



**NICOLE GALLOWAY, 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, the Office of the State Auditor has contracted for an audit of the county's financial statements for the 2 years ended December 31, 2017, through the state Office of Administration, Division of Purchasing and Materials Management. A copy of this audit, performed by McBride, Lock & Associates, LLC, Certified Public Accountants, is attached.

A handwritten signature in black ink, reading "Nicole R. Galloway", is positioned above the printed name.

Nicole R. Galloway, CPA  
State Auditor

September 2018  
Report No. 2018-083

ANNUAL FINANCIAL REPORT

**HICKORY COUNTY, MISSOURI**

For the Years Ended  
December 31, 2017 and 2016

# HICKORY COUNTY, MISSOURI

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## **INTRODUCTORY SECTION**

HICKORY COUNTY, MISSOURI  
List of Elected Officials

*County Commission*

Presiding Commissioner – Robert Sawyer

Eastern Commissioner – Chase Crawford

Western 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 – Venessa Prettyman

Recorder – Pamela Hutton

Sheriff – W. Brian Whalen

Treasurer – Kenny Ratliff

## **FINANCIAL SECTION**

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## McBride, Lock & Associates, LLC

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Certified Public Accountants

### INDEPENDENT AUDITOR'S 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, which comprise the Statement of Receipts, Disbursements and Changes in Cash – All Governmental Funds – Regulatory Basis and the Comparative Schedules of Receipts, Disbursements and Changes in Cash – Budget and Actual – Regulatory Basis – All Governmental Funds as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements.

#### **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 an opinion on the financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 opinion.

### **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 above 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, 2017 and 2016, or the changes in financial position, or cash flows thereof for the years then ended.

### **Unmodified Opinion on Regulatory Basis of Accounting**

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of each fund of Hickory County, Missouri, as of December 31, 2017 and 2016, and their respective cash receipts and disbursements, and budgetary results for the years then ended, in accordance with the financial reporting provisions prescribed or permitted by Missouri Law as described in Note 1.

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

In accordance with *Government Auditing Standards*, we also have issued our report dated July 31, 2018, on our consideration of Hickory County, Missouri’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County’s internal control over financial reporting and compliance.



