	\$ 8,935,712	\$ 8,523,905
Contributions as a percentage of covered-employee payroll	11.05%	10.73%	11.67%	11.27%	10.66%	11.60%	12.84%	17.50%	16.55%	16.87%

See accompanying notes.

CASS COUNTY, MISSOURI  
NOTES TO SCHEDULE OF CONTRIBUTIONS – LAGERS  
Year Ended December 31, 2017

**Valuation Date:** February 28, 2017

**Notes:** The roll-forward of total pension liability from February 28, 2017, to June 30, 2017, reflects expected service cost and interest reduced by actual benefit payments.

**Methods and Assumptions Used to Determine Contribution Rates**

*Actuarial Cost Method* – Entry Age Normal and Modified Terminal Funding

*Amortization Method* – Level Percentage of Payroll, Closed

*Remaining Amortization Period* – Multiple bases from 13 to 26 years (general division) and 14 to 26 years (police division)

*Asset Valuation Method* – 5-Year smoothed market; 20% corridor

*Inflation* – 3.25% wage inflation; 2.50% price inflation

*Salary Increases* – 3.25% to 6.55% including wage inflation for the general and police division

*Investment Rate of Return* – 7.25%, net of investment expenses

*Retirement Age* – Experience-based table of rates that are specific to the type of eligibility condition

*Mortality* – The healthy retiree mortality tables, for post-retirement mortality, were the RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables, for post-retirement mortality, were the RP-2014 disabled mortality table for males and females. The pre-retirement mortality tables used were the RP-2014 employees mortality table for males and females.

Both the post-retirement and pre-retirement tables were adjusted for mortality improvement back to the observation period base year of 2006. The base year for males was then established to be 2017. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables.

*Other Information* – None



CASS COUNTY, MISSOURI  
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND RELATED  
RATIOS – CERF  
Year Ended December 31, 2017

<u>Year Ended</u>	<u>Proportion of the Net Pension Liability (Asset)</u>	<u>Proportionate Share of the Net Pension Liability (Asset) (a)</u>	<u>Actual Covered Employee Payroll (b)</u>	<u>Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/b)</u>	<u>Fiduciary Net Position as a Percentage of Total Pension Liability</u>
12/31/2017	2.73672%	\$ 6,158,132	\$ 10,866,518	56.67%	66.70%
12/31/2016	2.61516%	5,056,559	10,167,975	49.73%	69.11%
12/31/2015	2.71340%	3,166,506	10,281,192	30.80%	78.83%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

\*The data provided in the schedule is based as of the measurement date of CERFs’ net pension liability, which is as of the beginning of the County’s fiscal year.

CASS COUNTY, MISSOURI  
 SCHEDULE OF EMPLOYER CONTRIBUTIONS – CERF  
 Year Ended December 31, 2017

<u>Year Ended</u>	<u>Statutorily Required Contribution</u>	<u>Actual Employer Contributions</u>	<u>Contribution Excess / (Deficiency)</u>	<u>Actual Covered Member Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
12/31/2014	\$ 536,749	\$ 536,749	\$ -	\$ 9,979,798	5.38%
12/31/2015	522,210	522,210	-	10,281,192	5.08%
12/31/2016	555,297	555,297	-	10,167,975	5.46%
12/31/2017	577,048	577,048	-	10,866,518	5.31%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

CASS COUNTY, MISSOURI  
NOTES TO SCHEDULE OF CONTRIBUTIONS – CERF  
Year Ended December 31, 2017

**Actuarial Methods and Assumptions:** The actuarially determined contribution rates in the schedule of employers' contributions are calculated as of January 1 of the respective calendar year. The following actuarial methods and assumptions were used to determine contribution rates reported in the schedule as of December 31, 2016.

*Actuarial Cost Method* – Entry Age Normal

*Amortization Method* –

Level percent or dollar	Level percent
Closed, open, or layered periods	Layered
Amortization period	20 years
Amortization growth rate	2.5%

*Asset Valuation Method* – Actuarial value of assets with 5 years smoothing of gains and losses, subject to a 20% corridor around market value

*Investment Rate of Return* – 7.5%

*Inflation* – 2.5%

*Compensation Increases* – 2.5%, plus merit

*Cost of Living Adjustments* – 1.0% per annum; 50% cap on initial benefit

*Retirement Age* – Rates vary by age as shown in Appendix A of the January 1, 2016, Actuarial Valuation Report

*Turnover* – Select and ultimate rates based on age and service as shown in Appendix A of the January 1, 2016, Actuarial Valuation

