



**SUSAN MONTEE, JD, CPA**  
**Missouri State Auditor**

To the County Commission  
and  
Officeholders of Hickory County, Missouri

The Office of the State Auditor is responsible under Section 29.230, RSMo, for auditing certain operations of Hickory County, and issues a separate report on that audit. In addition, in cooperation with the county, the Office of the State Auditor has contracted for an audit of the county's financial statements for the 2 years ended December 31, 2009, through the state Office of Administration, Division of Purchasing and Materials Management. A copy of this audit, performed by McBride, Lock & Associates, Certified Public Accountants, is attached.

A handwritten signature in cursive script that reads "Susan Montee".

Susan Montee, JD, CPA  
State Auditor

July 2010  
Report No. 2010-77

ANNUAL FINANCIAL REPORT

**HICKORY COUNTY, MISSOURI**

For the Years Ended  
December 31, 2009 and 2008

# HICKORY COUNTY, MISSOURI

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## **INTRODUCTORY SECTION**

HICKORY COUNTY, MISSOURI  
List of Elected Officials

*County Commission*

Presiding Commissioner – Kent Parson  
Associate Commissioner – Gary Warren  
Associate Commissioner – J.C. Owsley

*Other Elected Officials*

Assessor – Kay Chilton  
Circuit Clerk Ex Officio Recorder – Cee Cee Smith  
Collector – Stan McCoy  
Coroner – Connie Bowler  
County Clerk – Jeanne Lindsey  
Prosecuting Attorney – Jim Hackett  
Public Administrator – Rhonda Hargiss  
Sheriff – Raymond Tipton  
Treasurer – Shirley Reno

McBRIDE, LOCK & ASSOCIATES

INDEPENDENT AUDITORS' REPORT

To the County Commission and  
Officeholders of Hickory County, Missouri

We have audited the accompanying financial statements of Hickory County, Missouri as of and for the years ended December 31, 2009 and 2008, which collectively comprise the County's basic financial statements as identified in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

As described more fully in Note 1, Hickory County, Missouri has prepared these financial statements using accounting practices prescribed or permitted by the Missouri State Auditor's Office, which practices differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Hickory County, Missouri, as of December 31, 2009 and 2008, or the changes in its financial position for the years then ended.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of the funds of Hickory County, Missouri, as of December 31, 2009 and 2008, and their respective cash receipts and disbursements, and budgetary results of these funds for the years then ended, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated April 23, 2010, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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* and should be considered in assessing the results of our audits.

*(Original Signed by Auditor)*

McBride, Lock & Associates  
April 23, 2010

## **FINANCIAL SECTION**



HICKORY COUNTY, MISSOURI  
 STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS  
 YEARS ENDED DECEMBER 31, 2008 AND 2009

Fund	Cash January 1, 2008	Receipts 2008	Disbursements 2008	Cash December 31, 2008	Receipts 2009	Disbursements 2009	Cash December 31, 2009
General Revenue	\$ 436,065	\$ 1,373,714	\$ 1,430,888	\$ 378,891	\$ 1,358,024	\$ 1,263,901	\$ 473,014
Special Road & Bridge	140,777	820,600	856,148	105,229	778,654	698,552	185,331
Assessment	18,216	136,584	143,975	10,825	156,288	145,055	22,058
Law Enforcement Training	608	1,476	1,648	436	1,082	918	600
Prosecuting Attorney Training	933	370	438	865	272	253	884
Recorder User	53,545	9,073	8,248	54,370	8,021	35,886	26,505
Law Enforcement Drug	64	49,071	-	49,135	1,495	18,609	32,021
Prosecuting Attorney Bad Check	7,638	5,751	8,371	5,018	5,280	6,064	4,234
Children's Trust	233	248	250	231	1,035	248	1,018
POST	2,624	652	1,632	1,644	608	1,481	771
Sheriff Special	17,565	13,465	6,955	24,075	16,817	2,564	38,328
John Sally Trust	56,550	1,248	-	57,798	1,060	-	58,858
Election Services	9,819	2,369	6,538	5,650	6,104	3,500	8,254
Tax Maintenance	46,864	13,177	3,716	56,325	13,441	3,779	65,987
Capital Projects	366,546	59,638	-	426,184	22,495	67,817	380,862
Passport	5,515	2,305	1,577	6,243	3,296	3,320	6,219
Prosecuting Attorney Delinquent Tax	1,499	30	680	849	15	345	519
Sheriff's Revolving	6,241	2,879	3,093	6,027	6,857	8,418	4,466
County Law Enforcement Restitution	95	3,796	-	3,891	6,967	-	10,858
Deputy Sheriff Salary Supplement	-	682	682	-	3,828	3,828	-
Property Damage Insurance Claim	-	-	-	-	134,963	134,438	525
Inmate Security	-	-	-	-	810	-	810
Total	<u>\$ 1,171,397</u>	<u>\$ 2,497,128</u>	<u>\$ 2,474,839</u>	<u>\$ 1,193,686</u>	<u>\$ 2,527,412</u>	<u>\$ 2,398,976</u>	<u>\$ 1,322,122</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

HICKORY COUNTY, MISSOURI  
COMPARATIVE SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