McBride, Lock & Associates, LLC  
Kansas City, Missouri  
July 31, 2018



HICKORY COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2016 AND 2017

Fund	Cash and Investments	Receipts	Disbursements	Cash and Investments	Receipts	Disbursements	Cash and Investments
	January 1, 2016	2016	2016	December 31, 2016	2017	2017	December 31, 2017
General Revenue	\$ 544,791	\$ 1,387,280	\$ 1,263,030	\$ 669,041	\$ 1,496,082	\$ 1,268,399	\$ 896,724
Special Road & Bridge	519,612	827,768	1,216,227	131,153	830,153	887,597	73,709
Assessment	26,786	156,387	143,978	39,195	152,148	144,711	46,632
Law Enforcement Training	3,519	1,078	1,500	3,097	906	1,495	2,508
Prosecuting Attorney Training	712	270	-	982	229	-	1,211
Recorder User Fees	5,924	7,009	6,567	6,366	7,420	5,499	8,287
Law Enforcement Drug	15,189	70	15,250	9	-	9	-
P.A. Administrative Handling	5,099	2,829	454	7,474	4,095	1,430	10,139
Children's Special	1,298	1,332	1,297	1,333	1,138	1,332	1,139
Law Enforcement Post Commission	2,199	492	500	2,191	484	500	2,175
Sheriff's Special	19,786	5,073	9,699	15,160	3,092	17,898	354
Election Services	9,602	64,935	72,866	1,671	3,722	2,942	2,451
Tax Maintenance	52,322	12,231	10,367	54,186	12,640	14,050	52,776
Capital Projects	659,906	28,572	-	688,478	4,867	-	693,345
Sheriff's Revolving	33,321	14,743	7,852	40,212	721	17,972	22,961
County Law Enforcement Restitution	10,049	3,670	3,455	10,264	9,211	4,000	15,475
Inmate Security	8,515	2,623	2,500	8,638	6,966	7,055	8,549
K-9	41	-	41	-	-	-	-
Law Enforcement Sales Tax	53,951	654,990	656,321	52,620	725,264	724,412	53,472
John Sally Trust	62,129	440	50	62,519	476	-	62,995
Emergency Storm Damage	1,556	-	1,556	-	-	-	-
Total	<u>\$ 2,036,307</u>	<u>\$ 3,171,792</u>	<u>\$ 3,413,510</u>	<u>\$ 1,794,589</u>	<u>\$ 3,259,614</u>	<u>\$ 3,099,301</u>	<u>\$ 1,954,902</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,				
	2016		2017	
	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
RECEIPTS				
Property taxes	\$ 200,900	\$ 226,159	\$ 209,500	\$ 202,270
Sales taxes	680,000	679,417	675,000	710,243
Intergovernmental	429,311	277,493	390,282	387,661
Charges for services	132,400	151,966	137,450	150,158
Interest	4,500	4,514	4,400	5,804
Other	50,720	32,920	25,049	30,383
Transfers in	14,811	14,811	9,655	9,563
Total Receipts	<u>\$ 1,512,642</u>	<u>\$ 1,387,280</u>	<u>\$ 1,451,336</u>	<u>\$ 1,496,082</u>
DISBURSEMENTS				
County Commission	\$ 84,222	\$ 82,928	\$ 81,740	\$ 80,675
County Clerk	64,758	61,404	68,660	67,096
Elections	59,882	54,864	48,011	46,709
Buildings and grounds	128,826	116,793	160,504	123,253
Employee fringe benefits	65,295	54,711	66,800	57,244
Treasurer	41,600	41,112	40,550	39,711
Collector	81,530	80,255	83,280	78,608
Recorder of Deeds	50,544	50,316	56,954	50,641
Circuit Clerk	7,500	4,020	10,500	8,409
Court administration	10,909	929	15,009	9,312
Public Administrator	24,924	22,023	24,700	22,826
Jail	47,500	46,267	62,000	50,885
Prosecuting Attorney	82,605	76,948	84,901	76,783
Juvenile Officer	24,496	22,073	25,130	23,037
Coroner	19,400	13,714	25,600	20,413
Other County government	190,035	183,662	188,818	172,797
Transfers out	351,010	351,011	340,000	340,000
Emergency fund	40,800	-	43,800	-
Total Disbursements	<u>\$ 1,375,836</u>	<u>\$ 1,263,030</u>	<u>\$ 1,426,957</u>	<u>\$ 1,268,399</u>
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	\$ 136,806	\$ 124,250	\$ 24,379	\$ 227,683
CASH AND INVESTMENTS, JANUARY 1	<u>544,791</u>	<u>544,791</u>	<u>669,041</u>	<u>669,041</u>
CASH AND INVESTMENTS, DECEMBER 31	<u>\$ 681,597</u>	<u>\$ 669,041</u>	<u>\$ 693,420</u>	<u>\$ 896,724</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 & BRIDGE FUND				ASSESSMENT FUND			
	Year Ended December 31,				Year Ended December 31,			
	2016		2017		2016		2017	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ 280,600	\$ 300,988	\$ 306,500	\$ 298,937	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	461,850	518,076	522,710	529,143	104,509	111,151	107,645	107,499
Charges for services	-	-	-	-	4,000	4,930	4,500	4,278
Interest	2,800	2,996	2,700	1,663	170	220	200	258
Other	1,000	5,708	9,500	410	-	86	86	113
Transfers in	-	-	-	-	40,000	40,000	40,000	40,000
Total Receipts	\$ 746,250	\$ 827,768	\$ 841,410	\$ 830,153	\$ 148,679	\$ 156,387	\$ 152,431	\$ 152,148
DISBURSEMENTS								
Salaries	\$ 250,178	\$ 249,286	\$ 279,719	\$ 271,158	\$ 107,144	\$ 105,861	\$ 107,700	\$ 104,801
Employee fringe benefits	59,350	55,656	66,615	66,888	21,222	20,121	22,612	21,278
Materials and supplies	122,600	125,357	142,226	141,496	4,000	4,010	4,000	4,542
Services and other	29,800	27,325	30,600	29,998	18,282	13,986	21,700	14,090
Capital outlay	543,710	542,758	175,914	176,864	-	-	-	-
Construction	191,603	186,848	202,382	201,193	-	-	-	-
Transfers out	28,997	28,997	-	-	-	-	-	-
Total Disbursements	\$ 1,226,238	\$ 1,216,227	\$ 897,456	\$ 887,597	\$ 150,648	\$ 143,978	\$ 156,012	\$ 144,711
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (479,988)	\$ (388,459)	\$ (56,046)	\$ (57,444)	\$ (1,969)	\$ 12,409	\$ (3,581)	\$ 7,437
CASH AND INVESTMENTS, JANUARY 1	519,612	519,612	131,153	131,153	26,786	26,786	39,195	39,195
CASH AND INVESTMENTS, DECEMBER 31	\$ 39,624	\$ 131,153	\$ 75,107	\$ 73,709	\$ 24,817	\$ 39,195	\$ 35,614	\$ 46,632