*Mortality Rates* – RP-2000 Combined Mortality projected to 2020 using Scale BB

CASS COUNTY, MISSOURI  
 BUDGETARY COMPARISON SCHEDULE – GENERAL FUND  
 Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES				
Taxes				
Property taxes	\$ 60,000	\$ 61,896	\$ 61,896	\$ -
County sales taxes	7,552,000	7,819,735	7,819,735	-
PILOT distribution tax	689,040	694,771	694,771	-
Other	1,800	1,559	1,559	-
	<u>8,302,840</u>	<u>8,577,961</u>	<u>8,577,961</u>	<u>-</u>
Collector's Commission				
Collection commissions	1,500,000	1,631,546	1,631,546	-
	<u>1,500,000</u>	<u>1,631,546</u>	<u>1,631,546</u>	<u>-</u>
Licenses and Permits				
Beverage licenses	50,000	51,002	51,002	-
Other licenses	700	634	634	-
	<u>50,700</u>	<u>51,636</u>	<u>51,636</u>	<u>-</u>
Intergovernmental Revenues				
Federal	308,639	236,040	236,040	-
Other	105,000	125,999	125,999	-
	<u>413,639</u>	<u>362,039</u>	<u>362,039</u>	<u>-</u>
Fees and Charges				
County administration	200,000	200,000	200,000	-
County clerk	14,250	2,444	2,444	-
Recorder of deeds	375,000	468,889	468,889	-
Codes/zoning	433,000	589,071	589,071	-
Other	6,500	12	12	-
	<u>1,028,750</u>	<u>1,260,416</u>	<u>1,260,416</u>	<u>-</u>
Other				
Interest income	200	23,960	23,960	-
Miscellaneous	55,000	119,678	119,678	-
	<u>55,200</u>	<u>143,638</u>	<u>143,638</u>	<u>-</u>
TOTAL REVENUES	11,351,129	12,027,236	12,027,236	-

CASS COUNTY, MISSOURI  
 BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (continued)  
 Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance With Final Budget
EXPENDITURES				
Current				
General Government				
County administration	3,120,879	2,908,603	2,908,603	-
Building and grounds	195,048	151,957	151,957	-
Codes/zoning	432,584	368,999	368,999	-
Auditor	252,125	247,795	247,795	-
County collector	404,861	378,886	378,886	-
County clerk	285,642	237,552	237,552	-
Voter registration	14,000	15,542	15,542	-
Elections	274,778	192,575	192,575	-
Recorder of deeds	360,334	343,967	343,967	-
County treasurer	125,990	124,301	124,301	-
University outreach	60,720	60,660	60,660	-
Parks	8,763	-	-	-
	<u>5,535,724</u>	<u>5,030,837</u>	<u>5,030,837</u>	-
Public Works				
Emergency management	68,910	63,412	63,412	-
Health and Welfare				
Medical examiner	125,720	126,262	126,262	-
Health department	234,639	207,498	207,498	-
	<u>360,359</u>	<u>333,760</u>	<u>333,760</u>	-
	<u>5,964,993</u>	<u>5,428,009</u>	<u>5,428,009</u>	-
EXCESS OF REVENUES OVER EXPENDITURES	5,386,136	6,599,227	6,599,227	-
OTHER FINANCING SOURCES (USES)				
Operating transfers in	916,371	2,031,161	2,031,161	-
Operating transfers (out)	<u>(7,689,956)</u>	<u>(7,652,268)</u>	<u>(7,652,268)</u>	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(6,773,585)</u>	<u>(5,621,107)</u>	<u>(5,621,107)</u>	-
EXCESS (DEFICIT) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER (USES)	(1,387,449)	978,120	978,120	-
FUND BALANCE, January 1	<u>3,302,922</u>	<u>3,302,922</u>	<u>3,302,922</u>	-
FUND BALANCE, December 31	<u>\$ 1,915,473</u>	<u>\$ 4,281,042</u>	<u>\$ 4,281,042</u>	<u>\$ -</u>

CASS COUNTY, MISSOURI  
 BUDGETARY COMPARISON SCHEDULE – ROAD AND BRIDGE FUND  
 Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>REVENUES</b>				
Taxes	\$ 8,495,820	\$ 8,834,210	\$ 8,834,210	\$ -
Fees and charges	9,000	17,374	17,374	-
Interest	3,087	22,098	22,098	-
Other revenues	28,000	126,413	126,413	-
TOTAL REVENUES	8,535,907	9,000,095	9,000,095	-
<b>EXPENDITURES</b>				
Current				
Road and bridge	6,510,101	5,772,149	5,772,149	-
Debt service	210,000	209,952	209,952	-
Capital outlay	1,546,587	1,589,411	1,589,411	-
TOTAL EXPENDITURES	8,266,688	7,571,512	7,571,512	-
EXCESS OF REVENUES OVER EXPENDITURES	269,219	1,428,583	1,428,583	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Lease proceeds	-	774,722	774,722	-
Operating transfers (out)	(1,880,000)	(1,989,758)	(1,989,758)	-
TOTAL OTHER FINANCING SOURCES (USES)	(1,880,000)	(1,215,036)	(1,215,036)	-
EXCESS (DEFICIT) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER (USES)	(1,610,781)	213,547	213,547	-
FUND BALANCE, January 1	1,794,219	1,794,219	1,794,219	-
FUND BALANCE, December 31	\$ 183,438	\$ 2,007,766	\$ 2,007,766	\$ -

CASS COUNTY, MISSOURI  
 BUDGETARY COMPARISON SCHEDULE – JUSTICE CENTER SALES TAX FUND  
 Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>REVENUES</b>				
Taxes	\$ 7,552,000	\$ 8,465,212	\$ 8,465,212	\$ -
Fees and charges	771,650	571,432	571,432	-
Intergovernmental	1,063,109	1,058,417	1,058,417	-
Interest	-	1,810	1,810	-
Other	25,050	19,762	19,762	-
TOTAL REVENUES	9,411,809	10,116,633	10,116,633	-
<b>EXPENDITURES</b>				
Current				
Public safety	10,950,895	10,676,318	10,676,318	-
Capital outlay	516,100	204,974	204,974	-
TOTAL EXPENDITURES	11,466,995	10,881,292	10,881,292	-
(DEFICIT) OF REVENUES OVER EXPENDITURES	(2,055,186)	(764,659)	(764,659)	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of property	195,000	97,550	97,550	-
Operating transfers in (out)	1,359,686	(125,797)	(125,797)	-
TOTAL OTHER FINANCING SOURCES AND USES	1,554,686	(28,247)	(28,247)	-
(DEFICIT) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER (USES)	(500,500)	(792,906)	(792,906)	-
FUND BALANCE, January 1	3,130,675	3,130,675	3,130,675	-
FUND BALANCE, December 31	\$ 2,630,175	\$ 2,337,769	\$ 2,337,769	\$ -