GENERAL REVENUE FUND Year Ended December 31,				
	2008		2009	
	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
RECEIPTS				
Property taxes	\$ 176,997	\$ 178,008	\$ 175,849	\$ 193,448
Sales taxes	810,146	821,192	771,920	776,741
Intergovernmental	140,821	153,119	153,122	175,027
Charges for services	167,654	162,782	153,669	166,575
Interest	20,906	14,032	9,400	9,756
Other	42,115	39,581	31,926	31,477
Transfers in	5,000	5,000	5,000	5,000
Total Receipts	<u>\$ 1,363,639</u>	<u>\$ 1,373,714</u>	<u>\$ 1,300,886</u>	<u>\$ 1,358,024</u>
DISBURSEMENTS				
County Commission	\$ 73,070	\$ 70,756	\$ 77,850	\$ 77,783
County Clerk	64,553	62,898	63,501	61,849
Elections	58,131	57,718	31,428	31,645
Buildings and grounds	102,227	83,830	96,022	84,313
Employee fringe benefits	127,092	118,472	129,672	122,796
Treasurer	35,900	35,642	35,900	35,634
Collector	75,401	75,173	61,916	62,223
Recorder of Deeds	32,881	28,405	16,481	16,244
Associate Circuit Court (Probate)	14,792	10,872	8,950	6,422
Court administration	12,245	2,127	16,084	6,943
Public Administrator	24,100	23,728	24,250	21,878
Sheriff	542,623	535,909	463,518	444,984
Jail	40,760	36,859	47,120	45,915
Prosecuting Attorney	69,275	69,216	71,275	69,028
Juvenile Officer	17,848	16,082	17,203	18,396
Coroner	16,980	16,164	17,150	12,191
Other County Government	133,702	106,071	118,872	96,200
Transfers out	69,555	69,555	35,083	35,083
Emergency fund	44,000	11,411	64,500	14,374
Total Disbursements	<u>\$ 1,555,135</u>	<u>\$ 1,430,888</u>	<u>\$ 1,396,775</u>	<u>\$ 1,263,901</u>
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	\$ (191,496)	\$ (57,174)	\$ (95,889)	\$ 94,123
CASH, JANUARY 1	<u>436,065</u>	<u>436,065</u>	<u>378,891</u>	<u>378,891</u>
CASH, DECEMBER 31	<u>\$ 244,569</u>	<u>\$ 378,891</u>	<u>\$ 283,002</u>	<u>\$ 473,014</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

HICKORY COUNTY, MISSOURI  
COMPARATIVE SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -  
BUDGET AND ACTUAL - REGULATORY BASIS

	SPECIAL ROAD AND BRIDGE FUND				ASSESSMENT FUND			
	Year Ended December 31,				Year Ended December 31,			
	2008		2009		2008		2009	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ 236,884	\$ 233,697	\$ 242,650	\$ 262,924	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	610,736	574,629	782,987	510,265	142,037	115,628	122,422	119,625
Charges for services	-	-	-	-	1,300	859	900	1,045
Interest	8,236	5,568	3,900	5,144	674	542	353	535
Other	1,000	6,706	500	321	-	-	-	-
Transfers in	-	-	-	-	19,555	19,555	35,083	35,083
Total Receipts	<u>\$ 856,856</u>	<u>\$ 820,600</u>	<u>\$ 1,030,037</u>	<u>\$ 778,654</u>	<u>\$ 163,566</u>	<u>\$ 136,584</u>	<u>\$ 158,758</u>	<u>\$ 156,288</u>
DISBURSEMENTS								
Salaries	\$ 272,767	\$ 263,198	\$ 269,791	262,704	\$ 109,702	\$ 109,702	\$ 99,411	\$ 93,480
Employee fringe benefits	56,291	52,971	56,673	52,775	21,290	19,652	18,015	18,105
Materials and supplies	160,159	145,301	138,000	93,514	5,300	3,260	5,900	2,004
Services and other	247,747	218,617	234,987	192,179	25,600	11,361	40,900	31,466
Capital outlay	12,000	12,000	-	-	-	-	-	-
Construction	181,449	159,061	360,305	92,380	-	-	-	-
Transfers out	5,000	5,000	5,000	5,000	-	-	-	-
Total Disbursements	<u>\$ 935,413</u>	<u>\$ 856,148</u>	<u>\$ 1,064,756</u>	<u>\$ 698,552</u>	<u>\$ 161,892</u>	<u>\$ 143,975</u>	<u>\$ 164,226</u>	<u>\$ 145,055</u>
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	\$ (78,557)	\$ (35,548)	\$ (34,719)	\$ 80,102	\$ 1,674	\$ (7,391)	\$ (5,468)	\$ 11,233
CASH, JANUARY 1	<u>140,777</u>	<u>140,777</u>	<u>105,229</u>	<u>105,229</u>	<u>18,216</u>	<u>18,216</u>	<u>10,825</u>	<u>10,825</u>
CASH, DECEMBER 31	<u>\$ 62,220</u>	<u>\$ 105,229</u>	<u>\$ 70,510</u>	<u>\$ 185,331</u>	<u>\$ 19,890</u>	<u>\$ 10,825</u>	<u>\$ 5,357</u>	<u>\$ 22,058</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

