



THOMAS A. SCHWEICH
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, the Office of the State Auditor has contracted for an audit of the county's financial statements for the 2 years ended December 31, 2013, 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 black ink that reads "Thomas A. Schweich".

Thomas A. Schweich
State Auditor

August 2014
Report No. 2014-056

ANNUAL FINANCIAL REPORT

HICKORY COUNTY, MISSOURI

For the Years Ended December 31, 2013 and 2012

HICKORY COUNTY, MISSOURI

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INTRODUCTORY SECTION

HICKORY COUNTY, MISSOURI
List of Elected Officials

County Commission

Presiding Commissioner – Robert Sawyer

Eastern District Commissioner – Robert E. Breshears

Western District Commissioner – Rick Pearson

Other Elected Officials

Assessor – Clint Baker

Circuit Clerk – Cee Cee Smith

Collector – Karen Stokes

Coroner – Connie Boller

County Clerk – Jeanne Lindsey

Prosecuting Attorney – J. Michael Brown

Public Administrator – Rosalie Wells

Recorder – Pamela Hutton

Sheriff – Raymond Tipton

Treasurer – Kenny Ratliff

McBRIDE, LOCK & ASSOCIATES

INDEPENDENT AUDITORS' REPORT

To the County Commission and
Officeholders of Hickory County, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of Hickory County, Missouri as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the County'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 prescribed or permitted by Missouri law. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on the 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 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1, the financial statements are prepared by Hickory County, Missouri on the basis of the financial reporting provisions prescribed or permitted by Missouri Law, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Hickory County, Missouri, as of December 31, 2013 and 2012, or the changes in its financial position for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the cash balances of each fund of Hickory County, Missouri, as of December 31, 2013 and 2012, and their respective cash receipts and disbursements, and budgetary results for the years then ended, on the basis of the financial reporting provisions prescribed or permitted by Missouri Law described in Note 1.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 22, 2014, 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* in considering the County's internal control over financial reporting and compliance.

(Original Signed by McBride, Lock & Associates)

McBride, Lock & Associates
Kansas City, Missouri
May 22, 2014

FINANCIAL SECTION

HICKORY COUNTY, MISSOURI
 STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
 YEARS ENDED DECEMBER 31, 2012 AND 2013

Fund	Cash and	Receipts	Disbursements	Cash and	Receipts	Disbursements	Cash and
	Investments			Investments			Investments
	January 1,	2012	2012	December 31,	2013	2013	December 31,
	2012			2012			2013
General Revenue	\$ 314,397	\$ 1,749,742	\$ 1,713,680	\$ 350,459	\$ 1,461,080	\$ 1,480,423	\$ 331,116
Special Road and Bridge	95,605	776,349	623,197	248,757	806,478	970,393	84,842
Assessment	9,374	153,767	153,481	9,660	135,775	132,563	12,872
Law Enforcement Training	1,521	1,090	917	1,694	1,246	536	2,404
Prosecuting Attorney Training	360	276	528	108	315	284	139
Recorder User Fees	7,297	7,357	6,182	8,472	6,906	6,130	9,248
Law Enforcement Drug	13,822	7,672	6,544	14,950	15,533	7,547	22,936
Prosecuting Attorney Bad Check	4,849	2,563	2,705	4,707	2,381	3,985	3,103
Children's Special Trust	3,434	1,421	3,434	1,421	1,517	-	2,938
Law Enforcement POST Commission	591	494	-	1,085	536	-	1,621
Sheriff's Special	21,133	13,380	12,872	21,641	12,306	14,467	19,480
Election Services	7,031	6,261	5,516	7,776	5,799	3,935	9,640
Tax Maintenance	57,776	13,422	16,644	54,554	12,431	12,230	54,755
Capital Projects	419,801	196,315	-	616,116	5,781	10,000	611,897
County Sheriff Revolving	6,478	9,707	5,675	10,510	16,178	7,667	19,021
County Law Enforcement Restitution	17,022	6,625	5,240	18,407	1,655	6,386	13,676
Inmate Security	2,698	1,080	1,440	2,338	1,730	1,198	2,870
K-9	774	580	392	962	365	549	778
John Sally Trust	60,240	617	-	60,857	406	-	61,263
Total	\$ 1,044,203	\$ 2,948,718	\$ 2,558,447	\$ 1,434,474	\$ 2,488,418	\$ 2,658,293	\$ 1,264,599