CASS COUNTY, MISSOURI  
 BUDGETARY COMPARISON SCHEDULE – ASSESSOR FUND  
 Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>REVENUES</b>				
Taxes	\$ 1,021,985	\$ 1,136,448	\$ 1,136,448	\$ -
Intergovernmental	145,164	97,378	97,378	-
Fees and charges	4,500	8,671	8,671	-
Interest	1,000	8,198	8,198	-
Other	2,000	7,816	7,816	-
TOTAL REVENUES	1,174,649	1,258,511	1,258,511	-
<b>EXPENDITURES</b>				
Current				
General government	1,361,153	1,203,716	1,203,716	-
Capital outlay	250,000	26,123	26,123	-
TOTAL EXPENDITURES	1,611,153	1,229,839	1,229,839	-
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(436,504)	28,672	28,672	-
<b>OTHER FINANCING (USES)</b>				
Operating transfers (out)	-	(30,218)	(30,218)	-
TOTAL OTHER FINANCING (USES)	-	(30,218)	(30,218)	-
(DEFICIT) OF REVENUES OVER EXPENDITURES AND OTHER (USES)	(436,504)	(1,546)	(1,546)	-
FUND BALANCE, January 1	847,315	847,315	847,315	-
FUND BALANCE, December 31	\$ 410,811	\$ 845,769	\$ 845,769	\$ -



CASS COUNTY, MISSOURI  
NOTE TO BUDGETARY COMPARISON SCHEDULES  
Year Ended December 31, 2017

Budgets and Budgetary Accounting

The County utilizes the following procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to September 1, Administration submits to the County Commission a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditure plans for all fund types and the proposed means of financing them.
2. One public hearing is conducted by the County Commission in late November or early December to obtain taxpayers' comments on the proposed budget.
3. Prior to January 10 in even years or January 31 in odd years, appropriation orders are passed by the County Commission which provide for legally adopted budgets for all funds of the County.
4. The County operates on a program performance budget system, with legally adopted budgets prepared by fund, program and department. The level of budgetary control is at the department level. The County's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the County Commission.
5. Formal budgetary integration is employed as a management control device for all funds of the County.
6. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with GAAP. Budgeted amounts may be amended during the year by the County Commission.

## **OTHER FINANCIAL INFORMATION**

CASS COUNTY, MISSOURI  
 COMBINING BALANCE SHEET – NON-MAJOR GOVERNMENTAL FUNDS  
 December 31, 2017

	Special Revenue Funds								
	Federal Bridge Fund	Impact Fee Fund	Inmate Security Fund	Local Law Enforcement Block Grant Fund	Law Enforcement Reserve Fund	Sheriff Civil Process Fund	Sheriff Revolving Fund	Sheriff Training Fund	Sheriff Training Post Fund
<b>ASSETS</b>									
Cash and cash equivalents	\$ 799,736	\$ 217,127	\$ 79,907	\$ 1,936	\$ 291,482	\$ 171,815	\$ 270,863	\$ 2,446	\$ 19,536
Investments	-	-	-	-	-	-	-	-	-
Other accounts receivable	-	-	-	-	-	-	-	-	-
Intergovernmental receivable	-	-	-	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-	-	-	-
Restricted cash and cash equivalents	-	-	-	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 799,736</b>	<b>\$ 217,127</b>	<b>\$ 79,907</b>	<b>\$ 1,936</b>	<b>\$ 291,482</b>	<b>\$ 171,815</b>	<b>\$ 270,863</b>	<b>\$ 2,446</b>	<b>\$ 19,536</b>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>									
<b>Liabilities</b>									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued expenses	-	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances (Deficits)</b>									
<b>Nonspendable:</b>									
Prepaid items	-	-	-	-	-	-	-	-	-
<b>Restricted for:</b>									
Judicial	-	-	-	-	-	-	-	-	-
Public safety	-	217,127	79,907	1,936	291,482	171,815	270,863	2,446	19,536
Health and welfare	-	-	-	-	-	-	-	-	-
Tax maintenance	-	-	-	-	-	-	-	-	-
Recorder	-	-	-	-	-	-	-	-	-
Road and bridge	799,736	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>799,736</b>	<b>217,127</b>	<b>79,907</b>	<b>1,936</b>	<b>291,482</b>	<b>171,815</b>	<b>270,863</b>	<b>2,446</b>	<b>19,536</b>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<b>\$ 799,736</b>	<b>\$ 217,127</b>	<b>\$ 79,907</b>	<b>\$ 1,936</b>	<b>\$ 291,482</b>	<b>\$ 171,815</b>	<b>\$ 270,863</b>	<b>\$ 2,446</b>	<b>\$ 19,536</b>

