



**HICKORY COUNTY, MISSOURI  
TWO YEARS ENDED DECEMBER 31, 2001**

**From The Office Of State Auditor  
Claire McCaskill**

**Report No. 2003-29  
April 3, 2003  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

**AUDIT REPORT**



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

March 2003

**IMPORTANT:** The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Hickory, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also provide a financial and compliance audit of various county operating funds every two years. This voluntary service to Missouri counties can only be provided when state auditing resources are available and it does not interfere with the State Auditor's constitutional responsibility of auditing state government.

Once every four years, the State Auditor's statutory audit will cover additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

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This audit of Hickory County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- Bids were not always solicited nor was bid documentation always retained by the county for various purchases. Additionally, documentation was not maintained by the county to substantiate why the overall low bid for gravel was not accepted in 2002.
- A state law, Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996 due to the fact that their terms were increased from two years to four. Based on this law, in 1999 Hickory County's Associate County Commissioners' salaries were each increased approximately \$3,168 yearly, according to information provided by the County Clerk.

On May 15, 2001, the Missouri Supreme Court handed down an opinion in a case that challenged the validity of that statute. The Supreme Court held that this section of statute violated Article VII, section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county and municipal officers during the term of office. Based on the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling approximately \$6,336 should be repaid.

(over)

YELLOW SHEET

- The duties of receiving, recording, and depositing are not adequately segregated in the Sheriff's office. Receipts are not always deposited timely, the method of payment is not always indicated on the receipt slips, and voided receipt slips are not retained. The Sheriff's office does not maintain its petty cash fund on an imprest basis. A comparison between the number of prisoner meals billed and received and the number of prisoners fed is not performed by either the Sheriff or the County Clerk. Mileage reimbursements prepared by the Sheriff's employees do not always include detailed information about the purpose of the trip and destination. A perpetual inventory record of seized property is not maintained.
- Budgets prepared by the health center were not accurate and complete. Receipts are not deposited on a timely basis, and receipt slips are not issued for some monies received. The Health Center Board did not have a formal depository agreement with its depository bank. The open meeting minutes did not always document the specific reasons for closing the meeting and actions taken by the board in closed meetings. Additions of fixed assets are not always recorded as they occur and fixed asset expenditures are not reconciled to additions to the inventory records.

Also included in the audit are recommendations related to county budgets, bonding, general fixed assets, property tax controls, and procedures of the Prosecuting Attorney.

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HICKORY COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

INDEPENDENT AUDITOR'S REPORT ON  
THE FINANCIAL STATEMENTS

To the County Commission  
and  
Officeholders of Hickory County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Hickory County, Missouri, as of and for the years ended December 31, 2001 and 2000, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose 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 special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Hickory County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Hickory County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Hickory County, Missouri, and comparisons of such information with the corresponding



budgeted information for various funds of the county as of and for the years ended December 31, 2001 and 2000, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated November 14, 2002, 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Hickory County, Missouri, and was not subjected to the auditing procedures applied in the audit of the special-purpose financial statements referred to above.



Claire McCaskill  
State Auditor

November 14, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Pamela A. Crawford, CPA
In-Charge Auditor:	Amy E. Baker
Audit Staff:	Jay Ross
	Monte Davault



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

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

To the County Commission  
and  
Officeholders of Hickory County, Missouri

We have audited the special-purpose financial statements of various funds of Hickory County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated November 14, 2002. 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.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Hickory County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, 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 that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

## Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Hickory County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information of the management of Hickory County, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.



Claire McCaskill  
State Auditor

November 14, 2002 (fieldwork completion date)

## Financial Statements

Exhibit A-1

HICKORY COUNTY, MISSOURI  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
 YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 187,427	1,156,929	1,030,652	313,704
Special Road and Bridge	43,626	679,993	613,024	110,595
Assessment	6,315	115,761	113,235	8,841
Law Enforcement Training	1,046	1,227	733	1,540
Prosecuting Attorney Training	1,866	303	581	1,588
Law Enforcement (Drug)	22,975	1,112	10,085	14,002
Prosecuting Attorney Bad Check	5,491	5,074	184	10,381
Recorder's User Fee	27,176	9,044	11,578	24,642
Children's Special Trust	303	308	300	311
Law Enforcement POST Commission	1,265	1,008	700	1,573
John Sally Trust	47,651	2,134	2,000	47,785
Prosecuting Attorney Delinquent Tax	253	8	261	0
Sheriff's Fees	718	7,663	1,489	6,892
Election Services	2,408	1,547	1,657	2,298
Law Enforcement Block Grant	0	0	0	0
Health Center	84,687	215,844	211,754	88,777
Associate Circuit Division Interest	319	84	100	303
Circuit Clerk Interest	1,394	117	0	1,511
Law Library	189	5,323	4,741	771
Total	\$ 435,109	2,203,479	2,003,074	635,514

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

Exhibit A-2

HICKORY COUNTY, MISSOURI  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
 YEAR ENDED DECEMBER 31, 2000

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 174,588	1,050,652	1,037,813	187,427
Special Road and Bridge	113,314	624,776	694,464	43,626
Assessment	17,180	96,672	107,537	6,315
Law Enforcement Training	1,198	1,744	1,896	1,046
Prosecuting Attorney Training	1,939	372	445	1,866
Law Enforcement (Drug)	3,764	22,861	3,650	22,975
Prosecuting Attorney Bad Check	2,236	3,403	148	5,491
Recorder's User Fee	27,176	7,338	7,338	27,176
Children's Special Trust	248	305	250	303
Law Enforcement POST Commission	1,107	634	476	1,265
John Sally Trust	45,382	2,269	0	47,651
Prosecuting Attorney Delinquent Tax	237	16	0	253
Sheriff's Fees	7,686	6,063	13,031	718
Election Services	0	2,408	0	2,408
Law Enforcement Block Grant	0	9,510	9,510	0
Noxious Weed	1,647	0	1,647	0
REAP Grant	7,545	0	7,545	0
Prosecuting Attorney Retirement	672	10,023	10,695	0
Health Center	77,113	223,399	215,825	84,687
Associate Circuit Division Interest	203	116	0	319
Circuit Clerk Interest	1,170	224	0	1,394
Law Library	529	3,490	3,830	189
Family Access	25	0	25	0
Total	\$ 484,959	2,066,275	2,116,125	435,109

