



**NICOLE GALLOWAY, CPA**  
**Missouri State Auditor**

To the County Commission  
and  
Officeholders of Hickory County, Missouri

The Office of the State Auditor contracted for an audit of Hickory County's financial statements for the year ended December 31, 2021, through the state Office of Administration, Division of Purchasing and Materials Management. The audit includes an audit of each county officer in fulfillment of our duties under Section 29.230.1, RSMo. A copy of this audit, performed by Stopp & VanHoy, CPAs and Business Advisors, is attached.

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

Nicole R. Galloway, CPA  
State Auditor

December 2022  
Report No. 2022-135



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**Nicole Galloway, CPA**  
Missouri State Auditor

## RECOMMENDATION SUMMARY

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### Recommendations in the contracted audit of Hickory County

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2021-001

The county periodically review its actual expenditures as compared to budgeted amounts in order to prevent expenditures in excess of budget. An amended budget should be prepared and approved as necessary to comply with statutes.

**The County of Hickory  
Hermitage, Missouri  
Independent Auditor's Report and Financial Statements  
For the year ended December 31, 2021**



**The County of Hickory  
Hermitage, Missouri  
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*Independent Auditor's Report*

To the County Commission and  
Officeholders of Hickory County, Missouri

**Report on the Audit of the Financial Statements*****Opinions***

We have audited the accompanying financial statements of Hickory County, Missouri, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise Hickory County, Missouri's basic financial statements as listed in the table of contents.

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the cash balances of each fund of Hickory County, Missouri as of December 31, 2021, and their respective cash receipts and disbursements, and budgetary results for the year then ended in accordance with the basis of accounting practices prescribed or permitted by Missouri law as described in Note 1.

***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 section of our report, the financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of Hickory County, Missouri as of December 31, 2021, or the changes in financial position and cash flows thereof for the year then ended.

***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Hickory County, Missouri and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 1 of the financial statements, the financial statements are prepared by Hickory County, Missouri on the basis of accounting practices prescribed or permitted by Missouri law to demonstrate compliance with the State of Missouri's regulatory basis of accounting and budget laws, 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 and pervasive.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting practices prescribed or permitted by Missouri law to demonstrate compliance with the State of Missouri's regulatory basis of accounting and budget laws. 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Hickory County, Missouri's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

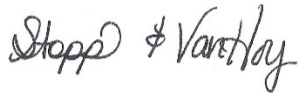
In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Hickory County, Missouri's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Hickory County, Missouri's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2022 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 solely 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 effectiveness of 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 Hickory County, Missouri's internal control over financial reporting and compliance.

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Creve Coeur, Missouri  
December 13, 2022

**The County of Hickory  
Hermitage, Missouri  
Statement of Receipts, Disbursements, and Changes in Cash  
All Governmental Funds: Regulatory Basis  
For the year ended December 31, 2021**

<u>Fund</u>	Cash and Equivalents January 1, 2021	Receipts 2021	Disbursements 2021	Cash and Equivalents December 31, 2021
General Revenue	\$ 1,096,166	\$ 1,686,619	\$ 1,432,436	\$ 1,350,349
Special Road and Bridge	46,872	1,594,132	1,187,401	453,603
Assessment	72,533	175,516	174,123	73,926
Law Enforcement Training	906	560	-	1,466
Prosecuting Attorney Training	1,823	718	-	2,541
Recorder's User Fee	9,391	10,180	7,181	12,390
Prosecuting Attorney Administrative Handling Cost	16,232	1,016	75	17,173
Children's Special Trust	836	817	-	1,653
Law Enforcement Post Commission	1,008	500	-	1,508
Sheriff's Special	18,062	6,686	3,511	21,237
Election Services	4,444	1,877	2,495	3,826
Collector's Tax Maintenance	44,878	13,666	11,857	46,687
Capital Projects	610,848	5,136	-	615,984
Sheriff Revolving	11,223	9,064	3,575	16,712
Law Enforcement Restitution	39,686	8,934	7,900	40,720
Inmate Security	39,756	14,597	4,962	49,391
Law Enforcement Sales Tax	155,379	854,392	745,997	263,774
911 Service	9,480	8,801	-	18,281
Veterans Memorial	10,890	2,644	5,049	8,485
John Sally Trust	65,591	623	-	66,214
CARES Act/ARPA Grant	152,288	929,922	236,211	845,999
Total	<u>\$ 2,408,292</u>	<u>\$ 5,326,400</u>	<u>\$ 3,822,773</u>	<u>\$ 3,911,919</u>