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,			
	2016		2017		2016		2017	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	1,100	1,078	1,000	906	280	270	280	229
Interest	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	\$ 1,100	\$ 1,078	\$ 1,000	\$ 906	\$ 280	\$ 270	\$ 280	\$ 229
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and supplies	-	-	-	-	-	-	-	-
Services and other	1,500	1,500	1,500	1,495	300	-	800	-
Capital outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,495	\$ 300	\$ -	\$ 800	\$ -
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	\$ (400)	\$ (422)	\$ (500)	\$ (589)	\$ (20)	\$ 270	\$ (520)	\$ 229
CASH AND INVESTMENTS, JANUARY 1	3,519	3,519	3,097	3,097	712	712	982	982
CASH AND INVESTMENTS, DECEMBER 31	\$ 3,119	\$ 3,097	\$ 2,597	\$ 2,508	\$ 692	\$ 982	\$ 462	\$ 1,211

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,			
	2016		2017		2016		2017	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	7,000	6,959	7,000	7,364	-	-	-	-
Interest	70	50	70	56	61	70	-	-
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 7,070</u>	<u>\$ 7,009</u>	<u>\$ 7,070</u>	<u>\$ 7,420</u>	<u>\$ 61</u>	<u>\$ 70</u>	<u>\$ -</u>	<u>\$ -</u>
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and supplies	5,650	491	-	-	-	-	-	-
Services and other	5,000	4,580	9,800	3,894	4,500	4,500	9	9
Capital outlay	-	-	-	-	10,750	10,750	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	1,496	1,496	1,605	1,605	-	-	-	-
Total Disbursements	<u>\$ 12,146</u>	<u>\$ 6,567</u>	<u>\$ 11,405</u>	<u>\$ 5,499</u>	<u>\$ 15,250</u>	<u>\$ 15,250</u>	<u>\$ 9</u>	<u>\$ 9</u>
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	\$ (5,076)	\$ 442	\$ (4,335)	\$ 1,921	\$ (15,189)	\$ (15,180)	\$ (9)	\$ (9)
CASH AND INVESTMENTS, JANUARY 1	<u>5,924</u>	<u>5,924</u>	<u>6,366</u>	<u>6,366</u>	<u>15,189</u>	<u>15,189</u>	<u>9</u>	<u>9</u>
CASH AND INVESTMENTS, DECEMBER 31	<u>\$ 848</u>	<u>\$ 6,366</u>	<u>\$ 2,031</u>	<u>\$ 8,287</u>	<u>\$ -</u>	<u>\$ 9</u>	<u>\$ -</u>	<u>\$ -</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