HICKORY COUNTY, MISSOURI  
COMPARATIVE SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	LAW ENFORCEMENT TRAINING FUND				PROSECUTING ATTORNEY TRAINING FUND			
	Year Ended December 31,				Year Ended December 31,			
	2008		2009		2008		2009	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	1,584	1,476	1,433	1,082	395	370	360	272
Interest	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 1,584</u>	<u>\$ 1,476</u>	<u>\$ 1,433</u>	<u>\$ 1,082</u>	<u>\$ 395</u>	<u>\$ 370</u>	<u>\$ 360</u>	<u>\$ 272</u>
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and supplies	-	-	-	-	-	-	-	-
Services and other	1,700	1,648	1,700	918	450	438	362	253
Capital Outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 1,700</u>	<u>\$ 1,648</u>	<u>\$ 1,700</u>	<u>\$ 918</u>	<u>\$ 450</u>	<u>\$ 438</u>	<u>\$ 362</u>	<u>\$ 253</u>
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	\$ (116)	\$ (172)	\$ (267)	\$ 164	\$ (55)	\$ (68)	\$ (2)	\$ 19
CASH, JANUARY 1	<u>608</u>	<u>608</u>	<u>436</u>	<u>436</u>	<u>933</u>	<u>933</u>	<u>865</u>	<u>865</u>
CASH, DECEMBER 31	<u>\$ 492</u>	<u>\$ 436</u>	<u>\$ 169</u>	<u>\$ 600</u>	<u>\$ 878</u>	<u>\$ 865</u>	<u>\$ 863</u>	<u>\$ 884</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

HICKORY COUNTY, MISSOURI  
COMPARATIVE SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	RECORDER USER FUND				LAW ENFORCEMENT DRUG FUND			
	Year Ended December 31,				Year Ended December 31,			
	2008		2009		2008		2009	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	8,500	7,691	7,500	7,044	6,855	48,951	-	-
Interest	1,935	1,382	1,100	977	20	120	1,000	595
Other	-	-	-	-	-	-	-	900
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 10,435</u>	<u>\$ 9,073</u>	<u>\$ 8,600</u>	<u>\$ 8,021</u>	<u>\$ 6,875</u>	<u>\$ 49,071</u>	<u>\$ 1,000</u>	<u>\$ 1,495</u>
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and supplies	11,000	2,738	11,000	11,764	1,500	-	42,852	18,312
Services and other	5,000	5,510	32,000	24,122	1,500	-	2,500	297
Capital outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 16,000</u>	<u>\$ 8,248</u>	<u>\$ 43,000</u>	<u>\$ 35,886</u>	<u>\$ 3,000</u>	<u>\$ -</u>	<u>\$ 45,352</u>	<u>\$ 18,609</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (5,565)	\$ 825	\$ (34,400)	\$ (27,865)	\$ 3,875	\$ 49,071	\$ (44,352)	\$ (17,114)
CASH, JANUARY 1	<u>53,545</u>	<u>53,545</u>	<u>54,370</u>	<u>54,370</u>	<u>64</u>	<u>64</u>	<u>49,135</u>	<u>49,135</u>
CASH, DECEMBER 31	<u>\$ 47,980</u>	<u>\$ 54,370</u>	<u>\$ 19,970</u>	<u>\$ 26,505</u>	<u>\$ 3,939</u>	<u>\$ 49,135</u>	<u>\$ 4,783</u>	<u>\$ 32,021</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

HICKORY COUNTY, MISSOURI  
COMPARATIVE SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	PROSECUTING ATTORNEY BAD CHECK FUND				CHILDREN'S TRUST FUND			
	Year Ended December 31,				Year Ended December 31,			
	2008		2009		2008		2009	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	6,757	5,589	5,600	5,157	215	240	240	1,024
Interest	-	162	110	123	13	8	7	11
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 6,757</u>	<u>\$ 5,751</u>	<u>\$ 5,710</u>	<u>\$ 5,280</u>	<u>\$ 228</u>	<u>\$ 248</u>	<u>\$ 247</u>	<u>\$ 1,035</u>
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	-	-	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and supplies	5,085	2,834	2,500	4,731	-	-	-	-
Services and other	8,900	5,537	7,950	1,333	250	250	248	248
Capital outlay and construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 13,985</u>	<u>\$ 8,371</u>	<u>\$ 10,450</u>	<u>\$ 6,064</u>	<u>\$ 250</u>	<u>\$ 250</u>	<u>\$ 248</u>	<u>\$ 248</u>
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	\$ (7,228)	\$ (2,620)	\$ (4,740)	\$ (784)	\$ (22)	\$ (2)	\$ (1)	\$ 787
CASH, JANUARY 1	<u>7,638</u>	<u>7,638</u>	<u>5,018</u>	<u>5,018</u>	<u>233</u>	<u>233</u>	<u>231</u>	<u>231</u>
CASH, DECEMBER 31	<u>\$ 410</u>	<u>\$ 5,018</u>	<u>\$ 278</u>	<u>\$ 4,234</u>	<u>\$ 211</u>	<u>\$ 231</u>	<u>\$ 230</u>	<u>\$ 1,018</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

HICKORY COUNTY, MISSOURI  
COMPARATIVE SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	POST FUND				SHERIFF SPECIAL FUND			
	Year Ended December 31,				Year Ended December 31,			
	2008		2009		2008		2009	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	877	652	750	608	-	-	-	-
Charges for services	-	-	-	-	9,500	13,465	15,500	16,817
Interest	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 877</u>	<u>\$ 652</u>	<u>\$ 750</u>	<u>\$ 608</u>	<u>\$ 9,500</u>	<u>\$ 13,465</u>	<u>\$ 15,500</u>	<u>\$ 16,817</u>
DISBURSEMENTS								
Salaries	-	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and supplies	-	-	-	-	12,000	6,955	5,600	2,339
Services and other	2,400	1,632	2,000	1,481	1,000	-	675	225
Capital outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 2,400</u>	<u>\$ 1,632</u>	<u>\$ 2,000</u>	<u>\$ 1,481</u>	<u>\$ 13,000</u>	<u>\$ 6,955</u>	<u>\$ 6,275</u>	<u>\$ 2,564</u>
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	\$ (1,523)	\$ (980)	\$ (1,250)	\$ (873)	\$ (3,500)	\$ 6,510	\$ 9,225	\$ 14,253
CASH, JANUARY 1	<u>2,624</u>	<u>2,624</u>	<u>1,644</u>	<u>1,644</u>	<u>17,565</u>	<u>17,565</u>	<u>24,075</u>	<u>24,075</u>
CASH, DECEMBER 31	<u>\$ 1,101</u>	<u>\$ 1,644</u>	<u>\$ 394</u>	<u>\$ 771</u>	<u>\$ 14,065</u>	<u>\$ 24,075</u>	<u>\$ 33,300</u>	<u>\$ 38,328</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

