

PLATTE COUNTY HEALTH CENTER
BASIC FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORTS
FOR THE YEAR ENDED
DECEMBER 31, 2020

TABLE OF CONTENTS

	Page No.
Management's Discussion & Analysis	1-6
Independent Auditor's Report	7-8
Statement of Net Position	9
Statement of Activities and Changes in Net Position	10
Statement of Fiduciary Net Position	11
Statement of Changes in Fiduciary Net Position	12
Notes to Basic Financial Statements	13-21
Required Supplementary Information	22
Schedule of Receipts, Disbursements and Changes in Fund Balance Budget and Actual – Budget Basis	23
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	24-25



Kenney & Hales, CPA, PC

2 Victory Drive, Suite 230 D, Liberty, MO 64068
P: (816) 679-1331 F: (816) 817-1030

INDEPENDENT AUDITOR'S REPORT

Honorable Members of the Board of
Platte County Health Center

I have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Platte County Health Center as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Platte County Health Center's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity'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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Platte County Health Center, as of December 31, 2020, and the respective changes in financial position 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 the management's discussion and analysis and budgetary comparison information on pages 1–9 and 23–25 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Kenney D Hales CPA

June 28, 2021
Kenney D. Hales, CPA, PC
Liberty, Missouri

**PLATTE COUNTY HEALTH CENTER
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Platte County Health Center (Health Department) was established under the authority of Missouri State Statutes and is governed by five elected trustees. It was established to provide services to the citizens of Platte County, Missouri, to prevent illness, prolong life, and protect the health of the public.

The accounting policies of the Health Department conform to generally accepted accounting principles as applicable to governments. The Governmental Accounting Standards Board (GASB) is the primary, standard-setting body for governmental accounting and financial reporting principles.

Measurement Focus and Basis of accounting, and financial statement presentation

Government-Wide Financial Statements: The Health Department's Government-Wide Financial Statements include the statement of net position and the statement of activities. They report information on all of the non-fiduciary activities of PCHD. The statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, assets, and liabilities resulting from non-exchange transactions are recognized in accordance with GASB Statement 33.

Fiduciary Fund Financial Statements: Fiduciary Fund reporting focuses on net position and changes in position. Fiduciary funds are used to report assets held in a trustee or agency capacity for others on an accrual basis and therefore cannot be used to support the Health Department's own program. The Fiduciary Fund is used to account for the assets in the deferred compensation plan of the Health Department held in trust for the exclusive benefit of employees. Because these funds are not available for use by the Health Department, fiduciary funds are not included in the government-wide statements.

Cash and cash equivalents

The Health Department considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents except for amounts that are restricted for a particular purpose.

**PLATTE COUNTY HEALTH CENTER
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Receivables

The residents of Platte County, Missouri have authorized a separate property tax levy for the Health Department. Monies collected from the levy are collected by the County and remitted to the Health Department monthly. The County's property tax is levied on November 15 of each year on the assessed value listed as of the prior January 1, for all real and personal property located in the County. Property taxes are due by December 31 following the levy date. The Health Department's tax levy on November 1, 2019 (which generated the property tax revenues as reported herein) was \$.08 per \$100 of assessed valuation for each year. Taxes receivable represents the uncollected tax levy. The PCHD considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Insurance receivable represents amounts due from Medicaid and Medicare for services.

Depreciation

Depreciation is provided for in the Statements of Activities in amounts sufficient to recover the cost of depreciable capital assets over their estimated useful lives on a straight-line basis. A capitalization threshold of \$1,000 is used to report capital assets. Depreciation of all capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the estimated useful lives of the assets as follows:

Building and improvements	30-40 years
Equipment and furniture	5-10 years

Accrued compensated absences

The Health Department accrues vacation leave and sick leave at 10 hours per month. The accrual is based on the stipulations outlined in the employee handbook. Vacation time is capped at 240 hours per employee and sick time has no limit. Compensation hours can accumulate up to 22 hours. If compensation exceeds 22 hours the employee is asked to take time off to bring the balance to 22 hours unless authorized by management.

Vacation accrual	\$ 200,525
Compensated	36,656
Accrued expenses	<u>16,846</u>
	<u>\$ 254,027</u>

**PLATTE COUNTY HEALTH CENTER
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the fiduciary net position of the Missouri Local Government Employees Retirement System (LAGERS) and additions to/deductions from LAGERS fiduciary net position have been determined on the same basis as they are reported by LAGERS. 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.