	P.A. ADMINISTRATIVE HANDLING FUND				CHILDREN'S SPECIAL FUND			
	Year Ended December 31,				Year Ended December 31,			
	2016		2017		2016		2017	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	2,225	2,785	2,800	4,031	1,200	1,319	1,250	1,125
Interest	30	44	40	64	12	13	15	13
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 2,255</u>	<u>\$ 2,829</u>	<u>\$ 2,840</u>	<u>\$ 4,095</u>	<u>\$ 1,212</u>	<u>\$ 1,332</u>	<u>\$ 1,265</u>	<u>\$ 1,138</u>
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and supplies	1,500	194	1,500	-	-	-	-	-
Services and other	300	260	300	230	1,297	1,297	1,332	1,332
Capital outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	1,292	1,200	-	-	-	-
Total Disbursements	<u>\$ 1,800</u>	<u>\$ 454</u>	<u>\$ 3,092</u>	<u>\$ 1,430</u>	<u>\$ 1,297</u>	<u>\$ 1,297</u>	<u>\$ 1,332</u>	<u>\$ 1,332</u>
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	\$ 455	\$ 2,375	\$ (252)	\$ 2,665	\$ (85)	\$ 35	\$ (67)	\$ (194)
CASH AND INVESTMENTS, JANUARY 1	<u>5,099</u>	<u>5,099</u>	<u>7,474</u>	<u>7,474</u>	<u>1,298</u>	<u>1,298</u>	<u>1,333</u>	<u>1,333</u>
CASH AND INVESTMENTS, DECEMBER 31	<u>\$ 5,554</u>	<u>\$ 7,474</u>	<u>\$ 7,222</u>	<u>\$ 10,139</u>	<u>\$ 1,213</u>	<u>\$ 1,333</u>	<u>\$ 1,266</u>	<u>\$ 1,139</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,			
	2016		2017		2016		2017	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	500	492	400	484	-	-	-	-
Charges for services	-	-	-	-	7,000	5,073	3,500	3,092
Interest	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	\$ 500	\$ 492	\$ 400	\$ 484	\$ 7,000	\$ 5,073	\$ 3,500	\$ 3,092
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and supplies	-	-	-	-	8,800	6,286	11,450	11,224
Services and other	500	500	500	500	4,350	3,413	6,900	6,674
Capital outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	\$ 500	\$ 500	\$ 500	\$ 500	\$ 13,150	\$ 9,699	\$ 18,350	\$ 17,898
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ -	\$ (8)	\$ (100)	\$ (16)	\$ (6,150)	\$ (4,626)	\$ (14,850)	\$ (14,806)
CASH AND INVESTMENTS, JANUARY 1	2,199	2,199	2,191	2,191	19,786	19,786	15,160	15,160
CASH AND INVESTMENTS, DECEMBER 31	\$ 2,199	\$ 2,191	\$ 2,091	\$ 2,175	\$ 13,636	\$ 15,160	\$ 310	\$ 354

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,			
	2016		2017		2016		2017	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	12,737	12,738	1,623	1,623	-	-	-	-
Charges for services	2,350	1,078	2,870	2,091	12,500	11,829	11,800	12,226
Interest	60	109	100	8	450	402	390	414
Other	-	-	-	-	-	-	-	-
Transfers in	51,010	51,010	-	-	-	-	-	-
Total Receipts	<u>\$ 66,157</u>	<u>\$ 64,935</u>	<u>\$ 4,593</u>	<u>\$ 3,722</u>	<u>\$ 12,950</u>	<u>\$ 12,231</u>	<u>\$ 12,190</u>	<u>\$ 12,640</u>
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and supplies	-	-	-	-	-	-	2,300	854
Services and other	2,500	1,856	3,008	2,942	36,000	3,609	31,000	6,438
Capital outlay	71,010	71,010	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	6,758	6,758	6,758	6,758
Total Disbursements	<u>\$ 73,510</u>	<u>\$ 72,866</u>	<u>\$ 3,008</u>	<u>\$ 2,942</u>	<u>\$ 42,758</u>	<u>\$ 10,367</u>	<u>\$ 40,058</u>	<u>\$ 14,050</u>
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	\$ (7,353)	\$ (7,931)	\$ 1,585	\$ 780	\$ (29,808)	\$ 1,864	\$ (27,868)	\$ (1,410)
CASH AND INVESTMENTS, JANUARY 1	<u>9,602</u>	<u>9,602</u>	<u>1,671</u>	<u>1,671</u>	<u>52,322</u>	<u>52,322</u>	<u>54,186</u>	<u>54,186</u>
CASH AND INVESTMENTS, DECEMBER 31	<u>\$ 2,249</u>	<u>\$ 1,671</u>	<u>\$ 3,256</u>	<u>\$ 2,451</u>	<u>\$ 22,514</u>	<u>\$ 54,186</u>	<u>\$ 26,318</u>	<u>\$ 52,776</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