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,				
	2012		2013	
	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
RECEIPTS				
Property taxes	\$ 215,840	\$ 219,304	\$ 193,486	\$ 186,971
Sales taxes	848,375	859,905	856,945	870,518
Intergovernmental	202,731	204,652	199,639	192,218
Charges for services	161,702	166,993	162,511	160,026
Interest	4,955	7,791	6,200	3,964
Other	344,066	235,896	32,410	34,736
Transfers in	55,202	55,201	12,647	12,647
Total Receipts	<u>\$ 1,832,871</u>	<u>\$ 1,749,742</u>	<u>\$ 1,463,838</u>	<u>\$ 1,461,080</u>
DISBURSEMENTS				
County Commission	\$ 80,740	\$ 80,363	\$ 80,740	\$ 79,739
County Clerk	67,210	61,392	74,495	73,158
Elections	60,719	57,217	29,140	29,123
Buildings and grounds	95,094	87,330	106,907	96,878
Employee fringe benefits	134,498	129,531	133,659	128,253
Treasurer	40,100	39,428	43,095	42,153
Collector	81,418	80,623	83,058	81,690
Recorder of Deeds	43,540	43,139	45,040	44,460
Circuit Clerk	6,000	5,352	8,000	6,734
Court Administration	17,697	10,821	10,697	4,387
Public Administrator	23,450	22,775	23,700	19,145
Sheriff	578,651	572,919	594,126	578,566
Jail	44,850	41,824	39,850	26,637
Prosecuting Attorney	79,434	77,817	83,086	78,035
Juvenile Officer	22,160	17,926	22,031	19,165
Coroner	19,150	16,611	19,950	14,745
Other County Government	143,607	131,561	141,992	123,855
Emergency fund	45,000	-	43,500	-
Transfers out	347,000	237,051	33,700	33,700
Total Disbursements	<u>\$ 1,930,318</u>	<u>\$ 1,713,680</u>	<u>\$ 1,616,766</u>	<u>\$ 1,480,423</u>
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	\$ (97,447)	\$ 36,062	\$ (152,928)	\$ (19,343)
CASH AND INVESTMENTS, JANUARY 1	<u>314,397</u>	<u>314,397</u>	<u>350,459</u>	<u>350,459</u>
CASH AND INVESTMENTS, DECEMBER 31	<u>\$ 216,950</u>	<u>\$ 350,459</u>	<u>\$ 197,531</u>	<u>\$ 331,116</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,							
	2012		2013		2012		2013	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ 260,951	\$ 275,806	\$ 266,856	\$ 252,469	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	859,439	493,809	1,322,801	548,424	99,724	102,443	103,583	96,418
Charges for services	-	-	-	-	6,000	4,083	4,000	5,452
Interest	3,825	4,037	3,500	3,416	325	241	100	205
Other	2,378	2,697	4,000	2,169	-	-	650	-
Transfers in	-	-	-	-	47,000	47,000	33,700	33,700
Total Receipts	<u>\$ 1,126,593</u>	<u>\$ 776,349</u>	<u>\$ 1,597,157</u>	<u>\$ 806,478</u>	<u>\$ 153,049</u>	<u>\$ 153,767</u>	<u>\$ 142,033</u>	<u>\$ 135,775</u>
DISBURSEMENTS								
Salaries	\$ 281,032	\$ 217,779	\$ 232,555	227,089	\$ 114,849	\$ 114,421	\$ 99,076	\$ 98,208
Employee fringe benefits	52,733	46,750	53,644	50,832	22,463	22,054	22,092	20,979
Materials and Supplies	276,451	188,948	297,452	242,921	7,400	7,347	7,400	3,813
Services and Other	90,038	83,282	130,000	112,357	17,600	9,659	18,800	9,563
Capital Outlay	12,500	12,500	158,890	158,890	-	-	-	-
Construction	400,000	24,494	875,506	173,304	-	-	-	-
Transfers out	49,444	49,444	5,000	5,000	-	-	-	-
Total Disbursements	<u>\$ 1,162,198</u>	<u>\$ 623,197</u>	<u>\$ 1,753,047</u>	<u>\$ 970,393</u>	<u>\$ 162,312</u>	<u>\$ 153,481</u>	<u>\$ 147,368</u>	<u>\$ 132,563</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (35,605)	\$ 153,152	\$ (155,890)	\$ (163,915)	\$ (9,263)	\$ 286	\$ (5,335)	\$ 3,212
CASH AND INVESTMENTS, JANUARY 1	<u>95,605</u>	<u>95,605</u>	<u>248,757</u>	<u>248,757</u>	<u>9,374</u>	<u>9,374</u>	<u>9,660</u>	<u>9,660</u>
CASH AND INVESTMENTS, DECEMBER 31	<u>\$ 60,000</u>	<u>\$ 248,757</u>	<u>\$ 92,867</u>	<u>\$ 84,842</u>	<u>\$ 111</u>	<u>\$ 9,660</u>	<u>\$ 4,325</u>	<u>\$ 12,872</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,			
	2012		2013		2012		2013	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	900	1,090	980	1,246	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Other	-	-	-	-	240	276	226	315
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	\$ 900	\$ 1,090	\$ 980	\$ 1,246	\$ 240	\$ 276	\$ 226	\$ 315
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	1,500	917	1,600	536	589	528	284	284
Capital Outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	\$ 1,500	\$ 917	\$ 1,600	\$ 536	\$ 589	\$ 528	\$ 284	\$ 284
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (600)	\$ 173	\$ (620)	\$ 710	\$ (349)	\$ (252)	\$ (58)	\$ 31
CASH AND INVESTMENTS, JANUARY 1	1,521	1,521	1,694	1,694	360	360	108	108
CASH AND INVESTMENTS, DECEMBER 31	\$ 921	\$ 1,694	\$ 1,074	\$ 2,404	\$ 11	\$ 108	\$ 50	\$ 139