See Notes to the Financial Statements



**The County of Hickory  
Hermitage, Missouri  
Statement of Receipts, Disbursements, and Changes in Cash  
Budget and Actual, All Governmental Funds: Regulatory Basis  
For the year ended December 31, 2021**

	General Revenue Fund	
	Budget	Actual
<u>Receipts</u>		
Property Taxes	\$ 238,000	\$ 262,991
Sales Taxes	879,000	972,382
Intergovernmental	216,121	203,000
Charges for Services	164,700	196,221
Interest	7,500	11,685
Other Receipts	40,110	34,980
Transfers In	5,360	5,360
Total Receipts	1,550,791	1,686,619
<u>Disbursements</u>		
County Commission	87,000	86,588
County Clerk	82,162	79,032
Elections	41,240	38,121
Building and Grounds	219,000	156,337
Employee Fringe Benefits	90,500	78,933
Treasurer	45,012	42,564
Collector	96,962	93,853
Recorder of Deeds	61,762	56,293
Circuit Clerk	6,500	5,961
Court Administration	27,765	24,986
Public Administrator	27,252	22,934
Jail	53,200	42,153
Prosecuting Attorney	100,681	82,809
Juvenile Office	22,902	21,206
Coroner	27,124	22,717
Emergency Management	12,800	9,613
Other Disbursements	259,520	228,336
Transfers Out	340,000	340,000
Emergency	43,734	-
Total Disbursements	1,645,116	1,432,436
Receipts Over (Under)		
Disbursements	\$ (94,325)	\$ 254,183
Cash and Equivalents, Jan 1	1,096,166	1,096,166
Cash and Equivalents, Dec 31	\$ 1,001,841	\$ 1,350,349

See Notes to the Financial Statements

**The County of Hickory  
Hermitage, Missouri  
Statement of Receipts, Disbursements, and Changes in Cash  
Budget and Actual, All Governmental Funds: Regulatory Basis  
For the year ended December 31, 2021**

	Special Road and Bridge Fund	
	Budget	Actual
<u>Receipts</u>		
Property Taxes	\$ 312,000	\$ 348,928
Sales Taxes	390,000	436,198
Intergovernmental	860,391	799,421
Charges for Services	-	-
Interest	1,300	2,850
Other Receipts	10,000	6,735
Transfers In	-	-
Total Receipts	<u>1,573,691</u>	<u>1,594,132</u>
<u>Disbursements</u>		
Salaries	360,000	330,820
Employee Fringe Benefits	100,500	82,706
Supplies	174,490	163,679
Insurance	24,000	714
Road and Bridge Materials	290,000	157,706
Equipment Repairs	98,698	101,652
Rentals	-	-
Equipment Purchases	96,121	96,121
Road and Bridge Construction	325,890	247,047
Other Disbursements	8,400	6,956
Transfers Out	-	-
Total Disbursements	<u>1,478,099</u>	<u>1,187,401</u>
Receipts Over (Under)		
Disbursements	\$ 95,592	\$ 406,731
Cash and Equivalents, Jan 1	<u>46,872</u>	<u>46,872</u>
Cash and Equivalents, Dec 31	<u><u>\$ 142,464</u></u>	<u><u>\$ 453,603</u></u>

See Notes to the Financial Statements

**The County of Hickory  
Hermitage, Missouri  
Statement of Receipts, Disbursements, and Changes in Cash  
Budget and Actual, All Governmental Funds: Regulatory Basis  
For the year ended December 31, 2021**

	Assessment Fund	
	Budget	Actual
<u>Receipts</u>		
Property Taxes	\$ -	\$ -
Sales Taxes	-	-
Intergovernmental	107,868	124,959
Charges for Services	3,500	3,002
Interest	300	680
Other Receipts	-	6,875
Transfers In	40,000	40,000
Total Receipts	151,668	175,516
<u>Disbursements</u>		
Salaries	119,462	112,367
Employee Fringe Benefits	24,000	20,305
Materials and Supplies	10,000	9,823
Services	25,000	21,964
Other Disbursements	-	-
Capital Outlay	32,500	9,664
Transfers Out	-	-
Total Disbursements	210,962	174,123
Receipts Over (Under)		
Disbursements	\$ (59,294)	\$ 1,393
Cash and Equivalents, Jan 1	72,533	72,533
Cash and Equivalents, Dec 31	\$ 13,239	\$ 73,926