	CAPITAL PROJECTS FUND				SHERIFF'S REVOLVING FUND			
	Year Ended December 31,				Year Ended December 31,			
	2016		2017		2016		2017	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	12,000	14,486	10,000	527
Interest	4,800	4,575	4,500	4,867	200	257	230	194
Other	-	-	-	-	-	-	-	-
Transfers in	23,977	23,997	-	-	-	-	-	-
Total Receipts	<u>\$ 28,777</u>	<u>\$ 28,572</u>	<u>\$ 4,500</u>	<u>\$ 4,867</u>	<u>\$ 12,200</u>	<u>\$ 14,743</u>	<u>\$ 10,230</u>	<u>\$ 721</u>
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and supplies	-	-	-	-	6,500	3,818	8,750	1,877
Services and other	-	-	-	-	4,500	4,034	19,500	16,095
Capital outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,000</u>	<u>\$ 7,852</u>	<u>\$ 28,250</u>	<u>\$ 17,972</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 28,777	\$ 28,572	\$ 4,500	\$ 4,867	\$ 1,200	\$ 6,891	\$ (18,020)	\$ (17,251)
CASH AND INVESTMENTS, JANUARY 1	<u>659,906</u>	<u>659,906</u>	<u>688,478</u>	<u>688,478</u>	<u>33,321</u>	<u>33,321</u>	<u>40,212</u>	<u>40,212</u>
CASH AND INVESTMENTS, DECEMBER 31	<u>\$ 688,683</u>	<u>\$ 688,478</u>	<u>\$ 692,978</u>	<u>\$ 693,345</u>	<u>\$ 34,521</u>	<u>\$ 40,212</u>	<u>\$ 22,192</u>	<u>\$ 22,961</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,			
	2016		2017		2016		2017	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	2,000	3,670	8,650	9,211	2,200	2,623	9,200	6,966
Interest	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 2,000</u>	<u>\$ 3,670</u>	<u>\$ 8,650</u>	<u>\$ 9,211</u>	<u>\$ 2,200</u>	<u>\$ 2,623</u>	<u>\$ 9,200</u>	<u>\$ 6,966</u>
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and supplies	6,000	3,455	-	-	2,500	2,500	8,550	7,055
Services and other	-	-	8,000	4,000	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 6,000</u>	<u>\$ 3,455</u>	<u>\$ 8,000</u>	<u>\$ 4,000</u>	<u>\$ 2,500</u>	<u>\$ 2,500</u>	<u>\$ 8,550</u>	<u>\$ 7,055</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (4,000)	\$ 215	\$ 650	\$ 5,211	\$ (300)	\$ 123	\$ 650	\$ (89)
CASH AND INVESTMENTS, JANUARY 1	<u>10,049</u>	<u>10,049</u>	<u>10,264</u>	<u>10,264</u>	<u>8,515</u>	<u>8,515</u>	<u>8,638</u>	<u>8,638</u>
CASH AND INVESTMENTS, DECEMBER 31	<u>\$ 6,049</u>	<u>\$ 10,264</u>	<u>\$ 10,914</u>	<u>\$ 15,475</u>	<u>\$ 8,215</u>	<u>\$ 8,638</u>	<u>\$ 9,288</u>	<u>\$ 8,549</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