CASS COUNTY, MISSOURI  
 COMBINING BALANCE SHEET – NON-MAJOR GOVERNMENTAL FUNDS (continued)  
 December 31, 2017

	Special Revenue Funds								
	Prosecuting Attorney Check Fee Fund	Prosecuting Attorney Contingency Fund	Prosecuting Attorney Delinquent Tax Fund	Prosecuting Attorney Training Fund	Law Enforcement Restitution Fund	Drug Court Fund	Domestic Violence Fund	HAVA Grant Fund	Clerk Training Fund
<b>ASSETS</b>									
Cash and cash equivalents	\$ -	\$ 2,508	\$ 22,066	\$ -	\$ 17,837	\$ 75,759	\$ 10,935	\$ -	\$ 7,461
Investments	-	-	-	-	-	-	-	-	-
Other accounts receivable	-	-	-	-	-	-	-	-	-
Intergovernmental receivable	-	-	-	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-	-	-	-
Restricted cash and cash equivalents	-	-	-	-	-	-	-	-	-
Restricted investments	-	-	-	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ -</b>	<b>\$ 2,508</b>	<b>\$ 22,066</b>	<b>\$ -</b>	<b>\$ 17,837</b>	<b>\$ 75,759</b>	<b>\$ 10,935</b>	<b>\$ -</b>	<b>\$ 7,461</b>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>									
<b>Liabilities</b>									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 250	\$ -	\$ -	\$ -
Accrued expenses	3,882	-	3,325	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>3,882</b>	<b>-</b>	<b>3,325</b>	<b>-</b>	<b>-</b>	<b>250</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances (Deficits)</b>									
<b>Nonspendable:</b>									
Prepaid items	-	-	-	-	-	-	-	-	-
<b>Restricted for:</b>									
Judicial	-	2,508	18,741	-	-	75,509	10,935	-	-
Public safety	-	-	-	-	17,837	-	-	-	-
Health and welfare	-	-	-	-	-	-	-	-	7,461
Tax maintenance	-	-	-	-	-	-	-	-	-
Recorder	-	-	-	-	-	-	-	-	-
Road and bridge	-	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-	-
Unassigned	(3,882)	-	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>(3,882)</b>	<b>2,508</b>	<b>18,741</b>	<b>-</b>	<b>17,837</b>	<b>75,509</b>	<b>10,935</b>	<b>-</b>	<b>7,461</b>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<b>\$ -</b>	<b>\$ 2,508</b>	<b>\$ 22,066</b>	<b>\$ -</b>	<b>\$ 17,837</b>	<b>\$ 75,759</b>	<b>\$ 10,935</b>	<b>\$ -</b>	<b>\$ 7,461</b>

CASS COUNTY, MISSOURI  
 COMBINING BALANCE SHEET – NON-MAJOR GOVERNMENTAL FUNDS (continued)  
 December 31, 2017

	Special Revenue Funds					Capital Project Funds		Debt Service Fund	Total
	Collector	Collector	Recorder	Health	Courthouse	2011 CIA	2015 CIA	Tri Gen	
	Maintenance	Tax				Bond	Bond		
	Fund	Fund	Fund	Fund	Fund	Fund	Fund		
<b>ASSETS</b>									
Cash and cash equivalents	\$ 54,088	\$ 166,824	\$ (20,242)	\$ 188,482	\$ 182,531	\$ 14	\$ -	\$ -	\$ 2,563,111
Investments	-	-	200,000	-	-	-	-	-	200,000
Other accounts receivable	-	-	-	27,915	-	-	-	-	27,915
Intergovernmental receivable	-	-	-	19,381	-	-	-	-	19,381
Prepaid expenses	218	-	-	-	-	-	-	-	218
Restricted cash and cash equivalents	-	-	-	-	-	-	559,884	267,154	827,038
<b>TOTAL ASSETS</b>	<b>\$ 54,306</b>	<b>\$ 166,824</b>	<b>\$ 179,758</b>	<b>\$ 235,778</b>	<b>\$ 182,531</b>	<b>\$ 14</b>	<b>\$ 559,884</b>	<b>\$ 267,154</b>	<b>\$ 3,637,663</b>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>									
<b>Liabilities</b>									
Accounts payable	\$ 798	\$ -	\$ 84	\$ 6,271	\$ -	\$ 1,620	\$ 188,450	\$ -	\$ 197,473
Accrued expenses	-	-	-	6,238	-	-	-	-	13,445
Unearned revenue	-	-	-	76,202	-	-	-	-	76,202
<b>TOTAL LIABILITIES</b>	<b>798</b>	<b>-</b>	<b>84</b>	<b>88,711</b>	<b>-</b>	<b>1,620</b>	<b>188,450</b>	<b>-</b>	<b>287,120</b>
<b>Fund Balances (Deficits)</b>									
<b>Nonspendable:</b>									
Prepaid items	218	-	-	-	-	-	-	-	218
<b>Restricted for:</b>									
Judicial	-	-	-	-	182,531	-	-	-	290,224
Public safety	-	-	-	-	-	-	-	-	1,072,949
Health and welfare	-	-	-	147,067	-	-	-	-	154,528
Tax maintenance	53,290	166,824	-	-	-	-	-	-	220,114
Recorder	-	-	179,674	-	-	-	-	-	179,674
Road and bridge	-	-	-	-	-	-	-	-	799,736
Debt Service	-	-	-	-	-	-	-	267,154	267,154
Capital projects	-	-	-	-	-	-	371,434	-	371,434
Unassigned	-	-	-	-	-	(1,606)	-	-	(5,488)
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>53,508</b>	<b>166,824</b>	<b>179,674</b>	<b>147,067</b>	<b>182,531</b>	<b>(1,606)</b>	<b>371,434</b>	<b>267,154</b>	<b>3,350,543</b>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<b>\$ 54,306</b>	<b>\$ 166,824</b>	<b>\$ 179,758</b>	<b>\$ 235,778</b>	<b>\$ 182,531</b>	<b>\$ 14</b>	<b>\$ 559,884</b>	<b>\$ 267,154</b>	<b>\$ 3,637,663</b>