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 FEES FUND				LAW ENFORCEMENT DRUG FUND			
	Year Ended December 31,				Year Ended December 31,			
	2012		2013		2012		2013	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	7,770	7,470	12,600	15,352
Charges for services	6,600	7,236	6,600	6,819	-	-	-	-
Interest	130	121	120	87	230	202	230	181
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 6,730</u>	<u>\$ 7,357</u>	<u>\$ 6,720</u>	<u>\$ 6,906</u>	<u>\$ 8,000</u>	<u>\$ 7,672</u>	<u>\$ 12,830</u>	<u>\$ 15,533</u>
DISBURSEMENTS								
Salaries	\$ 1,020	\$ 959	\$ -	\$ -	\$ 6,300	\$ 5,574	\$ 6,600	\$ 5,694
Employee fringe benefits	79	102	-	-	-	426	-	806
Materials and Supplies	-	-	-	-	2,000	-	-	-
Services and Other	9,830	5,121	12,050	4,973	1,550	544	500	1,047
Capital Outlay	-	-	-	-	2,000	-	5,000	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	1,157	1,157	-	-	-	-
Total Disbursements	<u>\$ 10,929</u>	<u>\$ 6,182</u>	<u>\$ 13,207</u>	<u>\$ 6,130</u>	<u>\$ 11,850</u>	<u>\$ 6,544</u>	<u>\$ 12,100</u>	<u>\$ 7,547</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (4,199)	\$ 1,175	\$ (6,487)	\$ 776	\$ (3,850)	\$ 1,128	\$ 730	\$ 7,986
CASH AND INVESTMENTS, JANUARY 1	<u>7,297</u>	<u>7,297</u>	<u>8,472</u>	<u>8,472</u>	<u>13,822</u>	<u>13,822</u>	<u>14,950</u>	<u>14,950</u>
CASH AND INVESTMENTS, DECEMBER 31	<u>\$ 3,098</u>	<u>\$ 8,472</u>	<u>\$ 1,985</u>	<u>\$ 9,248</u>	<u>\$ 9,972</u>	<u>\$ 14,950</u>	<u>\$ 15,680</u>	<u>\$ 22,936</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 SPECIAL TRUST FUND			
	Year Ended December 31,				Year Ended December 31,			
	2012		2013		2012		2013	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	3,450	2,493	1,955	2,339	1,180	1,362	1,300	1,499
Interest	95	70	80	42	40	59	50	18
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 3,545</u>	<u>\$ 2,563</u>	<u>\$ 2,035</u>	<u>\$ 2,381</u>	<u>\$ 1,220</u>	<u>\$ 1,421</u>	<u>\$ 1,350</u>	<u>\$ 1,517</u>
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	6,618	2,705	4,724	3,985	3,434	3,434	1,421	-
Capital Outlay	1,500	-	1,500	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 8,118</u>	<u>\$ 2,705</u>	<u>\$ 6,224</u>	<u>\$ 3,985</u>	<u>\$ 3,434</u>	<u>\$ 3,434</u>	<u>\$ 1,421</u>	<u>\$ -</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>\$ (4,573)</u>	<u>\$ (142)</u>	<u>\$ (4,189)</u>	<u>\$ (1,604)</u>	<u>\$ (2,214)</u>	<u>\$ (2,013)</u>	<u>\$ (71)</u>	<u>\$ 1,517</u>
CASH AND INVESTMENTS, JANUARY 1	<u>4,849</u>	<u>4,849</u>	<u>4,707</u>	<u>4,707</u>	<u>3,434</u>	<u>3,434</u>	<u>1,421</u>	<u>1,421</u>
CASH AND INVESTMENTS, DECEMBER 31	<u>\$ 276</u>	<u>\$ 4,707</u>	<u>\$ 518</u>	<u>\$ 3,103</u>	<u>\$ 1,220</u>	<u>\$ 1,421</u>	<u>\$ 1,350</u>	<u>\$ 2,938</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 POST COMMISSION FUND				SHERIFF'S SPECIAL FUND			
	Year Ended December 31,				Year Ended December 31,			
	2012		2013		2012		2013	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	500	494	493	536	-	-	-	-
Charges for services	-	-	-	-	15,000	13,380	12,000	11,806
Interest	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	500	500
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	\$ 500	\$ 494	\$ 493	\$ 536	\$ 15,000	\$ 13,380	\$ 12,500	\$ 12,306
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	2,000	1,947	3,500	2,810
Services and Other	300	-	500	-	7,375	4,511	7,350	5,305
Capital Outlay	-	-	-	-	6,000	6,414	6,200	6,352
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	\$ 300	\$ -	\$ 500	\$ -	\$ 15,375	\$ 12,872	\$ 17,050	\$ 14,467
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 200	\$ 494	\$ (7)	\$ 536	\$ (375)	\$ 508	\$ (4,550)	\$ (2,161)
CASH AND INVESTMENTS, JANUARY 1	591	591	1,085	1,085	21,133	21,133	21,641	21,641
CASH AND INVESTMENTS, DECEMBER 31	\$ 791	\$ 1,085	\$ 1,078	\$ 1,621	\$ 20,758	\$ 21,641	\$ 17,091	\$ 19,480