NOTE 2 – TAX REVENUES

Property taxes are attached by an enforceable lien on property as of January 1st each year. Taxes are levied by November 1st and are payable by December 31st. All unpaid taxes become delinquent January 1st of the following year. The County Clerk collects the property taxes for the Health Department. The 2020 assessed valuation of the tangible property for purposes of local taxation was:

Real estate	\$ 2,239,088,510
Personal property	<u>584,415,884</u>
Total assessed valuation	<u>\$ 2,823,504,394</u>

The tax rate per \$100 of assessed valuation of tangible taxable property for the calendar year 2020 was as 0.0779.

NOTE 3 - INTERGOVERNMENTAL REVENUE

The Health Department recognized revenue from federal and state governments during the year ended December 31, 2020 as follows:

Federal

Special supplemental food program for women,
infants, and children:

Expense reimbursements	\$ 324,647
Emergency response	28,291
Home based visiting	1,175
Maternal and child health services	19,489
Opioid crisis response	3,000
Child-care health consultation	20,395
Daycare inspection	1,980
Safer roadways	<u>15,676</u>
Total Federal monies	<u>\$ 414,653</u>

**PLATTE COUNTY HEALTH CENTER
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 - INTERGOVERNMENTAL REVENUE (continued)

<u>State of Missouri</u>	
Core functions	\$ 91,442
BCCCP/SMHW	2,222
Northland Health Care Access	<u>120,978</u>
Total state monies	<u>\$ 214,642</u>
Total intergovernmental revenues recognized	
	<u>\$ 629,295</u>

NOTE 4 – CUSTODIAL CREDIT RISK (DEPOSITS)

Missouri State Statutes authorize the Platte County Health Center to deposit or invest in open accounts, certificates of deposit, and United States treasury obligations. Missouri State Statutes also require that collateral pledged for deposits and investments must have a fair market value equal to the funds on deposit, less insured amounts. Collateral securities must be held by the Health Department or a disinterested third-party and must be of the kind prescribed by Missouri State Statutes and approved by the State. Custodial credit risk is the risk that an entity will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party if the counterparty fails.

At December 31, 2020, the Health Department's demand deposits totaled \$389,185. These deposits are insured or collateralized with securities held by the Health Department or by its agent in the Health Department's name.

NOTE 5 – NET POSITION

The Health Department records unrestricted net position separately from the net position which is invested in capital assets. As of December 31, 2020, the unrestricted net position totaled \$2,089,634. From the unrestricted portion of the net position the board of directors of the Health Department has established a board-restriction of \$39,317 which is designated for emergency services available for potential weather, health or other disasters and \$166,222 for future capital improvements affecting the Health Department.

**PLATTE COUNTY HEALTH CENTER
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 6 - DEFERRED COMPENSATION PLAN

The Health Department offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Health Department employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable thereto and available to the employees are subject only to the claims of the Health Department's general creditors.

It is the opinion of the Health Department's management that the Health Department has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. The Health Department believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future. Investments are managed by the plan's trustee.

NOTE 7 – CAPITAL ASSETS

Capital Assets and the related accumulated depreciation for the year ended December 31, 2020, is as follows:

	Balance at Beginning of Year	Additions	Disposals	Balance at End of Year
Capital assets, being depreciated:				
Buildings and improvements	\$2,329,698	\$1,885,125	\$ -	\$4,214,823
Furniture and fixtures	<u>800,512</u>	<u>1,620</u>	<u>-</u>	<u>802,132</u>
Total capital assets being depreciated	3,130,210	1,886,745	-	5,016,955
Less accumulated depreciation for:				
Buildings and improvements	(1,110,644)	(93,970)	-	(1,204,614)
Furniture and fixtures	<u>(428,085)</u>	<u>(23,933)</u>	<u>-</u>	<u>(452,018)</u>
Total accumulated depreciation	<u>(1,538,729)</u>	<u>(117,903)</u>	<u>-</u>	<u>(1,656,632)</u>
Total capital assets, being depreciated, net	<u>\$1,591,481</u>	<u>\$1,768,842</u>	<u>\$ -</u>	<u>\$ 3,360,323</u>

**PLATTE COUNTY HEALTH CENTER
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 8 – CONTINGENCIES

Concentrations of Credit Risk

Financial instruments that are potentially subject to concentrations of credit risk consist primarily of temporary cash investments. The Health Department places its temporary cash investments with financial institutions and the total amount was covered by the Federal Deposit Insurance Corporation limits and pledged collateral. Custodial credit risk is the risk that an entity will not be able to recover the value of its investments or collateral securities if the counterparty fails.