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

Exhibit B

HICKORY COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>TOTALS - VARIOUS FUNDS</b>						
RECEIPTS	\$ 2,302,877	2,203,479	(99,398)	2,119,957	2,066,275	(53,682)
DISBURSEMENTS	2,401,732	2,003,074	398,658	2,306,044	2,116,100	189,944
RECEIPTS OVER (UNDER) DISBURSEMENTS	(98,855)	200,405	299,260	(186,087)	(49,825)	136,262
CASH, JANUARY 1	330,772	435,109	104,337	384,769	484,934	100,165
CASH, DECEMBER 31	231,917	635,514	403,597	198,682	435,109	236,427
<b>GENERAL REVENUE FUND</b>						
RECEIPTS						
Property taxes	123,588	120,445	(3,143)	122,014	107,198	(14,816)
Sales taxes	660,184	704,241	44,057	695,000	653,664	(41,336)
Intergovernmental	106,404	113,574	7,170	82,566	94,603	12,037
Charges for services	124,340	141,014	16,674	131,780	118,489	(13,291)
Interest	14,000	13,313	(687)	8,400	13,179	4,779
Other	36,150	50,342	14,192	30,160	35,779	5,619
Transfers in	14,000	14,000	0	22,545	27,740	5,195
Total Receipts	1,078,666	1,156,929	78,263	1,092,465	1,050,652	(41,813)
DISBURSEMENTS						
County Commission	78,227	77,013	1,214	69,630	68,967	663
County Clerk	58,010	57,649	361	58,093	54,760	3,333
Elections	26,674	22,532	4,142	41,138	39,712	1,426
Buildings and grounds	61,762	55,355	6,407	62,200	45,620	16,580
Employee fringe benefits	81,803	79,174	2,629	75,955	66,071	9,884
County Treasurer	27,081	27,429	(348)	25,930	25,273	657
County Collector	64,960	64,896	64	64,818	60,664	4,154
Circuit Clerk and Ex Officio Recorder of Deeds	25,970	24,175	1,795	30,218	22,652	7,566
Associate Circuit Court	5,700	2,823	2,877	5,700	3,700	2,000
Court administration	9,081	2,214	6,867	9,630	7,031	2,599
Public Administrator	17,361	17,949	(588)	19,150	15,933	3,217
Sheriff	368,180	345,246	22,934	391,555	387,414	4,141
Jail	38,831	29,999	8,832	45,354	45,405	(51)
Prosecuting Attorney	72,805	73,074	(269)	60,933	59,356	1,577
Juvenile Officer	14,229	11,129	3,100	13,875	9,726	4,149
County Coroner	14,822	12,744	2,078	13,550	12,772	778
Juvenile Detention Center	27,000	3,998	23,002	21,451	6,569	14,882
Insurance	20,531	26,258	(5,727)	30,720	28,431	2,289
University Extension	27,008	27,008	0	27,008	27,008	0
Fire and rescue	10,000	10,000	0	10,000	7,500	2,500
Debt service	15,627	14,841	786	15,578	14,895	683
Other	19,000	15,803	3,197	15,874	12,158	3,716
Transfers out	29,343	29,343	0	16,120	16,196	(76)
Emergency Fund	35,000	0	35,000	35,000	0	35,000
Total Disbursements	1,149,005	1,030,652	118,353	1,159,480	1,037,813	121,667
RECEIPTS OVER (UNDER) DISBURSEMENTS	(70,339)	126,277	196,616	(67,015)	12,839	79,854
CASH, JANUARY 1	187,427	187,427	0	174,588	174,588	0
CASH, DECEMBER 31	117,088	313,704	196,616	107,573	187,427	79,854

Exhibit B

HICKORY COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SPECIAL ROAD AND BRIDGE FUND</u></b>						
<b>RECEIPTS</b>						
Property taxes	174,781	184,482	9,701	175,004	164,156	(10,848)
Intergovernmental	649,680	488,707	(160,973)	452,250	449,875	(2,375)
Interest	6,000	4,709	(1,291)	3,550	6,353	2,803
Other	0	2,095	2,095	1,000	4,392	3,392
<b>Total Receipts</b>	<b>830,461</b>	<b>679,993</b>	<b>(150,468)</b>	<b>631,804</b>	<b>624,776</b>	<b>(7,028)</b>
<b>DISBURSEMENTS</b>						
Salaries	176,923	181,183	(4,260)	167,548	167,036	512
Employee fringe benefits	33,587	30,478	3,109	31,662	26,977	4,685
Supplies	64,937	53,112	11,825	67,750	96,364	(28,614)
Insurance	3,400	2,451	949	6,240	8,489	(2,249)
Road and bridge materials	133,950	94,868	39,082	141,600	132,174	9,426
Equipment repairs	27,000	32,322	(5,322)	34,000	43,227	(9,227)
Equipment purchases	31,000	24,949	6,051	32,000	35,185	(3,185)
Construction, repair, and maintenance	190,708	43,478	147,230	31,940	31,305	635
Utilities	9,500	9,573	(73)	9,566	8,724	842
Maintenance building	1,500	436	1,064	1,500	209	1,291
Debt service	112,413	112,413	0	125,621	125,621	0
Other	15,600	13,761	1,839	27,900	5,153	22,747
Transfers out	14,000	14,000	0	14,000	14,000	0
<b>Total Disbursements</b>	<b>814,518</b>	<b>613,024</b>	<b>201,494</b>	<b>691,327</b>	<b>694,464</b>	<b>(3,137)</b>
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	<b>15,943</b>	<b>66,969</b>	<b>51,026</b>	<b>(59,523)</b>	<b>(69,688)</b>	<b>(10,165)</b>
<b>CASH, JANUARY 1</b>	<b>43,626</b>	<b>43,626</b>	<b>0</b>	<b>113,314</b>	<b>113,314</b>	<b>0</b>
<b>CASH, DECEMBER 31</b>	<b>59,569</b>	<b>110,595</b>	<b>51,026</b>	<b>53,791</b>	<b>43,626</b>	<b>(10,165)</b>
<b><u>ASSESSMENT FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	87,099	83,848	(3,251)	82,110	78,347	(3,763)
Charges for services	2,000	2,084	84	2,600	1,882	(718)
Interest	600	486	(114)	1,100	1,117	17
Other	0	0	0	0	161	161
Transfers in	29,343	29,343	0	15,165	15,165	0
<b>Total Receipts</b>	<b>119,042</b>	<b>115,761</b>	<b>(3,281)</b>	<b>100,975</b>	<b>96,672</b>	<b>(4,303)</b>
<b>DISBURSEMENTS</b>						
Assessor	121,197	113,235	7,962	111,219	107,537	3,682
<b>Total Disbursements</b>	<b>121,197</b>	<b>113,235</b>	<b>7,962</b>	<b>111,219</b>	<b>107,537</b>	<b>3,682</b>
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	<b>(2,155)</b>	<b>2,526</b>	<b>4,681</b>	<b>(10,244)</b>	<b>(10,865)</b>	<b>(621)</b>
<b>CASH, JANUARY 1</b>	<b>6,315</b>	<b>6,315</b>	<b>0</b>	<b>17,180</b>	<b>17,180</b>	<b>0</b>
<b>CASH, DECEMBER 31</b>	<b>4,160</b>	<b>8,841</b>	<b>4,681</b>	<b>6,936</b>	<b>6,315</b>	<b>(621)</b>



Exhibit B

HICKORY COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>LAW ENFORCEMENT TRAINING FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services	1,550	1,227	(323)	1,600	1,744	144
Total Receipts	1,550	1,227	(323)	1,600	1,744	144
<b>DISBURSEMENTS</b>						
Sheriff	2,500	733	1,767	2,698	1,896	802
Total Disbursements	2,500	733	1,767	2,698	1,896	802
RECEIPTS OVER (UNDER) DISBURSEMENTS	(950)	494	1,444	(1,098)	(152)	946
CASH, JANUARY 1	1,046	1,046	0	1,198	1,198	0
CASH, DECEMBER 31	96	1,540	1,444	100	1,046	946
<b><u>PROSECUTING ATTORNEY TRAINING FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services	375	303	(72)	400	372	(28)
Total Receipts	375	303	(72)	400	372	(28)
<b>DISBURSEMENTS</b>						
Prosecuting Attorney	600	581	19	600	445	155
Total Disbursements	600	581	19	600	445	155
RECEIPTS OVER (UNDER) DISBURSEMENTS	(225)	(278)	(53)	(200)	(73)	127
CASH, JANUARY 1	1,866	1,866	0	1,939	1,939	0
CASH, DECEMBER 31	1,641	1,588	(53)	1,739	1,866	127
<b><u>LAW ENFORCEMENT (DRUG) FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	0	0	0	0	22,274	22,274
Interest	1,000	1,112	112	100	587	487
Total Receipts	1,000	1,112	112	100	22,861	22,761
<b>DISBURSEMENTS</b>						
Sheriff	22,975	10,085	12,890	3,750	3,650	100
Total Disbursements	22,975	10,085	12,890	3,750	3,650	100
RECEIPTS OVER (UNDER) DISBURSEMENTS	(21,975)	(8,973)	13,002	(3,650)	19,211	22,861
CASH, JANUARY 1	22,975	22,975	0	3,764	3,764	0
CASH, DECEMBER 31	1,000	14,002	13,002	114	22,975	22,861