HICKORY COUNTY, MISSOURI  
COMPARATIVE SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL-REGULATORY BASIS

	JOHN SALLY TRUST FUND				ELECTION SERVICES FUND			
	Year Ended December 31,				Year Ended December 31,			
	2008		2009		2008		2009	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	2,080	-	4,414	4,114
Charges for services	-	-	-	-	1,952	2,177	1,000	1,830
Interest	1,887	1,248	1,300	1,060	704	192	-	160
Other	-	-	-	-	-	-	135	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 1,887</u>	<u>\$ 1,248</u>	<u>\$ 1,300</u>	<u>\$ 1,060</u>	<u>\$ 4,736</u>	<u>\$ 2,369</u>	<u>\$ 5,549</u>	<u>\$ 6,104</u>
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and supplies	-	-	-	-	-	-	2,000	650
Services and other	10,000	-	10,000	-	6,796	6,538	4,000	2,850
Capital outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 10,000</u>	<u>\$ -</u>	<u>\$ 10,000</u>	<u>\$ -</u>	<u>\$ 6,796</u>	<u>\$ 6,538</u>	<u>\$ 6,000</u>	<u>\$ 3,500</u>
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	\$ (8,113)	\$ 1,248	\$ (8,700)	\$ 1,060	\$ (2,060)	\$ (4,169)	\$ (451)	\$ 2,604
CASH, JANUARY 1	<u>56,550</u>	<u>56,550</u>	<u>57,798</u>	<u>57,798</u>	<u>9,819</u>	<u>9,819</u>	<u>5,650</u>	<u>5,650</u>
CASH, DECEMBER 31	<u>\$ 48,437</u>	<u>\$ 57,798</u>	<u>\$ 49,098</u>	<u>\$ 58,858</u>	<u>\$ 7,759</u>	<u>\$ 5,650</u>	<u>\$ 5,199</u>	<u>\$ 8,254</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.



HICKORY COUNTY, MISSOURI  
COMPARATIVE SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	TAX MAINTENANCE FUND				CAPITAL PROJECTS FUND			
	Year Ended December 31,				Year Ended December 31,			
	2008		2009		2008		2009	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	13,000	11,828	12,000	12,039	-	-	-	-
Interest	1,754	1,349	1,050	1,402	9,801	9,638	10,500	8,836
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	50,000	50,000	17,100	13,659
Total Receipts	<u>\$ 14,754</u>	<u>\$ 13,177</u>	<u>\$ 13,050</u>	<u>\$ 13,441</u>	<u>\$ 59,801</u>	<u>\$ 59,638</u>	<u>\$ 27,600</u>	<u>\$ 22,495</u>
DISBURSEMENTS								
Salaries	-	-	-	-	-	-	-	-
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and supplies	1,032	1,032	2,000	-	-	-	-	-
Services and other	2,884	2,684	7,400	3,779	51,000	-	72,500	67,817
Capital outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 3,916</u>	<u>\$ 3,716</u>	<u>\$ 9,400</u>	<u>\$ 3,779</u>	<u>\$ 51,000</u>	<u>\$ -</u>	<u>\$ 72,500</u>	<u>\$ 67,817</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 10,838	\$ 9,461	\$ 3,650	\$ 9,662	\$ 8,801	\$ 59,638	\$ (44,900)	\$ (45,322)
CASH, JANUARY 1	<u>46,864</u>	<u>46,864</u>	<u>56,325</u>	<u>56,325</u>	<u>366,546</u>	<u>366,546</u>	<u>426,184</u>	<u>426,184</u>
CASH, DECEMBER 31	<u>\$ 57,702</u>	<u>\$ 56,325</u>	<u>\$ 59,975</u>	<u>\$ 65,987</u>	<u>\$ 375,347</u>	<u>\$ 426,184</u>	<u>\$ 381,284</u>	<u>\$ 380,862</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

HICKORY COUNTY, MISSOURI  
COMPARATIVE SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	PASSPORT FUND				PROSECUTING ATTORNEY DELINQUENT TAX FUND			
	Year Ended December 31,				Year Ended December 31,			
	2008		2009		2008		2009	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	3,500	2,305	2,300	2,300	-	-	-	-
Interest	-	-	-	-	35	30	17	15
Other	-	-	-	996	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 3,500</u>	<u>\$ 2,305</u>	<u>\$ 2,300</u>	<u>\$ 3,296</u>	<u>\$ 35</u>	<u>\$ 30</u>	<u>\$ 17</u>	<u>\$ 15</u>
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and supplies	1,000	1,577	5,000	3,320	-	-	-	-
Services and other	4,000	-	-	-	1,499	680	849	345
Capital outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 5,000</u>	<u>\$ 1,577</u>	<u>\$ 5,000</u>	<u>\$ 3,320</u>	<u>\$ 1,499</u>	<u>\$ 680</u>	<u>\$ 849</u>	<u>\$ 345</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (1,500)	\$ 728	\$ (2,700)	\$ (24)	\$ (1,464)	\$ (650)	\$ (832)	\$ (330)
CASH, JANUARY 1	<u>5,515</u>	<u>5,515</u>	<u>6,243</u>	<u>6,243</u>	<u>1,499</u>	<u>1,499</u>	<u>849</u>	<u>849</u>
CASH, DECEMBER 31	<u>\$ 4,015</u>	<u>\$ 6,243</u>	<u>\$ 3,543</u>	<u>\$ 6,219</u>	<u>\$ 35</u>	<u>\$ 849</u>	<u>\$ 17</u>	<u>\$ 519</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