	K-9 FUND				LAW ENFORCEMENT SALES TAX FUND			
	Year Ended December 31,				Year Ended December 31,			
	2016		2017		2016		2017	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	330,000	339,710	336,300	355,370
Intergovernmental	-	-	-	-	-	-	-	22,734
Charges for services	-	-	-	-	15,000	31,560	22,955	41,020
Interest	-	-	-	-	-	-	-	-
Other	-	-	-	-	41,549	23,720	48,114	6,140
Transfers in	-	-	-	-	260,000	260,000	300,000	300,000
Total Receipts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 646,549</u>	<u>\$ 654,990</u>	<u>\$ 707,369</u>	<u>\$ 725,264</u>
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ 460,711	\$ 458,493	\$ 470,912	\$ 460,375
Employee fringe benefits	-	-	-	-	65,862	64,539	76,757	67,976
Materials and supplies	-	-	-	-	67,475	47,297	96,174	91,458
Services and other	41	41	-	-	-	-	-	-
Capital outlay	-	-	-	-	86,730	85,992	107,000	104,603
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 41</u>	<u>\$ 41</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 680,778</u>	<u>\$ 656,321</u>	<u>\$ 750,843</u>	<u>\$ 724,412</u>
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	\$ (41)	\$ (41)	\$ -	\$ -	\$ (34,229)	\$ (1,331)	\$ (43,474)	\$ 852
CASH AND INVESTMENTS, JANUARY 1	<u>41</u>	<u>41</u>	<u>-</u>	<u>-</u>	<u>53,951</u>	<u>53,951</u>	<u>52,620</u>	<u>52,620</u>
CASH AND INVESTMENTS, DECEMBER 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,722</u>	<u>\$ 52,620</u>	<u>\$ 9,146</u>	<u>\$ 53,472</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				EMERGENCY STORM DAMAGE FUND			
	Year Ended December 31,				Year Ended December 31,			
	2016		2017		2016		2017	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Interest	440	440	440	476	-	-	-	-
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 440</u>	<u>\$ 440</u>	<u>\$ 440</u>	<u>\$ 476</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and supplies	-	-	-	-	-	-	-	-
Services and other	5,000	50	5,000	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	1,556	1,556	-	-
Total Disbursements	<u>\$ 5,000</u>	<u>\$ 50</u>	<u>\$ 5,000</u>	<u>\$ -</u>	<u>\$ 1,556</u>	<u>\$ 1,556</u>	<u>\$ -</u>	<u>\$ -</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (4,560)	\$ 390	\$ (4,560)	\$ 476	\$ (1,556)	\$ (1,556)	\$ -	\$ -
CASH AND INVESTMENTS, JANUARY 1	<u>62,129</u>	<u>62,129</u>	<u>62,519</u>	<u>62,519</u>	<u>1,556</u>	<u>1,556</u>	<u>-</u>	<u>-</u>
CASH AND INVESTMENTS, DECEMBER 31	<u>\$ 57,569</u>	<u>\$ 62,519</u>	<u>\$ 57,959</u>	<u>\$ 62,995</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<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, 2017 and 2016

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, Prosecuting Attorney, Public Administrator, Recorder, Sheriff, and Treasurer.

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 Collector and Treasurer, 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. 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.
  10. 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 the calendar year 2017 and 2016, for purposes of taxation were:

	2017	2016
Real Estate	\$ 85,422,400	\$ 84,057,940
Personal Property	31,317,212	31,449,068
Railroad and Utilities	7,781,986	7,975,466
Total	<u>\$ 124,521,598</u>	<u>\$ 123,482,474</u>

For calendar years 2017 and 2016, the County Commission approved a tax levy per \$100 of assessed valuation of tangible taxable property as follows:

	2017	2016
General Revenue	\$ 0.1790	\$ 0.1577
Special Road & Bridge	\$ 0.2405	\$ 0.2402

#### 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 these balances 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 and investment 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 includes deposits and short-term investments with maturities that are less than ninety days. Investments consist of certificates of deposit with original maturities that are greater than ninety days.

Custodial Credit Risk - Deposits – Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. At December 31, 2017 and 2016, the carrying amounts of the County's deposits were \$1,954,902 and \$1,794,589, respectively, and the bank balances were \$2,186,134 and \$1,889,249, respectively. Of the bank balances, \$312,896 and \$312,419 for December 31, 2017 and 2016, respectively, were covered by federal depository insurance. The remainder of the balances at December 31, 2017 and December 31, 2016 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.

At December 31, 2017 and 2016, 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. Tax collections on deposit amounted to \$2,752,463 and \$2,650,270 at December 31, 2017 and 2016, respectively. The County Collector's deposits were covered by federal depository insurance of \$250,000 as of December 31, 2017 and 2016. The remainder of the balances at December 31, 2017 and December 31, 2016 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 Employees' 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, by calling 1-877-632-2373, or by the following website, [www.mocerf.org](http://www.mocerf.org).

### 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. During 2017 and 2016, the County collected and remitted to CERF employee withholding and fees collected of \$110,598 and \$103,519, respectively, for the years then ended.