See Notes to the Financial Statements

**The County of Hickory  
Hermitage, Missouri  
Statement of Receipts, Disbursements, and Changes in Cash  
Budget and Actual, All Governmental Funds: Regulatory Basis  
For the year ended December 31, 2021**

	Law Enforcement Training Fund		Prosecuting Attorney Training Fund	
	Budget	Actual	Budget	Actual
<u>Receipts</u>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for Services	700	560	500	718
Interest	-	-	-	-
Other Receipts	-	-	-	-
Transfers In	-	-	-	-
Total Receipts	<u>700</u>	<u>560</u>	<u>500</u>	<u>718</u>
<u>Disbursements</u>				
Salaries	-	-	-	-
Employee Fringe Benefits	-	-	-	-
Materials and Supplies	-	-	-	-
Services	-	-	250	-
Other Disbursements	-	-	-	-
Capital Outlay	-	-	-	-
Transfers Out	-	-	-	-
Total Disbursements	<u>-</u>	<u>-</u>	<u>250</u>	<u>-</u>
Receipts Over (Under)				
Disbursements	\$ 700	\$ 560	\$ 250	\$ 718
Cash and Equivalents, Jan 1	<u>906</u>	<u>906</u>	<u>1,823</u>	<u>1,823</u>
Cash and Equivalents, Dec 31	<u>\$ 1,606</u>	<u>\$ 1,466</u>	<u>\$ 2,073</u>	<u>\$ 2,541</u>

See Notes to the Financial Statements

**The County of Hickory**  
**Hermitage, Missouri**  
**Statement of Receipts, Disbursements, and Changes in Cash**  
**Budget and Actual, All Governmental Funds: Regulatory Basis**  
**For the year ended December 31, 2021**

	Recorder's User Fee Fund		Prosecuting Attorney Administrative Handling Cost Fund	
	Budget	Actual	Budget	Actual
<u>Receipts</u>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for Services	7,200	10,078	4,650	877
Interest	65	102	100	139
Other Receipts	-	-	-	-
Transfers In	-	-	-	-
Total Receipts	<u>7,265</u>	<u>10,180</u>	<u>4,750</u>	<u>1,016</u>
<u>Disbursements</u>				
Salaries	-	-	-	-
Employee Fringe Benefits	-	-	-	-
Materials and Supplies	600	600	-	-
Services	5,800	2,792	10,000	-
Other Disbursements	-	-	250	75
Capital Outlay	2,000	1,929	-	-
Transfers Out	1,860	1,860	-	-
Total Disbursements	<u>10,260</u>	<u>7,181</u>	<u>10,250</u>	<u>75</u>
Receipts Over (Under)				
Disbursements	\$ (2,995)	\$ 2,999	\$ (5,500)	\$ 941
Cash and Equivalents, Jan 1	<u>9,391</u>	<u>9,391</u>	<u>16,232</u>	<u>16,232</u>
Cash and Equivalents, Dec 31	<u>\$ 6,396</u>	<u>\$ 12,390</u>	<u>\$ 10,732</u>	<u>\$ 17,173</u>

See Notes to the Financial Statements

**The County of Hickory  
Hermitage, Missouri  
Statement of Receipts, Disbursements, and Changes in Cash  
Budget and Actual, All Governmental Funds: Regulatory Basis  
For the year ended December 31, 2021**