Exhibit B

HICKORY COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>PROSECUTING ATTORNEY BAD CHECK FUND</u></b>						
RECEIPTS						
Charges for services	3,000	4,751	1,751	2,500	3,139	639
Interest	300	323	23	100	264	164
Total Receipts	<u>3,300</u>	<u>5,074</u>	<u>1,774</u>	<u>2,600</u>	<u>3,403</u>	<u>803</u>
DISBURSEMENTS						
Prosecuting Attorney	4,028	184	3,844	3,979	148	3,831
Total Disbursements	<u>4,028</u>	<u>184</u>	<u>3,844</u>	<u>3,979</u>	<u>148</u>	<u>3,831</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>(728)</u>	<u>4,890</u>	<u>5,618</u>	<u>(1,379)</u>	<u>3,255</u>	<u>4,634</u>
CASH, JANUARY 1	5,491	5,491	0	2,236	2,236	0
CASH, DECEMBER 31	<u>4,763</u>	<u>10,381</u>	<u>5,618</u>	<u>857</u>	<u>5,491</u>	<u>4,634</u>
<b><u>RECORDER'S USER FEE FUND</u></b>						
RECEIPTS						
Charges for services	5,700	8,091	2,391	6,000	5,690	(310)
Interest	1,835	953	(882)	1,000	1,648	648
Total Receipts	<u>7,535</u>	<u>9,044</u>	<u>1,509</u>	<u>7,000</u>	<u>7,338</u>	<u>338</u>
DISBURSEMENTS						
Recorder of Deeds	18,400	11,578	6,822	21,650	7,338	14,312
Total Disbursements	<u>18,400</u>	<u>11,578</u>	<u>6,822</u>	<u>21,650</u>	<u>7,338</u>	<u>14,312</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>(10,865)</u>	<u>(2,534)</u>	<u>8,331</u>	<u>(14,650)</u>	<u>0</u>	<u>14,650</u>
CASH, JANUARY 1	27,176	27,176	0	27,176	27,176	0
CASH, DECEMBER 31	<u>16,311</u>	<u>24,642</u>	<u>8,331</u>	<u>12,526</u>	<u>27,176</u>	<u>14,650</u>
<b><u>CHILDREN'S SPECIAL TRUST FUND</u></b>						
RECEIPTS						
Charges for services	300	295	(5)	200	290	90
Interest	15	13	(2)	7	15	8
Total Receipts	<u>315</u>	<u>308</u>	<u>(7)</u>	<u>207</u>	<u>305</u>	<u>98</u>
DISBURSEMENTS						
Other	300	300	0	250	250	0
Total Disbursements	<u>300</u>	<u>300</u>	<u>0</u>	<u>250</u>	<u>250</u>	<u>0</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>15</u>	<u>8</u>	<u>(7)</u>	<u>(43)</u>	<u>55</u>	<u>98</u>
CASH, JANUARY 1	303	303	0	248	248	0
CASH, DECEMBER 31	<u>318</u>	<u>311</u>	<u>(7)</u>	<u>205</u>	<u>303</u>	<u>98</u>

Exhibit B

HICKORY COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>LAW ENFORCEMENT POST COMMISSION FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	1,000	1,008	8	2,138	634	(1,504)
Total Receipts	1,000	1,008	8	2,138	634	(1,504)
<b>DISBURSEMENTS</b>						
Sheriff	2,265	700	1,565	1,107	476	631
Total Disbursements	2,265	700	1,565	1,107	476	631
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,265)	308	1,573	1,031	158	(873)
CASH, JANUARY 1	1,265	1,265	0	1,107	1,107	0
CASH, DECEMBER 31	0	1,573	1,573	2,138	1,265	(873)
<b><u>JOHN SALLY TRUST FUND</u></b>						
<b>RECEIPTS</b>						
Interest	2,300	2,134	(166)	800	2,269	1,469
Total Receipts	2,300	2,134	(166)	800	2,269	1,469
<b>DISBURSEMENTS</b>						
Other	5,000	2,000	3,000	5,000	0	5,000
Total Disbursements	5,000	2,000	3,000	5,000	0	5,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,700)	134	2,834	(4,200)	2,269	6,469
CASH, JANUARY 1	28,001	47,651	19,650	22,330	45,382	23,052
CASH, DECEMBER 31	25,301	47,785	22,484	18,130	47,651	29,521
<b><u>PROSECUTING ATTORNEY DELINQUENT TAX FUND</u></b>						
<b>RECEIPTS</b>						
Interest	15	8	(7)	0	16	16
Total Receipts	15	8	(7)	0	16	16
<b>DISBURSEMENTS</b>						
Prosecuting Attorney	252	261	(9)	0	0	0
Transfers out	0	0	0	237	0	237
Total Disbursements	252	261	(9)	237	0	237
RECEIPTS OVER (UNDER) DISBURSEMENTS	(237)	(253)	(16)	(237)	16	253
CASH, JANUARY 1	253	253	0	237	237	0
CASH, DECEMBER 31	16	0	(16)	0	253	253

Exhibit B

HICKORY COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SHERIFF'S FEES FUND</u></b>						
RECEIPTS						
Charges for services	6,500	7,663	1,163	6,978	6,063	(915)
Total Receipts	6,500	7,663	1,163	6,978	6,063	(915)
DISBURSEMENTS						
Sheriff	7,218	1,489	5,729	14,092	13,031	1,061
Total Disbursements	7,218	1,489	5,729	14,092	13,031	1,061
RECEIPTS OVER (UNDER) DISBURSEMENTS	(718)	6,174	6,892	(7,114)	(6,968)	146
CASH, JANUARY 1	718	718	0	7,686	7,686	0
CASH, DECEMBER 31	0	6,892	6,892	572	718	146
<b><u>ELECTION SERVICES FUND</u></b>						
RECEIPTS						
Charges for services	200	1,439	1,239	800	2,332	1,532
Interest	100	108	8	0	0	0
Transfers in	0	0	0	0	76	76
Total Receipts	300	1,547	1,247	800	2,408	1,608
DISBURSEMENTS						
Election services	2,400	1,657	743	0	0	0
Total Disbursements	2,400	1,657	743	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,100)	(110)	1,990	800	2,408	1,608
CASH, JANUARY 1	2,408	2,408	0	0	0	0
CASH, DECEMBER 31	308	2,298	1,990	800	2,408	1,608
<b><u>LAW ENFORCEMENT BLOCK GRANT FUND</u></b>						
RECEIPTS						
Intergovernmental	9,000	0	(9,000)	8,555	8,555	0
Other	1,000	0	(1,000)	0	0	0
Transfers in	0	0	0	955	955	0
Total Receipts	10,000	0	(10,000)	9,510	9,510	0
DISBURSEMENTS						
Sheriff	10,000	0	10,000	9,510	9,510	0
Total Disbursements	10,000	0	10,000	9,510	9,510	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	0	0	0	0	0	0

Exhibit B

HICKORY COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>NOXIOUS WEED FUND</u></b>						
RECEIPTS						
Intergovernmental				0	0	0
Total Receipts				0	0	0
DISBURSEMENTS						
Noxious Weed				1,647	1,647	0
Total Disbursements				1,647	1,647	0
RECEIPTS OVER (UNDER) DISBURSEMENTS				(1,647)	(1,647)	0
CASH, JANUARY 1				1,647	1,647	0
CASH, DECEMBER 31				0	0	0
<b><u>REAP GRANT FUND</u></b>						
RECEIPTS						
Intergovernmental				0	0	0
Total Receipts				0	0	0
DISBURSEMENTS						
Transfers out				7,545	7,545	0
Total Disbursements				7,545	7,545	0
RECEIPTS OVER (UNDER) DISBURSEMENTS				(7,545)	(7,545)	0
CASH, JANUARY 1				7,545	7,545	0
CASH, DECEMBER 31				0	0	0
<b><u>PROSECUTING ATTORNEY RETIREMENT FUND</u></b>						
RECEIPTS						
Charges for services				5,000	10,023	5,023
Total Receipts				5,000	10,023	5,023
DISBURSEMENTS						
Prosecuting Attorney				4,500	4,500	0
Transfers out				1,000	6,195	(5,195)
Total Disbursements				5,500	10,695	(5,195)
RECEIPTS OVER (UNDER) DISBURSEMENTS				(500)	(672)	(172)
CASH, JANUARY 1				672	672	0
CASH, DECEMBER 31				172	0	(172)