### B. Prosecuting Attorney Retirement Fund

In accordance with state statute Section 56.807 RSMo, the County contributes monthly to the Missouri Office of Prosecution Services for deposit to the credit of the Missouri Prosecuting Attorneys and Circuit Attorney Retirement System Fund. Once remitted, the State of Missouri is responsible for administration of this plan. During 2017 and 2016, the County contributed \$3,366 and \$2,618, respectively.

## 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

Regular 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 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. CAPITAL LEASE

On October 15, 2015, the County Commission entered into a \$837,676 capital lease with John Deere Financial for the lease purchase of four 2015 John Deere 670GP motor graders at a nominal interest rate of 2.50%. The lease term is effective from October 15, 2015, through October 15, 2021, with monthly interest payments and six annual lease payments. The outstanding debt as of December 31, 2017, is as follows:

Year	Principal	Interest	Total
2018	\$ 61,272	\$ 18,242	\$ 79,514
2019	62,825	16,689	79,514
2020	64,417	15,097	79,514
2021	531,176	13,501	544,677
Totals	<u>\$ 719,690</u>	<u>\$ 63,529</u>	<u>\$ 783,219</u>

### 8. OPERATING LEASE

In April, 2017, the County entered into a 60 month operating lease for a Hewlett Packard Design Jet Plotter and support contract for the Assessor's Department. The lease is to be paid in monthly payments of \$209, which includes support of \$10 per month, with the final payment scheduled on August 15, 2022.

## 9. SUBSEQUENT EVENTS

The County has evaluated events subsequent to December 31, 2017 to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through July 31, 2018, 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, LLC

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Certified Public Accountants

### 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, 2017 and 2016, 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 July 31, 2018.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit 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 opinion 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control described in the accompanying schedule of findings and recommendations as 2017-001 that we consider to be a significant deficiency.

## **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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Hickory County, Missouri's Response to Findings**

Hickory County, Missouri's response to the finding 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.



McBride, Lock & Associates, LLC  
Kansas City, Missouri  
July 31, 2018

## **FINDINGS AND RECOMMENDATIONS**

HICKORY COUNTY, MISSOURI  
FINDINGS AND RECOMMENDATIONS

**MATERIAL WEAKNESSES IN INTERNAL CONTROL**

None

**SIGNIFICANT INTERNAL CONTROL DEFICIENCIES**

**2017-001: Treasurer's Account Bank Reconciliation**

Criteria: The Treasurer is charged with maintaining accountability over funds in the county treasury. A proper system of internal controls dictates that bank reconciliations be performed on a timely basis to ensure that cash balances per the accounting records agree to the cash balances held in the bank.

Condition: At both December 31, 2017 and December 31, 2016, the Treasurer's Annual Settlement did not agree to the respective reconciled bank account balances for the Treasurer's main checking account. At December 31, 2017, the Treasurer's Annual Settlement had a stated cash balance of \$1,954,799, however, the bank reconciliations for December 31, 2017 showed a reconciled bank balance of \$1,952,694, a difference of \$2,105. At December 31, 2016, the Treasurer's Annual Settlement had a stated cash balance of \$1,773,821, however, the bank reconciliation for December 31, 2016 showed a reconciled bank balance of \$1,771,729, a difference of \$2,092. A variance was noted each month during the audit period between the Treasurer's Settlement and reconciled bank balances. Additionally, it was noted the Treasurer did not maintain a copy of the January 2016 bank reconciliation for the Treasurer's main checking account.

Cause: The variance could not be explained by the County Treasurer.

Effect: Without timely, accurate bank reconciliations, the risk of material misstatement of the County's cash balances due to error or misappropriation is heightened.

Recommendation: We recommend the Treasurer implement the necessary procedures to ensure the bank balances reconcile to the book balance of the County's funds when performing the bank reconciliations on a monthly basis.

County's Response: The County will follow-up with the Treasurer to ensure the monthly reconciled bank account balances are agreed to the Treasurer's Settlement so that variances are followed-up on and corrected in a timely manner.

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

**ITEMS OF NONCOMPLIANCE**

None



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 findings in the prior audit report issued for the two years ended December 31, 2015 and 2014.

There were no applicable findings in the prior audit report to follow-up on.