	Children's Special Trust Fund		Law Enforcement Post Commission Fund	
	Budget	Actual	Budget	Actual
<u>Receipts</u>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-
Intergovernmental	-	-	500	500
Charges for Services	700	808	-	-
Interest	10	9	-	-
Other Receipts	-	-	-	-
Transfers In	-	-	-	-
Total Receipts	<u>710</u>	<u>817</u>	<u>500</u>	<u>500</u>
<u>Disbursements</u>				
Salaries	-	-	-	-
Employee Fringe Benefits	-	-	-	-
Materials and Supplies	-	-	-	-
Services	835	-	-	-
Other Disbursements	-	-	-	-
Capital Outlay	-	-	-	-
Transfers Out	-	-	-	-
Total Disbursements	<u>835</u>	<u>-</u>	<u>-</u>	<u>-</u>
Receipts Over (Under)				
Disbursements	\$ (125)	\$ 817	\$ 500	\$ 500
Cash and Equivalents, Jan 1	<u>836</u>	<u>836</u>	<u>1,008</u>	<u>1,008</u>
Cash and Equivalents, Dec 31	<u>\$ 711</u>	<u>\$ 1,653</u>	<u>\$ 1,508</u>	<u>\$ 1,508</u>

See Notes to the Financial Statements

**The County of Hickory  
Hermitage, Missouri  
Statement of Receipts, Disbursements, and Changes in Cash  
Budget and Actual, All Governmental Funds: Regulatory Basis  
For the year ended December 31, 2021**

	Sheriff's Special Fund		Election Services Fund	
	Budget	Actual	Budget	Actual
<u>Receipts</u>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-
Intergovernmental	-	-	2,930	1,429
Charges for Services	8,500	6,686	300	425
Interest	-	-	10	23
Other Receipts	-	-	-	-
Transfers In	-	-	-	-
Total Receipts	<u>8,500</u>	<u>6,686</u>	<u>3,240</u>	<u>1,877</u>
<u>Disbursements</u>				
Salaries	-	-	-	-
Employee Fringe Benefits	-	-	-	-
Materials and Supplies	-	-	-	-
Services	5,000	3,511	2,495	2,495
Other Disbursements	-	-	-	-
Capital Outlay	-	-	-	-
Transfers Out	-	-	-	-
Total Disbursements	<u>5,000</u>	<u>3,511</u>	<u>2,495</u>	<u>2,495</u>
Receipts Over (Under)				
Disbursements	\$ 3,500	\$ 3,175	\$ 745	\$ (618)
Cash and Equivalents, Jan 1	<u>18,062</u>	<u>18,062</u>	<u>4,444</u>	<u>4,444</u>
Cash and Equivalents, Dec 31	<u><u>\$ 21,562</u></u>	<u><u>\$ 21,237</u></u>	<u><u>\$ 5,189</u></u>	<u><u>\$ 3,826</u></u>

See Notes to the Financial Statements

**The County of Hickory  
Hermitage, Missouri  
Statement of Receipts, Disbursements, and Changes in Cash  
Budget and Actual, All Governmental Funds: Regulatory Basis  
For the year ended December 31, 2021**

	Collector's Tax Maintenance Fund		Capital Projects Fund	
	Budget	Actual	Budget	Actual
<u>Receipts</u>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for Services	13,000	13,044	-	-
Interest	300	417	4,000	5,136
Other Receipts	-	205	-	-
Transfers In	-	-	-	-
Total Receipts	<u>13,300</u>	<u>13,666</u>	<u>4,000</u>	<u>5,136</u>
<u>Disbursements</u>				
Salaries	-	-	-	-
Employee Fringe Benefits	-	-	-	-
Materials and Supplies	-	-	-	-
Services	32,000	8,357	-	-
Other Disbursements	-	-	-	-
Capital Outlay	4,000	-	85,000	-
Transfers Out	3,500	3,500	-	-
Total Disbursements	<u>39,500</u>	<u>11,857</u>	<u>85,000</u>	<u>-</u>
Receipts Over (Under)				
Disbursements	\$ (26,200)	\$ 1,809	\$ (81,000)	\$ 5,136
Cash and Equivalents, Jan 1	<u>44,878</u>	<u>44,878</u>	<u>610,848</u>	<u>610,848</u>
Cash and Equivalents, Dec 31	<u>\$ 18,678</u>	<u>\$ 46,687</u>	<u>\$ 529,848</u>	<u>\$ 615,984</u>

See Notes to the Financial Statements



**The County of Hickory  
Hermitage, Missouri  
Statement of Receipts, Disbursements, and Changes in Cash  
Budget and Actual, All Governmental Funds: Regulatory Basis  
For the year ended December 31, 2021**