CASS COUNTY, MISSOURI  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – NON-MAJOR GOVERNMENTAL FUNDS  
 Year Ended December 31, 2017

	Special Revenue Funds								
	Federal Bridge Fund	Impact Fee Fund	Inmate Security Fund	Local Law Enforcement Block Grant Fund	Law Enforcement Reserve Fund	Sheriff Civil Process Fund	Sheriff Revolving Fund	Sheriff Training Fund	Sheriff Training Post Fund
REVENUES									
Intergovernmental revenues	\$ 27,066	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fees and charges	-	11,011	18,337	-	-	49,199	48,910	8,090	4,496
Interest	-	1,388	579	-	211	1,081	1,700	-	113
Other	-	-	13,937	-	-	-	-	-	-
TOTAL REVENUES	27,066	12,399	32,853	-	211	50,280	50,610	8,090	4,609
EXPENDITURES									
Current									
General government	-	-	-	-	-	-	-	-	-
Judicial	-	-	-	-	-	-	-	-	-
Public safety	-	-	29,259	-	-	61,731	13,067	14,882	514
Health and welfare	-	-	-	-	-	-	-	-	-
Road and bridge	1,349	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	9,490	38,022	-	-
TOTAL EXPENDITURES	1,349	-	29,259	-	-	71,221	51,089	14,882	514
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	25,717	12,399	3,594	-	211	(20,941)	(479)	(6,792)	4,095
OTHER FINANCING SOURCES (USES)									
Operating transfers in (out)	-	-	-	-	291,271	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	291,271	-	-	-	-
EXCESS (DEFICIT) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER (USES)	25,717	12,399	3,594	-	291,482	(20,941)	(479)	(6,792)	4,095
FUND BALANCE (DEFICIT), January 1	774,019	204,728	76,313	1,936	-	192,756	271,342	9,238	15,441
FUND BALANCE (DEFICIT), December 31	\$ 799,736	\$ 217,127	\$ 79,907	\$ 1,936	\$ 291,482	\$ 171,815	\$ 270,863	\$ 2,446	\$ 19,536

CASS COUNTY, MISSOURI  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – NON-MAJOR GOVERNMENTAL FUNDS  
 (continued)  
 Year Ended December 31, 2017

	Special Revenue Funds								
	Prosecuting Attorney Check Fee Fund	Prosecuting Attorney Contingency Fund	Prosecuting Attorney Delinquent Tax Fund	Prosecuting Attorney Training Fund	Law Enforcement Restitution Fund	Drug Court Fund	Domestic Violence Fund	HAVA Grant Fund	Clerk Training Fund
REVENUES									
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 47,449	\$ -	\$ 16,894	\$ -
Fees and charges	12,603	-	24,974	2,541	3,592	32,208	20,778	-	14,130
Interest	2	77	177	1	222	538	39	-	-
Other	-	-	-	-	-	-	-	-	-
TOTAL REVENUES	12,605	77	25,151	2,542	3,814	80,195	20,817	16,894	14,130
EXPENDITURES									
Current									
General government	-	-	-	-	-	-	-	16,894	37,105
Judicial	23,335	14,264	34,006	2,972	-	90,689	-	-	-
Public safety	-	-	-	-	35,275	-	-	-	-
Health and welfare	-	-	-	-	-	-	22,918	-	-
Road and bridge	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	23,335	14,264	34,006	2,972	35,275	90,689	22,918	16,894	37,105
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(10,730)	(14,187)	(8,855)	(430)	(31,461)	(10,494)	(2,101)	-	(22,975)
OTHER FINANCING SOURCES (USES)									
Operating transfers in (out)	-	14,195	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	14,195	-	-	-	-	-	-	-
EXCESS (DEFICIT) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER (USES)	(10,730)	8	(8,855)	(430)	(31,461)	(10,494)	(2,101)	-	(22,975)
FUND BALANCE (DEFICIT), January 1	6,848	2,500	27,596	430	49,298	86,003	13,036	-	30,436
FUND BALANCE (DEFICIT), December 31	<u>\$ (3,882)</u>	<u>\$ 2,508</u>	<u>\$ 18,741</u>	<u>\$ -</u>	<u>\$ 17,837</u>	<u>\$ 75,509</u>	<u>\$ 10,935</u>	<u>\$ -</u>	<u>\$ 7,461</u>

CASS COUNTY, MISSOURI  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – NON-MAJOR GOVERNMENTAL FUNDS  
 (continued)  
 Year Ended December 31, 2017