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

	ELECTION SERVICES FUND				TAX MAINTENANCE FUND			
	Year Ended December 31,				Year Ended December 31,			
	2012		2013		2012		2013	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	9,948	4,676	6,791	4,026	-	-	-	-
Charges for services	1,550	1,452	1,390	1,665	13,500	12,532	12,000	11,882
Interest	140	133	140	108	1,115	890	900	549
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	\$ 11,638	\$ 6,261	\$ 8,321	\$ 5,799	\$ 14,615	\$ 13,422	\$ 12,900	\$ 12,431
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	10,213	5,516	2,954	3,935	14,700	10,886	16,468	5,740
Capital Outlay	-	-	1,294	-	1,000	-	1,000	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	5,758	5,758	6,490	6,490
Total Disbursements	\$ 10,213	\$ 5,516	\$ 4,248	\$ 3,935	\$ 21,458	\$ 16,644	\$ 23,958	\$ 12,230
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 1,425	\$ 745	\$ 4,073	\$ 1,864	\$ (6,843)	\$ (3,222)	\$ (11,058)	\$ 201
CASH AND INVESTMENTS, JANUARY 1	7,031	7,031	7,776	7,776	57,776	57,776	54,554	54,554
CASH AND INVESTMENTS, DECEMBER 31	\$ 8,456	\$ 7,776	\$ 11,849	\$ 9,640	\$ 50,933	\$ 54,554	\$ 43,496	\$ 54,755