	Sheriff Revolving Fund		Law Enforcement Restitution Fund	
	Budget	Actual	Budget	Actual
<u>Receipts</u>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for Services	5,000	8,943	11,600	8,934
Interest	75	121	-	-
Other Receipts	-	-	-	-
Transfers In	-	-	-	-
Total Receipts	<u>5,075</u>	<u>9,064</u>	<u>11,600</u>	<u>8,934</u>
<u>Disbursements</u>				
Salaries	-	-	-	-
Employee Fringe Benefits	-	-	-	-
Materials and Supplies	-	-	-	-
Services	1,200	954	7,000	7,000
Other Disbursements	-	-	-	-
Capital Outlay	7,500	2,621	900	900
Transfers Out	-	-	-	-
Total Disbursements	<u>8,700</u>	<u>3,575</u>	<u>7,900</u>	<u>7,900</u>
Receipts Over (Under)				
Disbursements	\$ (3,625)	\$ 5,489	\$ 3,700	\$ 1,034
Cash and Equivalents, Jan 1	<u>11,223</u>	<u>11,223</u>	<u>39,686</u>	<u>39,686</u>
Cash and Equivalents, Dec 31	<u>\$ 7,598</u>	<u>\$ 16,712</u>	<u>\$ 43,386</u>	<u>\$ 40,720</u>

See Notes to the Financial Statements

**The County of Hickory  
Hermitage, Missouri  
Statement of Receipts, Disbursements, and Changes in Cash  
Budget and Actual, All Governmental Funds: Regulatory Basis  
For the year ended December 31, 2021**

	Inmate Security Fund		Law Enforcement Sales Tax Fund	
	Budget	Actual	Budget	Actual
<u>Receipts</u>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	439,700	486,191
Intergovernmental	-	-	-	-
Charges for Services	10,300	907	44,300	43,902
Interest	-	-	-	-
Other Receipts	-	13,690	24,500	24,299
Transfers In	-	-	300,000	300,000
Total Receipts	<u>10,300</u>	<u>14,597</u>	<u>808,500</u>	<u>854,392</u>
<u>Disbursements</u>				
Salaries	-	-	562,054	552,410
Employee Fringe Benefits	-	-	86,500	81,991
Materials and Supplies	5,500	4,620	62,300	60,179
Services	-	-	47,050	40,292
Other Disbursements	-	-	-	-
Capital Outlay	4,000	342	9,000	11,125
Transfers Out	-	-	-	-
Total Disbursements	<u>9,500</u>	<u>4,962</u>	<u>766,904</u>	<u>745,997</u>
Receipts Over (Under)				
Disbursements	\$ 800	\$ 9,635	\$ 41,596	\$ 108,395
Cash and Equivalents, Jan 1	<u>39,756</u>	<u>39,756</u>	<u>155,379</u>	<u>155,379</u>
Cash and Equivalents, Dec 31	<u>\$ 40,556</u>	<u>\$ 49,391</u>	<u>\$ 196,975</u>	<u>\$ 263,774</u>

See Notes to the Financial Statements

**The County of Hickory  
Hermitage, Missouri  
Statement of Receipts, Disbursements, and Changes in Cash  
Budget and Actual, All Governmental Funds: Regulatory Basis  
For the year ended December 31, 2021**

	911 Service Fund		Veterans Memorial Fund	
	Budget	Actual	Budget	Actual
<u>Receipts</u>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for Services	5,000	8,688	-	-
Interest	30	113	-	-
Other Receipts	-	-	20,000	2,644
Transfers In	-	-	-	-
Total Receipts	<u>5,030</u>	<u>8,801</u>	<u>20,000</u>	<u>2,644</u>
<u>Disbursements</u>				
Salaries	-	-	-	-
Employee Fringe Benefits	-	-	-	-
Materials and Supplies	-	-	-	-
Services	-	-	-	-
Other Disbursements	-	-	-	-
Capital Outlay	-	-	5,050	5,049
Transfers Out	-	-	-	-
Total Disbursements	<u>-</u>	<u>-</u>	<u>5,050</u>	<u>5,049</u>
Receipts Over (Under)				
Disbursements	\$ 5,030	\$ 8,801	\$ 14,950	\$ (2,405)
Cash and Equivalents, Jan 1	<u>9,480</u>	<u>9,480</u>	<u>10,890</u>	<u>10,890</u>
Cash and Equivalents, Dec 31	<u>\$ 14,510</u>	<u>\$ 18,281</u>	<u>\$ 25,840</u>	<u>\$ 8,485</u>