HICKORY COUNTY, MISSOURI  
COMPARATIVE SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	SHERIFF'S REVOLVING FUND				COUNTY LAW ENFORCEMENT RESTITUTION FUND			
	Year Ended December 31,				Year Ended December 31,			
	2008		2009		2008		2009	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	6,000	-	-	6,730	2,500	3,796	5,000	6,967
Interest	150	176	150	127	-	-	-	-
Other	-	2,703	6,000	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 6,150</u>	<u>\$ 2,879</u>	<u>\$ 6,150</u>	<u>\$ 6,857</u>	<u>\$ 2,500</u>	<u>\$ 3,796</u>	<u>\$ 5,000</u>	<u>\$ 6,967</u>
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and supplies	2,800	2,195	3,900	5,924	-	-	1,000	-
Services and other	1,200	898	5,100	2,494	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 4,000</u>	<u>\$ 3,093</u>	<u>\$ 9,000</u>	<u>\$ 8,418</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,000</u>	<u>\$ -</u>
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	\$ 2,150	\$ (214)	\$ (2,850)	\$ (1,561)	\$ 2,500	\$ 3,796	\$ 4,000	\$ 6,967
CASH, JANUARY 1	<u>6,241</u>	<u>6,241</u>	<u>6,027</u>	<u>6,027</u>	<u>95</u>	<u>95</u>	<u>3,891</u>	<u>3,891</u>
CASH, DECEMBER 31	<u>\$ 8,391</u>	<u>\$ 6,027</u>	<u>\$ 3,177</u>	<u>\$ 4,466</u>	<u>\$ 2,595</u>	<u>\$ 3,891</u>	<u>\$ 7,891</u>	<u>\$ 10,858</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

## HICKORY COUNTY, MISSOURI

## COMPARATIVE SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	DEPUTY SHERIFF SALARY SUPPLEMENT FUND				PROPERTY DAMAGE INSURANCE FUND			
	Year Ended December 31,				Year Ended December 31,			
	2008		2009		2008		2009	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	682	2,700	3,828	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	244,580	134,963
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	\$ -	\$ 682	\$ 2,700	\$ 3,828	\$ -	\$ -	\$ 244,580	\$ 134,963
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and supplies	-	-	-	-	-	-	152,401	43,323
Services and other	-	682	2,700	3,828	-	-	92,179	91,115
Capital outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	\$ -	\$ 682	\$ 2,700	\$ 3,828	\$ -	\$ -	\$ 244,580	\$ 134,438
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 525
CASH, JANUARY 1	-	-	-	-	-	-	-	-
CASH, DECEMBER 31	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 525

The accompanying Notes to the Financial Statements are an integral part of these statements.

HICKORY COUNTY, MISSOURI  
COMPARATIVE SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	INMATE SECURITY FUND			
	Year Ended December 31,			
	2008		2009	
	Budget	Actual	Budget	Actual
RECEIPTS				
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Other	-	-	-	810
Transfers in	-	-	-	-
Total Receipts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 810</u>
DISBURSEMENTS				
Salaries	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-
Materials and supplies	-	-	-	-
Services and other	-	-	-	-
Capital outlay	-	-	-	-
Construction	-	-	-	-
Transfers out	-	-	-	-
Total Disbursements	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ -	\$ -	\$ -	\$ 810
CASH, JANUARY 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CASH, DECEMBER 31	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 810</u></u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

HICKORY COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 and 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Hickory County, Missouri ("County") is governed by a three-member board of commissioners. In addition to the three board members, there are nine elected Constitutional Officers: Assessor, County Clerk, Circuit Clerk Ex Officio Recorder, Coroner, Prosecuting Attorney, Public Administrator, Sheriff, Treasurer and Collector.

As discussed further in Note 1, these financial statements are presented using accounting practices prescribed or permitted by the Missouri State Auditor's Office, which differ from accounting principles generally accepted in the United States of America, which would include all relevant Government Accounting Standards Board (GASB) pronouncements. The differences include use of a prescribed definition of the reporting entity and the cash basis of accounting.

A. Reporting Entity

The County's operations include tax assessments and collections, state/county courts, county recorder, public safety, economic development, social and human services, and cultural and recreation services.

The financial statements referred to above include the primary government of Hickory County, Missouri, which consists of all funds, organizations, institutions, agencies, departments, offices that are considered by the Missouri State Auditor's Office to comprise the County's legal entity.

Certain elected County officials, particularly the County Collector, Treasurer, Circuit Clerk and Sheriff, collect and hold monies in a trustee capacity as an agent of individuals, taxing units, or other governments. These assets, which are held by these officeholders for the sole benefit of external parties, are not reported on the accompanying financial statements.