Exhibit B

HICKORY COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>HEALTH CENTER FUND</b>						
<b>RECEIPTS</b>						
Property taxes	54,896	56,806	1,910	52,000	50,630	(1,370)
Intergovernmental	114,732	111,897	(2,835)	116,905	112,274	(4,631)
Charges for services	50,200	28,291	(21,909)	62,545	43,894	(18,651)
Interest	5,300	5,670	370	10,700	5,538	(5,162)
Other	11,550	13,180	1,630	11,600	11,063	(537)
Total Receipts	236,678	215,844	(20,834)	253,750	223,399	(30,351)
<b>DISBURSEMENTS</b>						
Salaries	178,875	152,372	26,503	198,198	161,603	36,595
Office equipment	49,750	51,915	(2,165)	51,892	47,697	4,195
Equipment	2,100	2,393	(293)	1,500	251	1,249
Mileage and training	4,500	3,645	855	7,450	5,130	2,320
Other	950	1,429	(479)	1,710	1,144	566
Total Disbursements	236,175	211,754	24,421	260,750	215,825	44,925
RECEIPTS OVER (UNDER) DISBURSEMENTS	503	4,090	3,587	(7,000)	7,574	14,574
CASH, JANUARY 1	0	84,687	84,687	0	77,113	77,113
CASH, DECEMBER 31	503	88,777	88,274	(7,000)	84,687	91,687
<b>ASSOCIATE CIRCUIT DIVISION INTEREST FUND</b>						
<b>RECEIPTS</b>						
Interest	115	84	(31)	180	116	(64)
Total Receipts	115	84	(31)	180	116	(64)
<b>DISBURSEMENTS</b>						
Associate Circuit Division	0	100	(100)	383	0	383
Total Disbursements	0	100	(100)	383	0	383
RECEIPTS OVER (UNDER) DISBURSEMENTS	115	(16)	(131)	(203)	116	319
CASH, JANUARY 1	319	319	0	203	203	0
CASH, DECEMBER 31	434	303	(131)	0	319	319
<b>CIRCUIT CLERK INTEREST FUND</b>						
<b>RECEIPTS</b>						
Interest	225	117	(108)	450	224	(226)
Total Receipts	225	117	(108)	450	224	(226)
<b>DISBURSEMENTS</b>						
Circuit Clerk	1,399	0	1,399	1,620	0	1,620
Total Disbursements	1,399	0	1,399	1,620	0	1,620
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,174)	117	1,291	(1,170)	224	1,394
CASH, JANUARY 1	1,394	1,394	0	1,170	1,170	0
CASH, DECEMBER 31	220	1,511	1,291	0	1,394	1,394

Exhibit B

HICKORY COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>LAW LIBRARY FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services	3,500	3,010	(490)	3,200	3,490	290
Other	0	2,313	2,313	0	0	0
Total Receipts	<u>3,500</u>	<u>5,323</u>	<u>1,823</u>	<u>3,200</u>	<u>3,490</u>	<u>290</u>
<b>DISBURSEMENTS</b>						
Law Library	3,500	4,741	(1,241)	3,700	3,830	(130)
Total Disbursements	<u>3,500</u>	<u>4,741</u>	<u>(1,241)</u>	<u>3,700</u>	<u>3,830</u>	<u>(130)</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	582	582	(500)	(340)	160
CASH, JANUARY 1	189	189	0	529	529	0
CASH, DECEMBER 31	<u>189</u>	<u>771</u>	<u>582</u>	<u>29</u>	<u>189</u>	<u>160</u>

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

Notes to the Financial Statements



HICKORY COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Hickory County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, or the Health Center Board of Trustees. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. 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.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt a formal budget for the Family Access Fund for the year ended December 31, 2000.

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Special Road and Bridge Fund	2000
Prosecuting Attorney Delinquent Tax Fund	2001
Prosecuting Attorney Retirement Fund	2000
Associate Circuit Division Interest Fund	2001
Law Library Fund	2001 and 2000

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

A deficit budget balance is presented for the Health Center Fund for the year ended December 31, 2000. The Health Center Board of Trustees failed to include the beginning cash balance on their budget. The Health Center Fund's beginning cash balance was sufficient to offset the deficit budget balance presented.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statement for the year ended December 31, 2000, did not include the Associate Circuit Division Interest Fund, Circuit Clerk Interest Fund, and Law Library Fund.

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depository accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. 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.

The county's and the Health Center Board's deposits at December 31, 2001 and 2000, were entirely covered by federal depository insurance or by collateral securities held by the county's or board's custodial bank in the county's or board's name.

3. Prior Period Adjustment

The John Sally Trust Fund's cash balance at January 1, 2000, as previously stated has been increased by \$19,650 to reflect a U.S. savings bond not previously reported.

Schedule

HICKORY COUNTY, MISSOURI  
SCHEDULE OF FINDINGS  
YEARS ENDED DECEMBER 31, 2001 AND 2000

This schedule includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Follow-up on Prior Audit Findings for an  
Audit of Financial Statements Performed in Accordance  
With *Government Auditing Standards*

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

Our prior audit report issued for the two years ended December 31, 1999, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

MANAGEMENT ADVISORY REPORT SECTION



Management Advisory Report -  
State Auditor's Findings

HICKORY COUNTY, MISSOURI  
MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

We have audited the special-purpose financial statements of various funds of Hickory County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated November 14, 2002.

We also have audited the operations of elected officials with funds other than those presented in the special-purpose financial statements. As applicable, the objectives of this audit were to:

1. Determine the internal controls established over the transactions of the various county officials.
2. Review and evaluate certain other management practices for efficiency and effectiveness.
3. Review certain management practices and financial information for compliance with applicable legal provisions.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the county officials.

As part of our audit, we assessed the controls of the various county officials to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our audit was limited to the specific matters described in the preceding paragraphs and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Management Advisory Report presents our findings arising from our audit of the elected county officials referred to above. In addition, this report includes findings other than those, if any, reported in the accompanying Schedule of Findings. These findings resulted from our audit of the special-purpose financial statements of Hickory County but do not meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*.

**1.****Expenditures and Budgetary Practices**

- A. Bids were not always solicited nor was bid documentation always retained by the county for various purchases. The County Clerk, Sheriff, Circuit Clerk and Ex Officio Recorder of Deeds, and County Commission indicated quotes were sometimes solicited through telephone calls or other direct contacts with vendors; however, documentation of these contacts was not maintained or recorded in the County Commission minutes. Examples of items purchased for which bid documentation could not be located are as follows:

<u>Item</u>	<u>Cost</u>
Law enforcement fuel (purchased during the two years ending December 31, 2001)	\$ 34,674
Two law enforcement vehicles	29,927
Plat cabinet	5,452
Ten guns	4,664
Copier	4,490

We also noted documentation was not maintained by the county to substantiate why the overall low bid for gravel was not accepted in 2002. While the County Commission indicated the bid accepted contained the lowest price for the type and size of rock most used by the county, the bid specifications did not indicate that preference would be given to the lowest price of one type or size of rock nor did the county commission minutes document these reasons for bid acceptance. As of December 16, 2002, the county has expended \$74,950 for gravel in 2002.

Section 50.660, RSMo 2000, requires the advertisement of bids for all purchases of \$4,500 or more, from any one person, firm, or corporation during any period of ninety days. Bidding procedures for major purchases provide a framework for economical management of county resources and help assure the county that it receives fair value by contracting with the lowest and best bidder. In addition, competitive bidding ensures all interested parties are given an equal opportunity to participate in county business.