See Notes to the Financial Statements

**The County of Hickory  
Hermitage, Missouri  
Statement of Receipts, Disbursements, and Changes in Cash  
Budget and Actual, All Governmental Funds: Regulatory Basis  
For the year ended December 31, 2021**

	John Sally Trust Fund		CARES Act/ARPA Grant Fund	
	Budget	Actual	Budget	Actual
<u>Receipts</u>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-
Intergovernmental	-	-	926,959	926,959
Charges for Services	-	-	-	-
Interest	800	623	1,600	2,963
Other Receipts	-	-	-	-
Transfers In	-	-	-	-
Total Receipts	<u>800</u>	<u>623</u>	<u>928,559</u>	<u>929,922</u>
<u>Disbursements</u>				
Salaries	-	-	-	-
Employee Fringe Benefits	-	-	-	-
Materials and Supplies	-	-	-	-
Services	-	-	212,025	236,211
Other Disbursements	-	-	-	-
Capital Outlay	-	-	-	-
Transfers Out	-	-	-	-
Total Disbursements	<u>-</u>	<u>-</u>	<u>212,025</u>	<u>236,211</u>
Receipts Over (Under)				
Disbursements	\$ 800	\$ 623	\$ 716,534	\$ 693,711
Cash and Equivalents, Jan 1	<u>65,591</u>	<u>65,591</u>	<u>152,288</u>	<u>152,288</u>
Cash and Equivalents, Dec 31	<u>\$ 66,391</u>	<u>\$ 66,214</u>	<u>\$ 868,822</u>	<u>\$ 845,999</u>

See Notes to the Financial Statements

**The County of Hickory  
Hermitage, Missouri  
Statement of Assets and Liabilities Arising From Cash Transactions  
Custodial Funds - Regulatory Basis  
December 31, 2021**

	Collector	Recorder	County Clerk	Prosecuting Attorney	Sheriff	Treasurer	Total
<b>Assets</b>							
Cash and Equivalents	\$ 3,818,140	\$ 7,063	\$ 41	\$ 300	\$ 8,602	\$ 278,648	\$ 4,112,794
Total Assets	3,818,140	7,063	41	300	8,602	278,648	4,112,794
<b>Liabilities and Fund Balances</b>							
Total Liabilities	3,818,140	7,063	41	300	8,602	278,648	4,112,794
	3,818,140	7,063	41	300	8,602	278,648	4,112,794
Fund Balances	-	-	-	-	-	-	-
Total Liabilities and Fund Balances	\$ 3,818,140	\$ 7,063	\$ 41	\$ 300	\$ 8,602	\$ 278,648	\$ 4,112,794

See Notes to the Financial Statements

**The County of Hickory  
Hermitage, Missouri  
Notes to the Financial Statements  
For the year ended December 31, 2021**

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**Note 1 - Summary of Significant Accounting Policies**

Organized in 1845, the county of Hickory was named after Andrew Jackson, "Old Hickory." It is a third-class county, and the county seat is Hermitage. The County's government is composed of a three-member board of commissioners and the following separately elected Constitutional Officers: Assessor, Circuit Clerk, County Clerk, Collector, Coroner, Treasurer, Recorder of Deeds, Sheriff, Public Administrator, and Prosecuting Attorney.

As discussed further in Note 1, these financial statements are presented on the regulatory basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP).

Reporting Entity

As required by generally accepted accounting principles, as applicable to the regulatory basis of accounting, these financial statements present financial accountability of Hickory County, Missouri.

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

The financial statements referred to above include only the primary government of Hickory County, Missouri, which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise the County's legal entity.

Certain elected County officials, such as the County Collector, Treasurer, and Sheriff, collect and hold monies in a trustee capacity as an agent of individual, taxing units, or other government. These assets, which are held by these officeholders for the sole benefit of external parties, are included in the Statement of Assets and Liabilities Arising from Cash Transactions - Custodial Funds - Regulatory Basis.

Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of all funds of Hickory County, Missouri, and the comparisons of such information with the corresponding budgeted information for all 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 or an elected county official. The General Revenue Fund is the county's general operation 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.