B. Basis of Presentation

Governmental Funds - Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. A fund is considered a separate accounting entity with self-balancing accounts that comprise its assets, liabilities, net assets, revenues/receipts and expenditures/disbursements. The County's funds are governmental funds. Governmental funds are those through which most governmental functions are financed. The County's expendable financial resources are accounted for through governmental funds.

### C. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned, and expenditures or expenses to be recognized when the related liabilities are incurred.

### D. Budgets and Budgetary Accounting

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

1. In accordance with Chapter 50 RSMo, the County's policy is to adopt a budget for each governmental fund.
2. On or before the second Monday in January, each elected officer and department director will transmit to the County Commission and County Clerk, who serves as budget officer, the budget request and revenue estimates for their office or department for the budget year.
3. The County Clerk submits to the County Commission a proposed budget for the fiscal year beginning January 1. The proposed budget includes estimated revenues and proposed expenditures, on the cash basis of accounting, for all budgeted funds. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year. Budgeting of appropriations is based upon an estimated fund balance at the beginning of the year as well as estimated revenues to be received.
4. State law requires that, at the individual fund level, budgeted expenditures not exceed budgeted revenues plus anticipated beginning fund balance.
5. A public hearing is conducted to obtain public comment on the budget. Prior to its approval by the County Commission, the budget document is available for public inspection, which usually takes place the third and fourth weeks of January.
6. Prior to February 1, the budget is legally enacted by a vote of the County Commission.
7. Subsequent to its formal approval of the budget, the County Commission has the authority to make necessary adjustments to the budget by a formal vote of the Commission. Budgeted amounts are as originally adopted, or as amended by the County Commission throughout the year.
8. Budgets are prepared and adopted on the cash basis of accounting.

9. Adoption of a formal budget is required by law. However, the County did not adopt a formal budget for the following funds.

<u>Fund</u>	<u>2009</u>	<u>2008</u>
Deputy Sheriff Salary Supplement	N/A	X
Inmate Security	X	N/A

10. Section 50.740 RSMo prohibits expenditures in excess of the approved budgets. Actual expenditures exceeded budgeted amounts for the following fund:

<u>Fund</u>	<u>2009</u>	<u>2008</u>
Deputy Sheriff Salary Supplement	X	X

Because a budget was not adopted for the Deputy Sheriff Salary Supplement Fund in 2008 and the Inmate Security Fund in 2009, expenditures in these funds exceeded budgetary authority to the extent that a budget was not adopted.

- E. Property taxes are based on the voter-approved tax levy applied to the real and personal assessed property values. Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and tax bills are mailed to taxpayers in October and November, at which time they are payable. All unpaid property taxes become delinquent as of January 1 of the following year.

The assessed valuation of the tangible taxable property, included within the County's boundaries for the calendar year 2009 and 2008, for purposes of taxation was:

<u>Taxable Property</u>	<u>2009</u>	<u>2008</u>
Real Estate	\$ 80,078,555	\$ 78,295,427
Personal Property	\$ 25,053,689	\$ 27,768,854

During 2009 and 2008, the County Commission approved a tax levy per \$100 of assessed valuation of tangible taxable property for the calendar year 2009 and 2008, for purposes of County taxation, as follows:

	<u>2009</u>	<u>2008</u>
General Revenue	\$ 0.2095	\$ 0.1604
Road & Bridge	0.2404	0.2346

- F. Cash Deposits and Investments

Deposits and investments are stated at cost, which approximates market. Cash balances for all the County Treasurer funds are pooled and invested to the extent possible. Interest earned from such investments is allocated to each of the funds based on the fund's average daily cash balance. Cash equivalents may include repurchase agreements and any other instruments with an original maturity of ninety days or less. State law authorizes the deposit of funds in banks and trust companies or the investment of



funds in bonds or treasury certificates of the United States, other interest bearing obligations guaranteed as to both principal and interest by the United States, bonds of the State of Missouri or other government bonds, or time certificates of deposit, purchased at a price at or below par. Funds in the form of cash on deposit or time certificates of deposit are required to be insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized by authorized investments held in the County's name at third-party banking institutions. Details of these cash balances are presented in Note 2.

#### G. Interfund Activity

During the course of operations, interfund activity occurs for purposes of providing supplemental funding, reimbursements for goods provided or services rendered, or short and long-term financing.

Interfund activities are reported as "transfers in" by the recipient fund and as "transfers out" by the disbursing fund. However, interfund reimbursements have been eliminated from the financial statements in order that reimbursed expenditures are reported only in the funds incurring the costs.

### 2. CASH AND INVESTMENTS

The County maintains a cash and temporary investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the financial statements as "Cash" under each fund's caption.

Deposits - Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. At December 31, 2009 and 2008, the carrying amounts of the County's deposits were \$1,322,122 and \$1,193,686, respectively, and the bank balances were \$1,444,711 and \$1,237,318, respectively. Of the bank balances, \$250,000 and \$250,000 for December 31, 2009 and December 31, 2008, respectively, were covered by federal depository insurance and \$1,194,711 and \$987,318, respectively, were covered by collateral held at the Federal Reserve Bank and the County's safekeeping bank agent in the County's name or by a line of credit held by the County or by its agent in the County's name.

### 3. COUNTY EMPLOYEES' RETIREMENT PLANS

#### A. County Employees' Retirement Fund (CERF)

The County Employee's Retirement Fund was established by the state of Missouri to provide pension benefits for County officials and employees.