	Special Revenue Funds					Capital Project Funds		Debt Service Fund	Total
	Collector	Collector	Recorder Fund	Health Fund	Courthouse Restoration Fund	2011 CIA	2015 CIA	Tri Gen Bio Gas Fund	
	Maintenance Fund	Tax Maintenance Fund				Bond Project Fund	Bond Project Fund		
REVENUES									
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ 255,197	\$ -	\$ -	\$ -	\$ 65,801	\$ 412,407
Fees and charges	55,566	194,660	71,888	241,133	40,453	-	-	-	854,569
Interest	313	1,303	2,115	2,132	-	-	6,671	154	18,816
Other	-	-	-	33,316	-	-	-	-	47,253
TOTAL REVENUES	55,879	195,963	74,003	531,778	40,453	-	6,671	65,955	1,333,045
EXPENDITURES									
Current									
General government	27,107	76,974	41,046	-	-	-	-	-	199,126
Judicial	-	-	-	-	-	-	-	-	165,266
Public safety	-	-	-	-	-	-	-	-	154,728
Health and welfare	-	-	-	545,253	-	-	-	-	568,171
Road and bridge	-	-	-	-	-	-	-	-	1,349
Debt service	-	-	-	-	-	-	-	248,458	295,970
Capital outlay	-	-	-	-	-	-	843,633	-	843,633
TOTAL EXPENDITURES	27,107	76,974	41,046	545,253	-	-	843,633	248,458	2,228,243
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	28,772	118,989	32,957	(13,475)	40,453	-	(836,962)	(182,503)	(895,198)
OTHER FINANCING SOURCES (USES)									
Operating transfers in (out)	(27,593)	(104,000)	(45,000)	-	-	-	-	182,657	311,530
TOTAL OTHER FINANCING SOURCES (USES)	(27,593)	(104,000)	(45,000)	-	-	-	-	182,657	311,530
EXCESS (DEFICIT) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER (USES)	1,179	14,989	(12,043)	(13,475)	40,453	-	(836,962)	154	(583,668)
FUND BALANCE (DEFICIT), January 1	52,329	151,835	191,717	160,542	142,078	(1,606)	1,208,396	267,000	3,934,211
FUND BALANCE (DEFICIT), December 31	\$ 53,508	\$ 166,824	\$ 179,674	\$ 147,067	\$ 182,531	\$ (1,606)	\$ 371,434	\$ 267,154	\$ 3,350,543



## **OTHER REPORTING REQUIREMENTS**



**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**

Cass County Commission  
Cass County, Missouri  
Harrisonville, Missouri

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cass County, Missouri, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise Cass County, Missouri's basic financial statements, and have issued our report thereon, dated July 31, 2018.

The financial statements of Cass Regional Medical Center and Cass Regional Medical Center Foundation 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 Cass Regional Medical Center and Cass Regional Medical Center Foundation.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Cass County, Missouri'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 Cass County, Missouri's internal control. Accordingly, we do not express an opinion on the effectiveness of Cass County, Missouri'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.

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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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs, that we consider to be material weaknesses. They are identified as 2017-001, 2017-002, 2017-003, and 2017-004.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Cass County, Missouri's financial statements are free of 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*.

### **Response to Findings**

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

### **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.

KPM CPAs, PC

KPM CPAs PC  
Springfield, Missouri  
July 31, 2018



## **INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Cass County Commission  
Cass County, Missouri  
Harrisonville, Missouri

### **Report on Compliance for Each Major Federal Program**

We have audited Cass County, Missouri's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each major federal program for the year ended December 31, 2017. Cass County, Missouri'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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for Cass County, Missouri's major federal program 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 Cass County, Missouri'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 the major federal programs. However, our audit does not provide a legal determination on Cass County, Missouri's compliance.

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Cass County Commission  
Cass County, Missouri  
Harrisonville, Missouri

### **Opinion on Each Major Federal Program**

In our opinion, Cass County, Missouri, complied, in all material respects, with the types of requirements referred to above that could have a direct and material effect on its major federal programs for the year ended December 31, 2017.

### **Report on Internal Control over Compliance**

Management of Cass County, Missouri, 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 Cass County, Missouri'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 the Uniform Guidance, 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 Cass County, Missouri'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 a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

KPM CPAs, PC

KPM CPAS, PC  
Springfield, Missouri  
July 31, 2018

CASS COUNTY, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended December 31, 2017

Federal Grantor Pass Through Grantor/ Program Title	Federal CFDA Number	Pass-through Grantor's Number/ Identifying number	Pass-through to Subrecipients	Federal Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Missouri Department of Health and Senior Services				
Special Supplemental Nutrition Program				
For Women, Infants, and Children (WIC)	10.557	ERS04517055	\$ -	\$ 182,765
		ERS14518106	-	40,104
			-	222,869
Summer Food Service Program for Children	10.559	ERS219-1716	-	340
TOTAL U.S. DEPARTMENT OF AGRICULTURE			-	223,209
<u>U.S. DEPARTMENT OF JUSTICE</u>				
Missouri Department of Public Safety				
Violence Against Women Formula Grants	16.588	2015-VAWA-004-NW	-	28,068
Missouri Department of Public Safety				
Crime Victim Assistance	16.575	2016-VOCA-092-NW	-	157,373
TOTAL U.S. DEPARTMENT OF JUSTICE			-	185,441
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Missouri Department of Social Services				
Child Support Enforcement	93.563	ER10217C016	-	156,151
Missouri Department of Health and Senior Services				
Public Health Emergency Preparedness	93.069	AOC14380155	-	13,514
		AOC18380056	-	6,461
		AOC14380147	-	44,840
		AOC18380059	-	25,014
		2017PHCCASS	-	104
			-	89,933
Solely with Prevention and Public Health Funds (PPHF)	93.758	LOD072717AP	-	97
Children's Health Insurance Program	93.767	AOC16380037	-	82,458
Child Care and Development Block Grant	93.575	DH17009069	-	1,308
		DH180015099	-	687
		ERS220-11017	-	4,595
			-	6,590
Maternal and Child Health Services Block Grants to the States	93.994	AOC18380124	-	6,512
		AOC15380069	-	39,690
		DH160014083	-	1,329
		DH170011001	-	10,000
			-	57,531
Immunization Cooperative Agreements	93.268	BTO91117	-	241
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			-	393,001