Basis of Accounting

The financial statements were prepared using accounting practices prescribed or permitted by Missouri law, which differ from accounting principles generally accepted in the United States of America. The effects of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

As a result of the use of this regulatory basis of accounting, certain assets (such as accounts receivable and capital assets), certain revenues (such as revenue for billed or provided services not yet collected), certain liabilities (such as accounts payable, certificates of participation, bonds, and obligations under capital leases) and certain expenditures (such as expenditures for goods or services received but not yet paid) are not recorded in these financial statements.

**The County of Hickory  
Hermitage, Missouri  
Notes to the Financial Statements  
For the year ended December 31, 2021**

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**Note 1 - Summary of Significant Accounting Policies (continued)**

Basis of Accounting (continued)

If the County utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types, if applicable, would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

Budget and Budgetary Accounting

In accordance with Chapter 50 RSMo., Hickory County adopts a budget for each governmental fund.

On or before January 15th, each elected official and department director will transmit to the County Clerk, who serves as budget officer, the budget request and revenue estimates for their office or department for the budget year.

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 for all budgeted funds. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year. Budgeting of appropriations is based upon an estimated unencumbered fund balance at the beginning of the year as well as estimated revenues to be received. The budget to actual comparisons in these financial statements, however, do not present encumbered fund balances, but only compare budgeted and actual revenues and expenditures.

A public hearing is conducted to obtain public comment. Prior to its approval by the County Commission, the budget document is available for public inspection.

Prior to February 1, the budget is legally enacted by a vote of the County Commission.

Subsequent to its formal approval of the budget, the County Commission has the authority to make necessary adjustments to the budget by formal vote of the Commission. Adjustments made during the year are reflected in the budget financial statements.

Budgeted amounts are as originally adopted, or as amended by the County Commission throughout the year.

Budgets are prepared and adopted on the cash basis of accounting.

During the audit, it was noted that the County was not in compliance with Missouri budgetary state statute Chapter 50 RSMo. The following fund had actual expenditures which exceeded budgeted expenditures: CARES Act/ARPA Grant Fund.

Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and tax bills are mailed to taxpayers in November, at which time they are payable. All unpaid property taxes become delinquent as of January 1, of the following year.

**The County of Hickory  
Hermitage, Missouri  
Notes to the Financial Statements  
For the year ended December 31, 2021**

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**Note 1 - Summary of Significant Accounting Policies (continued)**

Taxes (continued)

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

	General Revenue
Real Estate	\$ 96,664,770
Personal Property	37,742,643
Railroad and Utilities	7,012,660
	<u>\$ 141,420,073</u>

The tax levy per \$100 assessed valuation of tangible taxable property for the calendar year for the purpose of County taxation, was as follows:

General Revenue	\$ 0.1979
Special Road and Bridge	0.2401

The County also receives sales tax collected by the State and remitted based on the County's sales tax rate to the total sales tax collected in the County.

Cash Deposits and Investments

Deposits and investments are stated at cost, which approximates market. Cash balances for all the County Treasurer's funds are pooled and invested to the extent possible. Interest earned from such investments is allocated to each of the funds based on the funds' average daily cash balance. Cash equivalents 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, provided, however, that no such investments shall be purchased at a price in excess of par. Funds in the form of cash on deposit or time certificates of deposit are required to be insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized by authorized investments held in the County's name at third-party banking institutions. Details of these cash balances are presented in Note 2.

Interfund Transactions

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.



**The County of Hickory  
Hermitage, Missouri  
Notes to the Financial Statements  
For the year ended December 31, 2021**

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**Note 2 - Deposits and Investments**

Hickory County maintains a cash and temporary investment pool that is available for use by all funds. Deposits with maturities greater than three months are considered investments. Each fund type's portion of this pool is displayed on the statement of receipts, disbursements, and changes in cash arising from cash transactions as "Cash and Equivalents." Cash held for others is displayed on the statement of assets and liabilities arising from cash transactions as "Cash and Equivalents."

Deposits - Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits.