Documentation of bids should always be retained as evidence the county's established purchasing procedures as well as statutory requirements are being followed. Documentation of bids should include at a minimum, a listing of vendors from whom bids were requested, a copy of the request for proposal, a newspaper publication notice, a copy of all bids received, a summary of the basis and justification for awarding the bid, documentation of all discussions with vendors.

- B. Budgets prepared for the John Sally Trust Fund did not include a \$19,650 U.S. savings bond in the beginning and ending cash balances at January 1 and December

31, of 2001 and 2000. The County Clerk indicated that he did not report the savings bond in the cash balance because it is restricted for use. By not presenting all financial information in a complete and accurate manner, the effectiveness of the budget as a management tool is decreased. To be of maximum assistance to the county and its taxpayers, a complete and accurate budget document is needed.

**WE RECOMMEND** the County Commission:

- A. Solicit bids for all purchases in accordance with state law and maintain adequate documentation of bids. If the low bid is not selected, the circumstance should be documented in the commission minutes.
- B. And County Clerk ensure budget documents are accurate and complete.

**AUDITEE'S RESPONSE**

*The County Commission and County Clerk indicated:*

- A. *Quotes were solicited, but all documentation was not kept and/or available. We will keep adequate documentation on future quotes. Sufficient justification will be recorded for those items which require clarifications to why one vendor may have been chosen over another.*
- B. *We concur with your recommendation.*

**2. County Officials' Compensation and Bonding**

- A. Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996. The motivation behind this amendment was the fact that associate county commissioners' terms had been increased from two years to four years. Based on this statute, in 1999 Hickory County's Associate County Commissioners salaries were each increased approximately \$3,168 yearly, according to information provided by the County Clerk.

On May 15, 2001, the Missouri Supreme Court handed down an opinion in a case that challenged the validity of that statute. The Supreme Court held that this section of statute violated Article VII, section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county, and municipal officers during the term of office. This case, *Laclede County v. Douglass et al.*, holds that all raises given pursuant to this statute section are unconstitutional.

Based upon the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling approximately \$6,336 for the two years ended

December 31, 2000, should be repaid. In addition, in light of the ruling, any raises given to other officials within their term of office should be re-evaluated for propriety.

- B. The County Collector and Assessors' salaries increased in January 2001 due to an increase in the county's assessed valuation. It does not appear any increase in salary should have taken place until March 1 and September 1, 2001, respectively, the date of these office holders' incumbency, and the county should re-evaluate the \$333 and \$1,333 overpayments, respectively. Section 50.333.8 states that the elected officials' salaries shall be adjusted each year on the official's year of incumbency for any increase in the maximum allowable salary caused by a change in the last completed assessment.
- C. Several county employees from various offices with access to money are not covered by an employee bond. As a means of safeguarding assets and reducing county's risk if a misappropriation of funds would occur, all employees handling monies should be adequately bonded.

**WE RECOMMEND** the County Commission:

- A. Review the impact of this court decision and develop a plan for obtaining repayment of the salary overpayments.
- B. Request a written opinion from the Prosecuting Attorney as to the legality of the salary increases that went into effect on January 1, 2001, and obtain repayment of the raises if determined to be unallowable.
- C. Obtain adequate bond coverage for all county employees with access to monies.

**AUDITEE'S RESPONSE**

*The County Commission and County Clerk indicated:*

- A. *The Commission has reviewed the court decision and reached the opinion the amount is not owed. The legal costs to enforce collection would exceed the amount cited and we do not interpret this as overpayment.*
- B. *The Commission will request an opinion from the Prosecuting Attorney and will make a determination based on his recommendation.*
- C. *A blanket bond was purchased in 2002 to cover all employees.*

**3.****General Fixed Assets**

The County Commission or its designee is responsible for maintaining a complete detailed record of county property. In addition, each county official or their designee is responsible for performing periodic inventories and inspections. Currently, the County Clerk maintains a computerized inventory listing of fixed assets held by county officials; however, a reconciliation is not performed between the property and the inventory listing.

Additions to the inventory listing are not always reconciled to equipment expenditures, and as a result, two items including a tractor (\$10,000) and a video surveillance camera (\$1,498) were not recorded on the county's general fixed asset listing. In addition, property tags are not affixed to newly purchased assets immediately upon receipt. Also, quarterly inspections of county owned land and buildings are not documented.

Adequate general fixed asset records are necessary to secure better internal control over county property, meet statutory requirements, and provide a basis for determining proper insurance coverage required by the county.

Section 49.093, RSMo 2000, provides the county officer of each county department shall annually inspect and inventory county property used by that department with an individual value of \$250 or more and any property with an aggregate original value of \$1,000 or more. All remaining property not inventoried by a particular department shall be inventoried by the County Clerk. The reports required by this section shall be signed by the County Clerk. Section 49.091, RSMo 2000, also provides for quarterly inspections by the County Commission of all county land and buildings. In addition, property control tags should be affixed to all fixed asset items to help improve accountability and to ensure that assets are properly identified as belonging to the county.

**WE RECOMMEND** the County Commission establish a written policy related to the handling and accounting for general fixed assets. In addition to providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, discuss procedures for the handling of asset disposition, and any other concerns associated with county property. Also, a reconciliation should be performed between property listed on each county official's inventory and the County Clerk's listing, and general fixed asset purchases should be periodically reconciled to general fixed asset additions. In addition, quarterly inspections of all county land and buildings should be performed, and property control tags should be affixed.

**AUDITEE'S RESPONSE**

*The County Commission and County Clerk indicated that they agree with recommendation. They will implement it immediately.*

- A. Controls over property tax additions and abatements are not adequate. The County Assessor makes changes to the tax books for additions and abatements occurring throughout the year. After entering the additions and abatements, the County Assessor will print the court order and deliver the order to the collector who will print a new tax statement. The court order is then taken to the County Clerk who presents the order to the Commissioners for approval.

After the meetings of the Board of Equalization are completed, the County Assessor has no statutory authority to make changes to the assessment data. Further, Section 137.260, RSMo 2000, requires that the tax book only be changed by the County Clerk under order of the County Commission.

- B. The County Clerk does not maintain an account book with the County Collector. An account book would summarize all taxes being charged to the County Collector, monthly collections, delinquent credits, abatements and additions, and protested amounts by tax book. These amounts could then be verified by the County Clerk from aggregate abstracts, tax books, court orders, monthly collection reports, and totals of all charges and credits. Section 51.150.2, RSMo 2000, requires the County Clerk to maintain accounts with all persons chargeable with monies payable into the county treasury. A complete account book would help the County Clerk ensure that the amount of taxes charged and credited to the County Collector each year is complete and accurate and could also be used by the County Commission to verify the Collector's annual settlement.
- C. The County Clerk does not prepare the current or back tax books. The County Clerk enters the tax rates and the County Collector prints the current tax books. The County Collector also prepares the back tax books. According to the County Clerk, he randomly tests the accuracy of 100 tax statements. Further, the County Clerk does not perform tests to verify the totals of the back tax books for accuracy.

Sections 137.290 and 140.050, RSMo 2000, require the County Clerk to extend tax books and charge the County Collector with the whole amount of the current tax books, and the aggregate amount of taxes, interest, and clerk's fees contained in the back tax books. The procedures outlined in the statutes for the preparation of the tax books provide for the separation of duties and acts as a form of checks and balances on the Assessor, County Clerk, and County Collector. Failure of the County Clerk to prepare the tax books as required by statutes, may result in errors and irregularities going undetected.

- D. Passwords and other procedures are not in place to limit access to the various data files and programs utilized by the County Assessor and County Collector. Lack of such passwords and procedures provides the potential for personnel to make

undetected and unauthorized changes to information.

To establish individual responsibility, as well as help preserve the integrity of computer programs and data files, access to information should be limited to authorized individuals. A system of passwords and other procedures can be used to properly restrict access. A unique password should be assigned to each user of a system, and these passwords should be kept confidential and changed periodically to help limit the effect of unauthorized access to computer files.

Conditions similar to parts A, C, and D. were noted in prior reports.