CASS COUNTY, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)  
Year Ended December 31, 2017

Federal Grantor Pass Through Grantor/ Program Title	Federal CFDA Number	Pass-through Grantor's Number/ Identifying number	Pass-through to Subrecipients	Federal Expenditures
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>				
State Emergency Management Agency				
Emergency Management Performance Grants	97.042	2016-EP-0004-024	-	29,601
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			-	29,601
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>				
Missouri Department of Transportation				
Highway Planning and Construction Grant	20.205	BRO-19(34)	-	27,067
Highway Safety Cluster				
State and Community Highway Safety	20.600	17-PT-02-058	-	4,553
Alcohol Open Container Requirements	20.607	18-154-AL-012	-	594
	20.607	17-154-AL-128	-	6,489
	20.607	18-154-AL-154	-	303
Total Highway Safety Cluster			-	11,939
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			-	39,006
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ -	\$ 870,258

CASS COUNTY, MISSOURI  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended December 31, 2017

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of Cass County under programs of the federal government for the year ended December 31, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Cass County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Cass County.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Cass County elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE C – SUBRECIPIENTS

The County did not provide funds to subrecipients in the current year:



CASS COUNTY, MISSOURI  
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended December 31, 2017

**Section I – Summary of Audit Results**

*Financial Statements*

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?   X   yes        no
- Significant deficiency(ies) identified:        yes   X   none reported

Noncompliance material to financial statements noted?

       yes   X   no

*Federal Awards*

Internal control over major federal programs:

- Material weakness(es) identified?        yes   X   no
- Significant deficiency(ies) identified:        yes   X   none reported

Type of auditor’s report issued on compliance for the major federal program:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

       yes   X   no

Identification of the major federal program:

CFDA Number(s)

10.557

93.563

Name of Federal Program or Cluster

Special Supplemental Nutrition Program  
For Women, Infants, and Children (WIC)  
Child Support Enforcement

Dollar threshold used to distinguish between type A and type B programs:

\$ 750,000

Auditee qualify as low-risk auditee?

       yes   X   no

**Section II – Financial Statement Findings**

2017-001 Sheriff Inmate and Bond Accounts

*Condition:* The Sheriff Inmate and Bond accounts are not reconciled on monthly basis to inmate accounts or bond records.

*Criteria:* The Sheriff Inmate Account should be reconciled to inmate balances on a monthly basis. A listing by inmate name and balance should be maintained that reconciles back to the inmate account balance. The balance in the Sheriff Bond Account should be reconciled back to the outstanding bond listing on a monthly basis.

*Cause:* The County does not have policies or procedures in place to require these monthly reconciliations.

*Effect:* The balance in the Sheriff's Inmate Account and Bond Account could not be reconciled at the end of the year to an inmate listing or outstanding bond listing.

*Recommendation:* We recommend the County adopt policies and procedures which requires these accounts to be reconciled on a monthly basis.

*County Response:* The County will adopt policies and procedures that will require that these reconciliations to be performed on a monthly basis.

2017-002 Sheriff's daily collection report

*Condition:* The Sheriff's Office is not utilizing pre-numbered receipts and reconciling these receipts to the deposits being made.

*Criteria:* The daily deposit should be reconciled back to the pre-numbered receipts. The County Auditor's Office should periodically check that this procedure is being performed.

*Cause:* The County does not have a policy in place to require the Sheriff's office to perform these procedures.

*Effect:* Risk is present that County monies are not being properly accounted for.

*Recommendation:* The County adopt a policy requiring daily deposit be reconciled to pre-numbered receipts being issued. The County should also adopt a policy requiring the County Auditor's Office to inspect these procedures periodically.

*County Response:* The County will adopt the necessary polices to ensure daily deposits are reconciled to the pre-numbered receipts issued. The County's Auditor's Office should inspect these procedures periodically.

CASS COUNTY, MISSOURI  
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)  
Year Ended December 31, 2017

2017-003 Health Center daily collection report

*Condition:* The Health Center is not reconciling the daily receipts to pre-numbered receipts issued.

*Criteria:* The daily deposit should be reconciled back to the daily receipts using pre-numbered receipts. The County Auditor's Office should periodically check that this procedure is being performed.

*Cause:* The County does not have a policy in place to require the Health Center to perform these procedures.

*Effect:* Risk is present that County monies are not being properly accounted for.

*Recommendation:* The County adopt a policy requiring daily deposit be reconciled to the pre-numbered receipts issued. The County should also adopt a policy requiring the County Auditor's Office to inspect these procedures periodically.

*County Response:* The County will adopt the necessary polices to ensure daily deposits are reconciled to the pre-numbered receipts issued.

2017-004 Grant Administration and Controls

*Condition:* The County does not have a centralized office or individual responsible for tracking grants on a county wide basis to ensure that grant compliance requirements are being met.