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

	CAPITAL PROJECTS FUND				COUNTY SHERIFF REVOLVING FUND			
	Year Ended December 31,				Year Ended December 31,			
	2012		2013		2012		2013	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	8,500	9,595	14,500	16,042
Interest	6,420	6,263	7,700	5,781	80	112	100	136
Other	-	-	-	-	-	-	-	-
Transfers in	300,000	190,052	-	-	-	-	-	-
Total Receipts	<u>\$ 306,420</u>	<u>\$ 196,315</u>	<u>\$ 7,700</u>	<u>\$ 5,781</u>	<u>\$ 8,580</u>	<u>\$ 9,707</u>	<u>\$ 14,600</u>	<u>\$ 16,178</u>
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	10,000	-	15,000	10,000	6,300	5,675	7,900	7,667
Capital Outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 10,000</u>	<u>\$ -</u>	<u>\$ 15,000</u>	<u>\$ 10,000</u>	<u>\$ 6,300</u>	<u>\$ 5,675</u>	<u>\$ 7,900</u>	<u>\$ 7,667</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 296,420	\$ 196,315	\$ (7,300)	\$ (4,219)	\$ 2,280	\$ 4,032	\$ 6,700	\$ 8,511
CASH AND INVESTMENTS, JANUARY 1	<u>419,801</u>	<u>419,801</u>	<u>616,116</u>	<u>616,116</u>	<u>6,478</u>	<u>6,478</u>	<u>10,510</u>	<u>10,510</u>
CASH AND INVESTMENTS, DECEMBER 31	<u>\$ 716,221</u>	<u>\$ 616,116</u>	<u>\$ 608,816</u>	<u>\$ 611,897</u>	<u>\$ 8,758</u>	<u>\$ 10,510</u>	<u>\$ 17,210</u>	<u>\$ 19,021</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

	COUNTY LAW ENFORCEMENT RESTITUTION FUND				INMATE SECURITY FUND			
	Year Ended December 31,				Year Ended December 31,			
	2012		2013		2012		2013	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	5,000	6,625	6,000	1,655	-	-	900	1,730
Interest	-	-	-	-	-	-	-	-
Other	-	-	-	-	800	1,080	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	\$ 5,000	\$ 6,625	\$ 6,000	\$ 1,655	\$ 800	\$ 1,080	\$ 900	\$ 1,730
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	-	-	-	-	1,440	1,440	1,200	1,198
Capital Outlay	6,000	5,240	7,000	6,386	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	\$ 6,000	\$ 5,240	\$ 7,000	\$ 6,386	\$ 1,440	\$ 1,440	\$ 1,200	\$ 1,198
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (1,000)	\$ 1,385	\$ (1,000)	\$ (4,731)	\$ (640)	\$ (360)	\$ (300)	\$ 532
CASH AND INVESTMENTS, JANUARY 1	17,022	17,022	18,407	18,407	2,698	2,698	2,338	2,338
CASH AND INVESTMENTS, DECEMBER 31	\$ 16,022	\$ 18,407	\$ 17,407	\$ 13,676	\$ 2,058	\$ 2,338	\$ 2,038	\$ 2,870

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

	K-9 FUND				JOHN SALLY TRUST FUND			
	Year Ended December 31,				Year Ended December 31,			
	2012		2013		2012		2013	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	250	365	-	-	-	-
Interest	-	-	-	-	665	617	600	406
Other	600	580	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	\$ 600	\$ 580	\$ 250	\$ 365	\$ 665	\$ 617	\$ 600	\$ 406
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	700	392	700	549	10,000	-	10,000	-
Capital Outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	\$ 700	\$ 392	\$ 700	\$ 549	\$ 10,000	\$ -	\$ 10,000	\$ -
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (100)	\$ 188	\$ (450)	\$ (184)	\$ (9,335)	\$ 617	\$ (9,400)	\$ 406
CASH AND INVESTMENTS, JANUARY 1	774	774	962	962	60,240	60,240	60,857	60,857
CASH AND INVESTMENTS, DECEMBER 31	\$ 674	\$ 962	\$ 512	\$ 778	\$ 50,905	\$ 60,857	\$ 51,457	\$ 61,263

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

HICKORY COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 and 2012

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 ten elected Constitutional Officers: Assessor, Circuit Clerk, Collector, Coroner, County Clerk, Recorder, Prosecuting Attorney, Public Administrator, Treasurer and Sheriff.