**WE RECOMMEND**

- A. The County Commission establish procedures requiring the tax books only be changed by the County Clerk under order of the County Commission.
- B. The County Clerk maintain an account book with the County Collector and use this information to verify the accuracy of the County Collector's annual settlements.
- C. The County Clerk prepare the current and back tax books in accordance with state law.
- D. The County Commission consult with their programmer and establish procedures to restrict access to computer files, including the use of unique passwords, to authorized individuals.

**AUDITEE'S RESPONSE**

*The County Commission and County Clerk indicated:*

*A&D. The County Commission will arrange a meeting with the County Clerk, the County Collector, and the County Assessor. Appropriate procedures will be implemented prior to 2003 tax computations. The computer vendor already has the capability to correct this.*

*B&C. This was implemented in 2002 for the current tax book and will be expanded to include the delinquent tax book during 2003.*

<b>5. Prosecuting Attorney's Controls</b>
---

The Prosecuting Attorney's office collected bad check and other restitution and fees during the years ending December 31, 2001 and 2000 of approximately \$51,000 and \$46,000,



respectively. Restitution payments are remitted directly to the victims or merchants on a periodic basis, and bad check fees are deposited into the Prosecuting Attorney bad check fee account.

The Prosecuting Attorney's secretary can reduce the amount of bad check fees charged to the bad check writer without obtaining approval from the Prosecuting Attorney. To ensure bad check fees are properly charged and collected, all waivers should be adequately documented and approved by the Prosecuting Attorney.

**WE RECOMMEND** the Prosecuting Attorney approve and document all waivers of bad check fees.

### **AUDITEE'S RESPONSE**

*We will implement as of February 20, 2003.*

<b>6. Sheriff's Controls and Procedures</b>
---

The Sheriff's office collected civil and criminal process fees, gun permit fees and cash bonds during the years ending December 31, 2001 and 2000 of approximately \$51,000 and \$45,000, respectively. Our review of the Sheriff's accounting controls and procedures noted the following areas in need of improvement:

- A. The duties of receiving, recording, and depositing are not adequately segregated. Currently, the Sheriff's secretary is responsible for receiving the monies, recording the receipts, preparing the deposits, and writing the checks.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Proper segregation of duties helps to provide this assurance and could be achieved by segregating the functions of receiving and disbursing the monies from maintaining the accounting records. If proper segregation of duties cannot be achieved, at a minimum, there should be a documented independent review by another individual.

- B. Receipts are not always deposited timely. Deposits are generally made weekly. To ensure all monies are properly accounted for and to adequately safeguard receipts, deposits should be made intact daily or when accumulated receipts exceed \$100.
- C. The method of payment is not always indicated on the receipt slips. To ensure receipts are handled properly, the method of payment should be indicated on each receipt slip and the composition (cash and checks) should be reconciled to the composition of bank deposits.

- D. Checks and money orders received are not restrictively endorsed immediately upon receipt. Instead, the endorsement is applied at the time the deposit is made. To reduce the risk of loss or misuse of funds, checks and money orders should be restrictively endorsed immediately upon receipt.
- E. Voided receipts slips are not retained. To ensure all receipt slips are properly accounted for, voided receipt slips should be properly mutilated and retained.
- F. The Sheriff's office does not maintain its petty cash fund on an imprest basis. A cash control record is maintained documenting receipts, disbursements, and the balance of cash on hand. Receipts into this fund were primarily from vending machine commissions, county reimbursements of petty cash expenditures, and donations from employees for flowers totaling approximately \$1,025 and \$1,900 during the years ending December 31, 2001 and 2000, respectively. Disbursements of the petty cash fund were approximately \$1,270 and \$1,890 during the years ending December 31, 2001 and 2000, respectively. On several occasions these monies were used to purchase flowers for employees due to death or illness (\$194), for a retirement party (\$95), for a deputies luncheon(\$96), and for donations (\$20) during the years ending December 31, 2001 and 2000. Supporting documentation was not retained for some of these expenditures. In addition, these expenditures do not appear to be necessary operating costs and constitute a questionable use of public funds.

If a change fund or petty cash fund is necessary, it should be approved by the County Commission and kept at a constant amount, vending machine commissions and donations should be turned over to the County Treasurer, and supporting documentation of expenditures should be retained and reviewed for propriety.

- G. The county spends approximately \$17,000 annually for prisoner meals. The Sheriff's office orders the number of prisoner meals needed each day from a local restaurant and the county is billed monthly for the meals delivered.

No comparison between the number of meals billed and received and the number of prisoners fed is made by the Sheriff's office or by the County Clerk. For example, the vendor billed for 28 more meals than the Sheriff's office meal record log reported for March 2002. In addition, the meals record log did not document the reason more meals were apparently ordered and delivered than were actually provided to prisoners.

To ensure the county is paying only for prisoner meals, the record of the number of prisoners held and provided meals each day should be reconciled to the vendors billing and include notations of reconciling items such as any meals ordered but not eaten. For example, when a prisoner was released after the meal was ordered but before mealtime. The Sheriff should review each invoice for reasonableness and investigate and reconcile any differences prior to approving it for payment.

- H. Mileage reimbursements prepared by the Sheriff's employees do not always include

detailed information about the purpose of the trip and the destination, as required by Section 57.430, RSMo 2000. To ensure mileage reimbursement requests are reasonable and represent valid expenditures, the Sheriff and County Commission should require the requests to be adequately detailed, including the purpose and destination of each trip.

- I. A perpetual inventory record of seized property is not maintained. When an item is received, the Sheriff prepares an individual sheet for each suspect which identifies the items seized. These records are filed alphabetically and no summary inventory record is maintained.

Summary inventory records for seized property are necessary to deter and identify loss, misuse, or theft of such items.

Conditions A and I were also in our prior report.

**WE RECOMMEND** the Sheriff:

- A. Adequately segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- B. Deposit receipts daily or when accumulated receipts exceed \$100.
- C. Record the method of payment on receipt slips and reconcile the composition of receipts to the composition of bank deposits.
- D. Restrictively endorse checks and money orders immediately upon receipt.
- E. Ensure all voided receipts slips are properly mutilated and retained.
- F. And the County Commission evaluate the need for a petty cash fund. If a change fund or petty cash fund is necessary, it should be approved by the County Commission and kept at a constant amount. In addition vending machine commissions and donations should be turned over to the County Treasurer, and supporting documentation of expenditures should be retained and reviewed for propriety.
- G. Compare prisoner meal records with the vendor's invoice and investigate and reconcile any differences.
- H. And the County Commission require the Sheriff's office employees to record detailed information as to destinations traveled and purpose of official county business on mileage reimbursement requests.
- I. Prepare and maintain complete perpetual inventory records of seized property.

## **AUDITEE'S RESPONSE**

*The Sheriff indicated:*

*A-I. He accepted all the recommendations and wished to implement them in the immediate future.*

<b>7. Health Center's Controls and Procedures</b>
---

- A. Budgets prepared by the health center were not accurate and complete. The standard budget form provided to the health center by the County Clerk was not utilized, and cash balances were not reported on the budget form. In addition, actual receipts were (under)overstated by approximately (\$5,000) and \$10,000 during the years ending December 31, 2001 and 2000, respectively. During 2001, the health center administrator indicated that she tried to prepare the budget before the year was over and failed to update the actual receipts on the budget for monies received in late December. The financial report used to prepare the budget for 2000 was inaccurate. The Board did not adequately review the annual financial statement in conjunction with bank reconciliations and other supporting records to ensure accurate information was presented. Adjustments have been made to the audited financial statements to correct these misclassifications and errors.

To be of maximum assistance to the health center and to adequately inform the public, the budget should accurately reflect the financial activity of the health center. In addition, accurate information is essential to provide reasonable estimates of anticipated receipts and disbursements so that the board may utilize the budget as a management tool and as a control over expenditures. Also, the board should review the financial statements of the health center in conjunction with bank records and other supporting records to ensure accurate information is presented.