Risk of Loss

The Health Department is exposed to the risk of casualty loss on its property, equipment, and the risk of loss due to employee fraud. These risks are handled with the purchase of commercial and liability insurance. During the year ended December 31, 2020, the insurance limits were reviewed by the Health Department to maintain adequate insurance coverage.

NOTE 9 – LEASES ACTIVITIES

The PCHD leases storage space under operating lease to store equipment in a secure location. Under operating lease agreement paid monthly totaled \$2,088 for the year ended December 31, 2020. The lease is renewed annually and is anticipated to be leased for the end of 2021 for a total commitment of \$2,088.

NOTE 10 – RETIREMENT PLAN

Plan description – The City defined benefit pension plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. The City participates in LAGERS which 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 statement and required supplementary information. This report may be obtained by accessing the LAGERS website at www.molagers.org.

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's statutes governing LAGERS. All benefits vest after 5 years of credited service. Employees who retire on or after age 60 (55 for police and fire) 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 fire) and receive a reduced allowance.

**PLATTE COUNTY HEALTH CENTER
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 10 – RETIREMENT PLAN (continued)

February 28, 2020 is the Valuation Date used and June 30, 2020 is the Measurement Date. 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, 2020, the following employees were covered by the benefit terms:

Retirees and beneficiaries	17
Inactive nonretired members	10
Active employees	<u>30</u>
Total	<u><u>57</u></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 2% General.

Net pension liability – The employer's net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary increase	3.5% to 6.8% including inflation
Investment rate of return	7.25%

Mortality rates were based on the 1994 Group Annuity Mortality Table set back 3 years for both males and females. The actuarial assumptions used in the February 28, 2020 valuation were based on the results of an actuarial experience study for the period March 1, 2005 through February 28, 2010. The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimated ranges of expected future real rates of return (expected returns, net of investment and expenses and inflation) are developed for each major asset class.

PLATTE COUNTY HEALTH CENTER
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 10 – RETIREMENT PLAN (continued)

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 estimates of arithmetic real rates for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	48.50%	5.50%
Fixed income	25.00%	2.25%
Real assets	20.00%	4.50%
Strategic assets	6.50%	7.50%

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.

Changes in Net Pension Liability Increase (Decrease)

	Total Pension Liability A	Plan Fiduciary Net Position B
Balance at 06/30/19	\$ 4,446,446	\$ 5,245,669
Changes for the year:		
Services cost	125,599	-
Interest	322,615	-
Difference between expected and Actual experience	33,432	-
Contributions – employers	-	87,021
Contributions – employees	-	-
Net investment income	-	66,902
Benefit payments, including refunds	(118,656)	(118,656)
Administrative expense		(7,262)
Other changes		(9,008)
Net changes	<u>362,990</u>	<u>18,997</u>
Balance at 06/30/20	<u>\$ 4,809,436</u>	<u>\$ 5,264,666</u>

**PLATTE COUNTY HEALTH CENTER
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 10 – RETIREMENT PLAN (continued)

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions – For the year ended June 30, 2020, the employer recognized pension expense of \$122,214. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows of Resources
Difference in experience	0	(12,794)
Difference in assumptions	0	0
Excess (deficit) investment returns	255,207	0
Contributions subsequent to the measurement rate	0	0
Total	255,207	0

The amount reported as deferred outflows and resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the Net Pension Liability for the year ending 06/30/19.

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

Years ended:	
2021	\$ (19,535)
2022	(1,076)
2023	72,148
2024	69,528
Thereafter	<u>121,348</u>
Total	<u>\$ 242,413</u>

NOTE 11 – SUBSEQUENT EVENTS

The Company has evaluated subsequent events through June 28, 2021, the date which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION



KenneyHales, CPA, PC

2 Victory Drive, Suite 230 D, Liberty, MO 64068
P: (816) 679-1331 F: (816) 817-1030

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT
AUDITING STANDARDS*

Honorable Members of the Board of
Platte County Health Center

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Platte County Health Center, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise Platte County Health Center's basic financial statements, and have issued my report thereon dated June 28, 2021.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Platte County Health Center's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Platte County Health Center's internal control. Accordingly, I do not express an opinion on the effectiveness of the Platte County Health Center's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Platte County Health Center financial statements are free from material misstatement, I 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 my audit and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of my 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.

Kenney D Hales, CPA

June 28, 2021
Kenney D. Hales, CPA, PC
Liberty, Missouri