*Criteria:* The County is responsible to ensure internal controls are in place to ensure compliance with laws and regulation regarding grants.

*Cause:* County does not have policies and procedures in place to centralize grant reporting and monitoring.

*Effect:* Risk is present noncompliance with grant laws and regulations could go undetected.

*Recommendation:* The County adopt policies and procedures to centralize grant reporting and monitoring to ensure compliance with grant laws and regulations The County should consider assigning or hiring personnel to administer grant awards across all departments.

*County's Response:* The County will adopt policies and procedures to ensure the County is in compliance with grant laws and regulations.

**Section III – Federal Award Findings and Questioned Costs**

None

CORRECTIVE ACTION PLAN  
December 31, 2017

U.S. DEPARTMENT OF TRANSPORTATION

Cass County respectfully submits the following corrective action plan for the year ended December 31, 2017.

Contact information for the individual responsible for the corrective action:

Mr. Ryan Wescoat  
Cass County Auditor  
Cass County, Missouri  
102 East Wall Street  
Harrisonville, MO 64701  
(816) 380-8209

Independent public accounting firm: KPM CPAs, PC, 1445 E. Republic Road, Springfield, Missouri 65804

Audit Period: Year ended December 31, 2017

The findings from the December 31, 2017, schedule of findings and questioned costs are discussed below. The findings are numbered with the numbers assigned in the schedule.

**FINANCIAL STATEMENT FINDINGS**

SIGNIFICANT DEFICIENCIES

2017-001

*Recommendation:* We recommend the County adopt policies and procedures which requires these accounts to be reconciled on a monthly basis.

*County Response:* The County will adopt policies and procedures that will require that these reconciliations to be performed on a monthly basis.

*Anticipated Completion Date:* September 30, 2018

**FINANCIAL STATEMENT FINDINGS (continued)**

2017-002

*Recommendation:* The County adopt a policy requiring daily deposit be reconciled to the pre-numbered receipts issued. The County should also adopt a policy requiring the County Auditor's Office to inspect these procedures periodically.

*County Response:* The County will adopt the necessary polices to ensure daily deposits are reconciled to the pre-numbered receipts issued. The County's Auditor's Office should inspect these procedures periodically.

*Anticipated Completion Date:* September 30, 2018

2017-003

*Recommendation:* The County adopt a policy requiring daily deposit be reconciled to the pre-numbered receipts issued. The County should also adopt a policy requiring the County Auditor's Office to inspect these procedures periodically.

*County Response:* The County will adopt the necessary polices to ensure daily deposits are reconciled to the pre-numbered receipts issued. The County should also adopt a policy requiring the County Auditor's Office to inspect these procedures periodically.

*Anticipated Completion Date:* September 30, 2018

2017-004

*Recommendation:* The County adopt policies and procedures to centralize grant reporting and monitoring to ensure compliance with grant laws and regulations The County should consider assigning or hiring personnel to administer grant awards across all departments.

*County's Response:* The County will adopt policies and procedures to ensure the County is in compliance with grant laws and regulations.

*Anticipated Completion Date:* September 30, 2018

**FINANCIAL STATEMENT FINDINGS**

2016-001 Sheriff Inmate and Bond Accounts

*Auditor's Recommendation:* We recommend the County adopt policies and procedures which requires Sheriff Inmate and Bond accounts to be reconciled on a monthly basis.

*Status:* The finding has been repeated as financial statement finding 2017-001. The County is in the process of developing procedures and policies in order to correct this finding.

2016-002 Public Administrator Ward Receipts

*Auditor's Recommendation:* The County adopt a policy requiring receipts be obtained when transferring property from to the wards of the Public Administrator's Office.

*Status:* Corrected.

2016-002 Sheriff's daily collection report

*Auditor's Recommendation:* The County adopt a policy requiring Sheriff's daily deposit be reconciled to the daily collection report. The County should also adopt a policy requiring the County Auditor's Office to inspect these procedures periodically.

*Status:* The finding has been repeated as financial statement finding 2017-002. Finding was partially corrected. Deposits are now reconciled, however, pre-numbered receipts are not being used.

2016-003 Health Center daily collection report

*Auditor's Recommendation:* The County adopt a policy requiring daily deposit be reconciled to the Health Center's pre-numbered receipts issued. The County should also adopt a policy requiring the County Auditor's Office to inspect these procedures periodically.

*Status:* The finding has been repeated as financial statement finding 2017-003. Finding has been partially corrected, however, pre-numbered receipts are not being used.

CASS COUNTY, MISSOURI  
SCHEDULE OF PRIOR AUDIT FINDINGS (continued)  
Year Ended December 31, 2017

2016-005 Grant Administration and Controls

*Auditor's Recommendation:* The County adopt policies and procedures to centralize grant reporting and monitoring to ensure compliance with grant laws and regulations The County should consider assigning or hiring personnel to administer grant awards across all departments.

*Status:* The finding has been repeated as financial statement finding 2017-004. The County is evaluating the feasibility of correcting this finding.

**FEDERAL AWARD FINDINGS**

2015-006 Equipment and Real Property Management – Highway Planning and Construction Grant

*Auditor's Recommendation:* We recommend the County adopt policies and procedures to identify equipment purchased with federal funds and to conduct a physical inventory of these items at least once every two years.

*Status:* Corrected

2014-003 Activities Allowed – Special Supplemental Nutrition Program for Women, Infants, and Children

*Auditor's Recommendation:* 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.

*Status:* Corrected