- B. Receipts are not deposited on a timely basis. Deposits are made approximately once a week. To ensure all monies are properly accounted for and to adequately safeguard receipts, deposits should be made intact daily or when accumulated receipts exceed \$100.
- C. Receipt slips are not issued for some monies received. To help ensure receipts are properly recorded and deposited, pre-numbered receipt slips should be issued for all monies received immediately upon receipt. In addition, the receipt slips should indicate the method of payment (i.e. cash, checks, or money orders) and the composition should be reconciled to the bank deposits to ensure all receipts have been accounted for.
- D. The Health Center Board does not have a formal depository agreement with its depository bank. A depository agreement is necessary to ensure both the bank and

the board understand and comply with the agreement. Such an agreement may cover issues such as costs of checking accounts and safe deposit boxes, interest charges for borrowed funds, interest to be paid on certificates of deposit, savings accounts, and interest bearing checking accounts, and should include collateral securities required to be pledged.

- E. The open meeting minutes did not always document the specific reasons for closing the meeting and actions take by the board in closed meetings. In addition, the Health Center Board did not document how some topics discussed met the criteria outlined in Section 610.021, RSMo. For example, meetings were closed to set an interview date, establish office hours, discuss bathroom repairs and petty cash procedures. The board should restrict the discussions in closed session on the specific topics allowed by state law.

Section 610.021, RSMo 2000, allows the board to close meeting to the extent the meetings relate to certain specified subjects, including litigation, real estate transactions, and personnel matters. Section 610.022, RSMo 2000, requires a closed meeting, record, or vote be held only for the specific reasons announced publicly at an open session. This law provides that public governmental bodies shall not discuss any other business during the closed meeting that differs from the specific reasons used to justify such meeting, record or vote.

- F. Additions of fixed assets are not always recorded as they occur, and fixed asset expenditures are not reconciled to additions to the inventory records. In addition, property tags are not always affixed to assets when acquired. Also, the total value of the health center's land and buildings are not included in the property records.

Adequate general fixed asset records are necessary to secure better internal controls over the health center's property and provide a basis for determining insurance coverage.

**WE RECOMMEND** the Health Center Board:

- A. Ensure the correct budget document is used and contains complete, accurate, and reasonable information about the health center's finances. In addition, the board should review the annual financial statements prepared by the administrator for accuracy.
- B. Deposit all monies intact daily or when accumulated receipts exceed \$100.
- C. Issue receipt slips for all monies received, and record the method of payment on receipt slips and reconcile the composition of receipts to the composition of bank deposits.
- D. Enter into a written depositary agreement.
- E. Ensure board minutes document the reasons for closing the meeting, publicly

disclose the final disposition of applicable matters discussed in closed session, and ensure only allowable, specific subjects are discussed in closed sessions as required by law.

- F. Record all additions of fixed assets as they occur, reconcile additions to the property records periodically, affix property tags to assets at the time of purchase, and record the value of the land and buildings on the general fixed asset records.

### **AUDITEE'S RESPONSE**

*The Health Center Board of Trustees indicated:*

- A. *The new administrator used the correct budget document for 2003. (The previous administrator was responsible for the 2000, 2001, and 2002 budget.) In addition, as the board of trustee minutes reflect, the board reviewed the financial statements for accuracy and approved the budget for 2003.*
- B. *All efforts are being made to make deposits on a timely basis. Checks are immediately stamped for "deposit only" and receipted at the time received. The current policy is to deposit funds when cash deposits exceed \$100 per day. The administrator and board of trustees are currently reviewing possible guidelines to look at recommendations for deposits.*
- C. *Receipt slips are being issued for all monies received at the time of receipt, and the payment method is recorded on the receipt slip. The new administrator reviews and initials receipt slips when they are reconciled to the bank statements. To correct the minimal times receipt slips are not marked correctly as cash or check, the clerk will review receipts to ensure they are properly marked for cash/check when she prepares the deposit slip.*
- D. *The board of trustee's voted to enter into a written depositary agreement at the January 2003 meeting.*
- E. *The board of trustee's has a new board chairman, secretary, and members. They are actively reviewing the Sunshine laws and have implemented changes to show reasons for closing the meeting and public disclosure. Closed meeting agendas and minutes currently reference statutes and sections of the Sunshine law allowing closed session. The new board chairman ensures only specific referenced subjects are discussed in closed session as required by law. The board of trustee's will continue educating themselves on the Sunshine laws to ensure agendas are posted and minutes are documented correctly. The board of trustees welcomes all assistance from the state auditor to ensure the Sunshine laws are followed.*
- F. *Currently, inventory is performed annually. All new equipment have property tags affixed, have been added to the inventory list with the time of purchase and amount. The new administrator will record the value of the land and buildings on the general fixed asset records as recommended.*

This report is intended for the information of the management of Hickory County, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

## Follow-Up on Prior Audit Findings



HICKORY COUNTY, MISSOURI  
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Hickory County, Missouri, on findings in the Management Advisory Report (MAR) of our audit report issued for the two years ended December 31, 1997.

The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. Budgets and Published Financial Statements

- A. Actual expenditures exceeded budgeted amounts for various funds.
- B. The County Commission approved a budget deficit for the General Revenue Fund for the year ended December 31, 1996.
- C. Formal budgets were not prepared for various county funds.
- D. The annual published financial statements of the county did not include the financial activity of the Health Center Fund as required.

Recommendation:

The County Commission:

- A. Not authorize warrants in excess of budgeted expenditures.
- B. Discontinue deficit budgeting.
- C. Ensure budgets are prepared or obtained for all county funds.
- D. Ensure the financial information for all county funds is properly reported in the annual published financial statements.

Status:

- A. Partially implemented. Actual expenditures exceeded budgeted amounts for some funds; however, improvements have been made. Although not repeated in the current MAR, our recommendation remains as stated above.
- B. Implemented.
- C. Partially implemented. A budget was not prepared for the Family Access Fund for

the year ended December 31, 2000. Although not repeated in the current MAR, our recommendation remains as stated above.

- D. Partially implemented. The financial statements did not include the financial activity of the Associate Circuit Division Interest Fund, the Circuit Clerk Interest Fund, and the Law Library Fund for the year ended December 31, 2000. Although not repeated in our current MAR, our recommendation remains as stated above.

2. Property Tax System and Computer Controls

- A. Controls over property tax book additions and abatements were not adequate.
- B. The County Clerk did not prepare the current or back tax books.
- C. Passwords and other procedures were not in place to limit access to the various data files and programs utilized by the County Assessor, County Collector, and County Clerk.

Recommendation:

- A. The County Commission establish procedures requiring the tax books only be changed by the County Clerk under order of the County Commission.
- B. The County Clerk prepare the current and back tax books in accordance with state law.
- C. The County Commission consult with their programmer and establish procedures to restrict access to computer files, including the use of unique passwords, to authorized individuals.

Status:

A-C. Not implemented. See MAR finding number 4.

3. Federal Financial Assistance

A drug-free workplace policy was not included in the personnel manual, and the county did not have a drug-free awareness program.

Recommendation:

The County Commission establish a drug-free workplace policy and an applicable drug-free awareness program to ensure compliance with the Drug-Free Workplace Act.

Status:

Implemented.

4. Prosecuting Attorney's Procedures

Bad check collection, distribution, and record-keeping functions were not adequately segregated.

Recommendation:

The Prosecuting Attorney perform a documented review of the bad check records.

Status:

Partially implemented. The Prosecuting Attorney performs a review of the monthly financial records; however, the Prosecuting Attorney does not approve and document all waivers of bad check fees. See MAR finding number 5.

5. Sheriff's Controls and Procedures

- A. The duties of receiving, recording, and depositing were not adequately segregated.
- B. The Sheriff maintained a petty cash fund using wildlife checking fees received from the Missouri Department of Conservation for office supplies and expenses.
- C. Prisoner board bills specified that payments should be sent to the Sheriff's department. In addition, the Sheriff's department had not received payment of bills totaling approximately \$2,500 that dated back to 1991.
- D. A perpetual inventory record of seized property was not maintained.