##### 1) Plan Description

The Retirement Fund is a cost-sharing multiple employer defined benefit pension plan covering any county elective or appointed officer or employee whose performance requires the actual performance of duties during not less than one thousand (1,000) hours per calendar year in each county of the state, except for any city not within a county and any county of the first classification having a charter

form of government. It does not include county prosecuting attorneys covered under Sections 56.800 to 56.840, RSMo, circuit clerks and deputy circuit clerks covered under the Missouri State Retirement System, county sheriffs covered under Sections 57.949 to 57.997, RSMo and certain personnel not defined as an employee per Section 50.1000(8), RSMo. The Fund was created by an act of the legislature and was effective August 28, 1994.

The general administration and the responsibility for the proper operation of the fund and the investment of the fund are vested in a board of directors of nine persons.

## 2) Pension Benefits

Beginning January 1, 1997, employees attaining the age of sixty-two years may retire with full benefits with eight or more years of creditable service. The monthly benefit for County Employees is determined by selecting the highest benefit calculated using three different prescribed formulas (flat-dollar formula, targeted replacement ratio formula, and prior plan's formula). A death benefit of \$10,000 will be paid to the designated beneficiary of every active member upon his or her death.

Upon termination of employment, any member who is vested is entitled to a deferred annuity, payable at age sixty-two. Early retirement is at age sixty. Any member with less than eight years of creditable service forfeits all rights in the fund but will be paid his or her accumulated contributions.

The County Employees' Retirement Fund issues audited financial statements. Copies of these statements may be obtained from the Board of Directors of CERF by writing to CERF, P.O. Box 2271, Jefferson City, MO 65102-2271, or by calling 1-573-632-9203.

## 3) Funding Policy

In accordance with State Statutes, the Plan is partially funded through various fees collected by counties and remitted to the CERF. Further, a contribution to CERF of 2% of annual salary is required for eligible employees hired before February 2002, while a contribution of 6% of annual salary is required of employees hired after February 2002, in order to participate in CERF. During 2009 and 2008, the County collected and remitted to CERF employee contributions of approximately \$49,885 and \$48,381, respectively, for the years then ended.

## 4. POST EMPLOYMENT BENEFITS

The County does not provide post-employment benefits except as mandated by the Consolidated Omnibus Budget Reconciliation Act (COBRA). The requirements established by COBRA are fully funded by employees who elect coverage under the Act, and no direct costs are incurred by the County.

## 5. CLAIMS, COMMITMENT AND CONTINGENCIES

### A. Compensated Absences

Full time employees accumulate sick leave at the rate of one day for each month of employment. Sick leave may be carried over from one year to the next. Unused sick leave will be forfeited upon resignation, retirement, dismissal or death. No compensation shall be paid for unused sick leave. Employees are entitled to five days of vacation leave after one full year of employment, ten days after two full years of employment, and fifteen days after ten full years of employment.

### B. Federal and State Assisted Programs

The County has received proceeds from several federal and state grants. Periodic audits of these grants, when performed, could result in the disallowance of certain costs. Accordingly, such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds, if determined necessary, will be immaterial and, therefore, no provision has been made in the accompanying financial statements for the potential refund of grant monies.

The County's expenditure for federal awards did not exceed \$500,000 in either 2009 or 2008 and, accordingly, the County is not required to obtain a single audit in accordance with Office of Management and Budget Circular A-133.

## 6. RISK MANAGEMENT

The County is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters, and has established a risk management strategy that attempts to minimize losses and the carrying costs of insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

The County is a member participant in a public entity risk pool which is a corporate and political body. The purpose of the risk pool is to provide liability protection to participating public entities, their officials, and employees. Annual contributions are collected based on actuarial projections which are intended to produce sufficient funds to pay losses and expenses. Should contributions not produce sufficient funds to meet its obligations, the risk pool is empowered with the ability to make special assessments. Members are jointly and severally liable for all claims against the risk pool.

The County is also a member of the Missouri Association of Counties Self-Insured Workers' Compensation and Insurance Fund. The County purchases workers' compensation insurance through this Fund, a non-profit corporation established for the purpose of providing insurance coverage for Missouri counties. The Fund is self-insured up to \$2,000,000 per occurrence and is reinsured up to the statutory limit through excess insurance.

## 7. LONG TERM DEBT

The County had no debt outstanding at December 31, 2009 or 2008.

## 8. CHANGE IN REPORTING ENTITY

The County has changed its definition of the reporting entity, as of January 1, 2008, to exclude certain funds held by County officeholders, including the Collector, Sheriff, and Treasurer for the benefit of other taxing districts and third parties. The effect of the aforementioned change in reporting entity is to decrease cash balances of the agency funds as previously reported at December 31, 2007 by the amount representing cash balances of the aforementioned funds

## **COMPLIANCE SECTION**

## McBRIDE, LOCK & ASSOCIATES

### REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the County Commission and  
Officeholders of Hickory County, Missouri

We have audited the accompanying financial statements of Hickory County, Missouri as of and for the years ended December 31, 2009 and 2008, which collectively comprise the County's basic financial statements as identified in the table of contents, and have issued our report thereon dated April 23, 2010. We conducted our audits 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.

#### Internal Control Over Financial Reporting

In planning and performing our audits, we considered Hickory County, Missouri's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Hickory County, Missouri's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Hickory County, Missouri's internal control over financial reporting.

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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hickory 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 audits, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and recommendations as item 1.

We also noted two immaterial instances of noncompliance that we reported in the accompanying schedule of findings and recommendations as items 2 and 3.