As discussed further in Note 1, these financial statements are presented using accounting practices prescribed or permitted by Missouri Law, 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, and offices that are considered 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. The estimated fund balance at the beginning of the year as well as estimated revenues to be received are available for budgeting of appropriations.
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. Section 50.740 RSMo prohibits expenditures in excess of the approved budgets. The County did not have any funds which had actual expenditures exceed budgeted amounts.

- 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 valuations of the tangible taxable property, included within the County's boundaries for calendar years 2013 and 2012 were:

	<u>2013</u>	<u>2012</u>
Real Estate	\$ 79,836,250	\$ 78,977,860
Personal Property	26,319,422	23,325,931
Railroad and Utilities	7,512,285	6,792,680

For calendar years 2013 and 2012, the County Commission approved tax levies per \$100 of assessed valuation of tangible taxable property as follows:

	<u>2013</u>	<u>2012</u>
General Revenue	\$0.1979	\$0.1733
Special Road & Bridge	\$0.2405	\$0.2405

- 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 funds' 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's portion of this pool is displayed on the financial statements within the "Cash and Investments" caption. Cash and investments include both deposits and short-term investments. Investments are considered short-term when original maturities are less than one year. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions, and short-term U.S. Treasury bills.

Deposits - Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. At December 31, 2013 and 2012, the carrying amount of the County's deposits was \$1,264,599 and \$1,434,474, respectively, and the bank balances were \$1,563,037 and \$1,495,490, respectively. Of the bank balances, \$311,113 and \$291,207 for December 31, 2013 and 2012, respectively, were covered by federal depository insurance and the remainder was 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.

At December 31, 2013 and 2012, the County Collector held, in addition to the cash and investments listed above, cash representing collections of property taxes on behalf of various taxing districts in the County, including the County General Revenue and Special Road & Bridge funds. These amounted to \$3,252,438 and \$2,842,463 at December 31, 2013 and 2012, respectively. The bank balance at December 31, 2012 of \$2,118,209 was adequately secured by pledged collateral, however, \$40,343 of the bank balance of \$2,489,851 was not secured by pledged collateral at December 31, 2013.

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 eleven 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 fifty-five. 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, 2121 Schotthill Woods Drive, Jefferson City, MO 65101, or by calling 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 2013 and 2012, the County collected and remitted to CERF employee contributions of approximately \$49,976 and \$47,689.

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. Part-time employees accumulate four hours of sick leave each month. 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. Vacation leave cannot be carried over from one year to the next. Years are based on the employee's anniversary date for leave purposes.

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.

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 Rural Workers Compensation Insurance Trust. 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 long-term debt outstanding or obligations under leases as of December 31, 2013.

8. SUBSEQUENT EVENTS

The County has evaluated events subsequent to December 31, 2013 to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through May 22, 2014, the date the financial statements were available to be issued. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the financial statements.

COMPLIANCE SECTION

McBRIDE, LOCK & ASSOCIATES

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

To the County Commission and
Officeholders of Hickory County, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Hickory County, Missouri as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise Hickory County, Missouri's basic financial statements and have issued our report thereon dated May 22, 2014.

Internal Control Over Financial Reporting

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

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hickory County, Missouri's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters 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 other matters that we reported to management of Hickory County, Missouri, in the accompanying schedule of findings and recommendations section as items 2 and 3.

Hickory County, Missouri's Response to Findings

Hickory County, Missouri's response to the findings identified in our audit is described in the accompanying schedule of findings and recommendations. Hickory County, Missouri'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.

(Original Signed by McBride, Lock & Associates)

McBride, Lock & Associates
Kansas City, Missouri
May 22, 2014

FINDINGS AND RECOMMENDATIONS

HICKORY COUNTY, MISSOURI
FINDINGS AND RECOMMENDATIONS

MATERIAL WEAKNESSES IN INTERNAL CONTROL

None

SIGNIFICANT INTERNAL CONTROL DEFICIENCIES

None

ITEMS OF NONCOMPLIANCE

1. Accounting for Law Enforcement Sales Tax

Condition: The County is recording the proceeds of the Law Enforcement Sales Tax as a line item within the General Fund rather than in a separate special revenue fund. The Funds are assumed to be spent on sheriff's department line items within the General Fund, however, there is no tracking of the amount of the funds spent and how they were allocated. RSMo 67.582.3 requires the proceeds from a Law Enforcement Sales Tax to "be deposited in a special trust fund and shall be used solely for providing law enforcement services for such County for so long as the tax shall remain in effect." Accounting for these funds separately ensures that the proceeds of the tax are spent in accordance with the original purpose of the tax as approved by the voters of the County. The County received \$290,175 and \$286,598 from the Law Enforcement Sales Tax for the years ended December 31, 2013 and 2012, respectively.