Recommendation:

The Sheriff:

- A. Adequately segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- B. Turn over all future wildlife checking fees to the County Treasurer.
- C. Request board bill payments be sent directly to the County Treasurer and follow up on board bill payments not received.
- D. Prepare and maintain complete perpetual inventory records of seized property.

Status:

A&D. Not implemented. See MAR finding number 6.

- B. Implemented.
- C. Implemented. Board bills are currently being sent to the County Treasurer. The Sheriff's office pursued collection of the unpaid board bills and wrote some of these unpaid bills off as uncollectible after collection efforts were exhausted.

6. Health Center's Procedures

- A. The duties of receiving, recording, and depositing were not adequately segregated.
- B. The Board of Trustees approved expenditures in excess of budgeted amounts.

Recommendation:

The Health Center Board:

- A. Adequately segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- B. Not authorize expenditures in excess of budgeted amounts.

Status:

A&B. Implemented.

7. Assessment Fund

The county had not received state reimbursements budgeted for 1998 assessment costs due to a dispute between the County Commission and the County Assessor over the level of clerical salaries.

Recommendation:

The County Commission and the County Assessor work together to resolve this situation at no further expense to the county.

Status:

Implemented. The dispute was resolved in December of 1998, and the county subsequently received reimbursement from the state.

STATISTICAL SECTION

History, Organization, and  
Statistical Information

HICKORY COUNTY, MISSOURI  
HISTORY, ORGANIZATION,  
AND STATISTICAL INFORMATION

Organized in 1845, the county of Hickory was named after "Old Hickory", the nickname of President Andrew Jackson. Hickory County is a county-organized, third-class county and is part of the Thirtieth Judicial Circuit. The county seat is Hermitage.

Hickory County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining county roads and bridges, and performing miscellaneous duties not handled by other county officials.

Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records of importance to the county's citizens.

Counties typically spend a large portion of their receipts to support general county operations and to build and maintain roads and bridges. The following chart shows from where Hickory County received its money in 2000 and 2001 to support the county General Revenue and Special Road and Bridge Funds:

SOURCE	2001		2000	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
Property taxes	\$ 304,927	17	271,354	16
Sales taxes	704,241	38	653,664	39
Federal and state aid	602,281	33	544,478	33
Fees, interest, and other	225,473	12	205,932	12
Total	\$ 1,836,922	100	1,675,428	100

The following chart shows how Hickory County spent monies in 2001 and 2000 from the General Revenue and Special Road and Bridge Funds:

USE	2001		2000	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
General county government	\$ 554,462	34	516,571	30
Public safety	476,190	29	521,242	30
Highways and roads	613,024	37	694,464	40
Total	\$ 1,643,676	100	1,732,277	100

The county maintains approximately 27 county bridges and 395 miles of county roads.

The county's population was 4,481 in 1970 and 8,940 in 2000. The following chart shows the county's change in assessed valuation since 1970:

	Year Ended December 31,				
	2001	2000	1985*	1980**	1970**
	(in millions)				
Real estate	\$ 46.3	45.0	26.6	11.3	6.3
Personal property	18.8	18.1	6.0	4.0	2.7
Railroad and utilities	6.5	5.8	2.7	2.7	1.0
Total	\$ 71.6	68.9	35.3	18.0	10.0

\* First year of statewide reassessment.

\*\* Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Hickory County's property tax rates per \$100 of assessed valuations were as follows:

	Year Ended December 31,	
	2001	2000
General Revenue Fund	\$ .1700	.1700
Special Road and Bridge Fund	.2600	.2600
Health Center Fund	.0800	.0800

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments.



Taxes collected were distributed as follows:

	Year Ended February 28 (29),	
	2002	2001
State of Missouri	\$ 23,334	21,921
General Revenue Fund	123,033	115,659
Special Road and Bridge Fund	188,420	177,078
Assessment Fund	28,464	26,461
Health Center Fund	57,860	54,349
School Fund	2,418,870	2,245,895
Library Fund	101,422	95,270
Fire district	232	275
Overplus Fund	6,586	2,193
Cities	9,292	8,607
County Clerk	209	192
County Employees' Retirement	23,052	19,125
Other	9,504	3,441
Commissions and fees:		
General Revenue Fund	49,875	45,713
Total	\$ <u>3,040,153</u>	<u>2,816,179</u>

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),	
	2002	2001
Real estate	92 %	91 %
Personal property	85	86
Railroad and utilities	100	100

Hickory County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction
General	\$ .0050	None	50 %
General	.0050	None	None
Law Enforcement	.0050	None	None

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2002	2001	2000
County-Paid Officials:			
Lance Hutton, Presiding Commissioner	\$	24,440	23,120
Duane Mackey, Associate Commissioner		22,440	
Tommy D. Benedict, Associate Commissioner			21,120
Gary Sherman, Associate Commissioner		22,440	21,120
Kent Parson, County Clerk		34,000	32,000
James Hackett, Prosecuting Attorney (1)		41,000	26,000
Daniel D. Peebles, Prosecuting Attorney (1)			13,000
Raymond S. Tipton, Sheriff		39,000	32,300
Martha Dever, County Treasurer		25,160	23,680
Connie Boller, County Coroner		9,500	7,650
Rhonda Hargiss, Public Administrator (2)		15,000	19,488
George Stanley McCoy, County Collector, year ended February 28 (29),	34,000	32,333	
Paul Masoner, County Assessor (3), year ended August 31,		33,333	32,000
Michael C. Freeman, County Surveyor (4)			

(1) Daniel Peebles resigned on April 30, 2000 and James Hackett was appointed May 1, 2000.

(2) Includes fees received from probate cases in 2000.

(3) Includes \$900 annual compensation received from the state.

(4) Compensation on a fee basis.

State-Paid Officials:

Aileen Pippins, Circuit Clerk and Ex Officio Recorder of Deeds		47,300	46,127
James P. Anderton, Associate Circuit Judge		96,000	97,382

A breakdown of employees (excluding the elected officials) by office at December 31, 2001, is as follows:

Office	Number of Employees Paid by	
	County	State
Circuit Clerk and Ex Officio Recorder of Deeds	1	1
County Clerk	3	0
Prosecuting Attorney	1	0
Sheriff *	15	0
County Collector	1	0
County Assessor	3	0
Associate and Probate Division **	0	2
Road and Bridge **	9	0
Health Center **	6	0
Total	<u>39</u>	<u>3</u>

\* Includes three part-time employees

\*\* Includes one part-time employee

In addition, the county pays a proportionate share of the salaries of other circuit court-appointed employees. Hickory County's share of the Thirtieth Judicial Circuit's expenses is 8.96 percent.

In 1995, a juvenile detention center was constructed in the city of Bolivar for the Thirtieth Judicial Circuit. The five counties in the circuit were required to pay for the cost of construction in accordance with a cooperative agreement with the 30th Circuit Youth Services, Inc., a not-for-profit organization established to operate the detention center. The Bolivar Industrial Development Authority issued revenue bonds of \$830,000 on behalf of the 30th Circuit Youth Services, Inc. to finance the required share of construction costs for each of the counties in the circuit. The 30th Circuit Youth Services, Inc., makes the bond payments, but the counties are required to pay their share of the debt in accordance with the cooperative agreement. The remaining debt associated with the construction totaling \$299,000 was refinanced on October 29, 2002. The interest rate is 5 percent and payments are made semi-annually for five years, with a lump sum payment due on November 1, 2006. Hickory County's share of the debt is 34.64 percent and on December 31, 2001, the county's total obligation for the remaining principal balance was \$103,544.

The county has entered into several lease purchase agreements for road and bridge equipment. At December 31, 2001, the principal balance of the leases total approximately \$734,000. Principal and interest payments are made from the Special Road and Bridge Fund.