Hickory County, Missouri's response to the findings identified in our audit is described in the accompanying schedule of findings and recommendations. We did not audit Hickory County, Missouri's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the County Commission, County Officeholders, the Missouri State Auditor, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*(Original Signed by Auditor)*

McBride, Lock & Associates  
April 23, 2010

## **FINDINGS AND RECOMMENDATIONS**



HICKORY COUNTY, MISSOURI  
FINDINGS AND RECOMMENDATIONS

**MATERIAL WEAKNESSES IN INTERNAL CONTROL**

None

**SIGNIFICANT INTERNAL CONTROL DEFICIENCIES**

None

**ITEMS OF NONCOMPLIANCE**

**09-1. Budgetary Practices**

Condition: It was noted that the County did not adopt an annual budget for each fund as required by State Statute. Specifically the County did not adopt an annual budget for the following funds:

<u>Fund</u>	<u>2009</u>	<u>2008</u>
Deputy Sheriff Salary Supplement	N/A	X
Inmate Security	X	N/A

Additionally, RSMo 50.740 prohibits expenditures in excess of the approved budgets. Actual expenditures exceeded budgeted amounts for the following fund:

<u>Fund</u>	<u>2009</u>	<u>2008</u>
Deputy Sheriff Salary Supplement	X	X

Recommendation: We recommend the County prepare complete formal budgets for all funds as required by law. We also recommend that the County strictly adhere to the authorized budget or follow the appropriate procedures to amend the budget in a public meeting if additional expenditures are necessary.

County's Response: The County has incorporated internal procedural improvements to ensure that budgets are properly established and monitored for all funds. We are taking steps to ensure that the County follows all budget procedures required by state statute.

The Deputy Sheriff Supplement Fund did not exist until after the budget was adopted in 2009 and since this is a pass-thru account it does not need to be budgeted.

Auditor's Evaluation: The audit does not concur with the start date expressed in the response as it pertains to the Deputy Sheriff Supplement Fund and continues to believe that an appropriate budgetary ceiling on expenditures should be established.

## **09-2. Ledger Reconciliations**

Condition: Our audit tests identified numerous differences during 2008 and 2009 between the County Clerk's and Treasurer's ledgers. These differences carried through to financial statements prepared by the County Clerk and the Annual Settlement prepared by the Treasurer. It appears that the County Clerk and Treasurer, when making fund adjustments, are not making those adjustments in a consistent manner and are not reconciling fund activity and balances with each other on a monthly basis. As a result, receipts and disbursements as reported on the County Clerk's financial statements are no longer in agreement by fund with the Treasurer's Settlement for the same period. It should be noted, however, that beginning and ending cash are in agreement for all funds at each month and year-end.

Recommendation: We recommend that the County Clerk and Treasurer communicate effectively to ensure that their ledgers and financial reports reconcile and are in agreement both by line item and in the aggregate on a monthly basis. Any variance noted between the County Clerk's and Treasurer's records should be resolved in a timely manner.

County's Response: Steps have been taken to ensure that ledgers and financial reports reconcile between the offices of the County Clerk and the Treasurer. We have made sure that fund revenues, expenditures and balances match the Summary of funds provided on a monthly basis. We will continue to ensure this is done on a monthly basis.

Auditor's Evaluation: The stated corrective action is responsive to the concern.

## **09-3. Procurement Procedures**

Condition: The County did not consistently solicit bids and/or retain bid documentation for various purchases of goods and services. In addition, the minutes did not adequately document bid information such as justification for accepting other than the lowest bid or engaging in single source purchases.

Recommendation: We recommend that the County Commission:

1. solicit bids in accordance with State law,
2. maintain bid documentation in conjunction with associated disbursement records in the County Clerk's office and,
3. in cases where the Commission elects to accept other than the lowest bid or engages in single source purchasing, include in the minutes and bid records documentation justifying the decision.

County's Response: The County will carefully monitor situations which require bids and ensure that the County follows all procedures required by state statute in the future.

Auditor's Evaluation: The stated corrective action is responsive to the concern.

HICKORY COUNTY, MISSOURI  
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

In accordance with Government Auditing Standards, this section reports the auditors' follow-up on action taken by Hickory County, Missouri, on the applicable Management Advisory Report (MAR) findings in the prior audit report issued for the two years ended December 31, 2007 and 2006.

MAR-1. Timesheet Authorization

Condition: Timesheets should be properly authorized by having both the employee and supervisor sign the timesheet. This procedure decreases the chance of error on the timesheet such as too many hours recorded or misuse of vacation and sick pay. Of the four employees tested, three were employees whose timesheets were not all properly signed by the employee and supervisor.

*Status: Resolved*

MAR-2. County Clerk's Purchase Authorization

Condition: County policy requires, as approval for purchases, two signatures; one from the department head requesting the purchase and the other from the Presiding Commissioner. Of the invoices inspected by the auditors, all had been signed by the Presiding Commissioner and approved. However, there were four invoices that were not properly approved by the department head.

*Status: Resolved*

MAR-3. Lack of Investment Policy

Condition: The County has not adopted an investment policy. Investment policies are established to ensure that investments made by the County appropriately commit the County to the principles of safety, liquidity and yield when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. RSMo 30.950 requires political subdivision with authority to invest in instruments other than depository accounts to have an investment policy.

*Status: Resolved*

MAR-4. Documentation in Personnel Files

Condition: Personnel files should contain W-4, payroll authorization, employment forms, and personnel reviews. Out of the four employees we tested, two employees did not have documentation confirming their current authorized salary. This documentation provides a reference for any questions or concerns that may arise. The County Clerk is responsible for placing current payroll authorization forms in the personnel file.

*Status: Resolved*