Recommendation: We recommend that the County establish a separate fund to account for the revenues and expenditures of Law Enforcement Sales Tax funds in accordance with state statutes.

County's Response: The County will implement a separate fund for Law Enforcement Sales Tax Revenues and Expenditures as stated in RSMo 67.582.3. The County does however believe the tracking of the funds through General Fund have been more than adequate. Within the Sheriff's department each line item has a budgeted amount and the expenditures are tracked and posted monthly. The Sheriff and Deputy Sheriff's gross salaries without benefits and the cost of patrol cars, which are Law Enforcement expenditures, equaled \$361,294 in 2013 and \$358,954 in 2012, this more than exceeded the Law Enforcement Sales Tax Revenues of \$290,175 and \$286,598 respectively.

Auditor's Evaluation: The response is appropriate to correct the concern.

OTHER MATTERS

2. Collateralization of Collector's Deposits

Condition: The bank deposits of the County Collector as of December 31, 2013 were not adequately collateralized. The Collector's bank balances totaled \$2,489,851 on December 31, 2013. These balances were covered by \$250,000 of FDIC deposit insurance and securities pledged in the name of the County Collector with a market value of \$2,199,508, leaving \$40,343 of deposits not covered by insurance or pledged securities. In order to ensure the safety of public funds deposited in the bank, state statutes require deposits of Counties to be adequately covered by securities pledged as collateral in the County's name. RSMo 110.010.1 states that, "The public funds of every county...which are deposited in any banking institution acting as a legal depository of the funds...shall be secured by the deposit of securities...."

Recommendation: We recommend that the County monitor bank balances and pledged collateral to ensure that the deposits of all County officeholders are adequately collateralized at all times.

County's Response: The County will work with the Collector and Treasurer through the months of November, December and January to closely monitor the Collector's bank balances. Possibly the Treasurer could work with the bank during these months to redirect bank collateral for Treasurer accounts to Collector accounts if balances allow. Most taxes are collected in the last months of the year and are distributed the following month, so this should not be a major issue.

Auditor's Evaluation: The response is appropriate to correct the concern.

3. Outstanding Checks

Condition: The bank reconciliations of the Treasurer's Warrant Account for December 31, 2013 and December 31, 2012 included checks listed as outstanding that were more than a year old. The December 31, 2013 reconciliation listed as outstanding four checks totaling \$786 that were outstanding for 12 to 15 months and the December 31, 2012 reconciliation included one check for \$1,078 that had been outstanding for over 14 months.

Recommendation: We recommend that stale checks be investigated and removed from bank reconciliations in a timely manner in order to facilitate that accuracy of the bank balances being reported. New checks should be issued if necessary and the old check should be stopped or the funds should be turned over to the state unclaimed fees fund.

County's Response: The Treasurer with the next purchase of checks will include the statement Void after 120 days, this will allow for a more comfortable and timely voiding and reissuing of checks if necessary. Also, this will give a time period for completing reconciliation and cut down on the length of time a check can be outstanding. A time period will expedite the investigation of stale checks and improve the accuracy of the bank balances being reported.

Auditor's Evaluation: The response is appropriate to correct the concern.

HICKORY COUNTY, MISSOURI
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditors' follow-up on action taken by Hickory County, Missouri, on the applicable findings in the prior audit report issued for the two years ended December 31, 2009 and 2008.

1. *Condition:* The County did not adopt a formal budget for one fund in 2008 and one fund in 2009. Also, the expenditures of the Deputy Sheriff Salary Supplement fund exceeded budgeted amounts in both 2008 and 2009.

Status: Resolved.

2. *Condition:* Several variances were noted between the County Clerk's records and the Treasurer's records while reviewing the reconciliation process between the two officeholders.

Status: Resolved.

3. *Condition:* The County did not consistently solicit bids and/or retain bid documentation for various purchases of goods and services.

Status: Resolved.