The carrying values and bank balances of deposits and investments shown above are included in the financial statements at December 31, 2021, as follows:

	<u>Carrying Value</u>	<u>Bank Balances</u>
Deposits	\$ 7,732,499	\$ 7,356,822
Investments	292,214	292,214
Total Deposits and Investments as of December 31, 2021	<u>\$ 8,024,713</u>	<u>\$ 7,649,036</u>
Total Cash and Equivalents - Governmental Funds	\$ 3,911,919	
Total Cash and Equivalents - Custodial Funds	4,112,794	
	<u>\$ 8,024,713</u>	

Custodial Credit Risk - Deposits

For a deposit, custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The County's deposits were not exposed to custodial credit risk for the year ended December 31, 2021; all deposits and investments were covered by the Federal Deposit Insurance Corporation (FDIC) or were collateralized.

Custodial Credit Risk - Investments

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by the party that sold the security to the County or its agent but not in the government's name. The County does not have a policy for custodial credit risk relating to investments.

All investments, evidenced by individual securities, are registered in the name of the County or of a type that are not exposed to custodial credit risk.

Investment Interest Rate Risk

Investment interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**The County of Hickory  
Hermitage, Missouri  
Notes to the Financial Statements  
For the year ended December 31, 2021**

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**Note 2 - Deposits and Investments (continued)**

Concentration of Investment Credit Risk

Concentration of investment credit risk is required to be disclosed by the County for any single investment that represents 5% or more of total investments (excluding investments issued by or explicitly guaranteed by the U.S. Government, investments in mutual funds, investments in external investment pools and investments in other pooled investments). The County has no policy in place to minimize the risk of loss resulting from over concentration of assets in specific maturity, specific issuer or specific class of securities.

The following investments represent more than 5%, individually, of total investments:

Issuer	Investment Type	Balance	% of Portfolio
Oak Star Bank	Cert. of Deposit	\$ 292,214	100.00%

**Note 3 - Long-Term Debt**

In November 2020, the County entered into a lease-purchase agreement to finance the purchase of (4) 2015 John Deere 640GP Motor Graders at a cost of \$532,595. The agreement requires six annual payments of \$96,121, which includes interest payable at 3.25%.

The following is the changes in long-term debt for the year ended December 31, 2021:

	Balance at 1/1/2021	Amount Borrowed	Amount Repaid	Balance at 12/31/2021	Interest Paid During Year
(4) 2015 John Deere Graders	\$ 436,474	\$ -	\$ (81,722)	\$ 354,752	\$ 14,399

The following is the future minimum payments for all lease obligations as of December 31, 2021:

Year Ending December 31,	Principal	Interest	Total
2022	\$ 84,418	\$ 11,703	\$ 96,121
2023	87,203	8,918	96,121
2024	90,080	6,041	96,121
2025	93,051	3,070	96,121
	\$ 354,752	\$ 29,732	\$ 384,484

**The County of Hickory  
Hermitage, Missouri  
Notes to the Financial Statements  
For the year ended December 31, 2021**

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**Note 4 - Interfund Transfers**

Transfers between funds for the year ended December 31, 2021 are as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Revenue	\$ 5,360	\$ 340,000
Assessment	40,000	-
Recorder's User Fee	-	1,860
Collector's Tax Maintenance	-	3,500
Law Enforcement Sales Tax	300,000	-
	<u>\$ 345,360</u>	<u>\$ 345,360</u>

**Note 5 - County Employees' Retirement Fund (CERF)**

Plan Description

The County Employees' Retirement Fund is a cost-sharing multiple employer defined benefit pension plan covering any county elected 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 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.

Benefits Provided

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, Missouri, 65101, by calling (573) 632-9203, or by visiting the CERF website at [www.mocerf.org](http://www.mocerf.org).

**The County of Hickory  
Hermitage, Missouri  
Notes to the Financial Statements  
For the year ended December 31, 2021**

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**Note 5 - County Employees' Retirement Fund (CERF) (continued)**

Contributions

Prior to January 1, 2003, participating county employees were required to make contributions equal to 2% of gross compensation. Effective January 1, 2003, participating county employees hired on or after February 25, 2002 are required to make contributions of 6%. If any employee leaves covered employment before attaining 8 years of creditable service, accumulated employee contributions are refunded to the employee. The contribution rate is set by state statute and may be amended only by action of the Missouri Legislature. Counties may elect to make all or a portion of the required 6% contribution on behalf of employees. During 2021, the County collected and remitted to CERF, employee contributions of \$67,316 for the year ended.

In addition to the above contributions required of employees, the following fees and penalties prescribed under Missouri law are required to be collected and remitted to CERF by counties covered by the plan:

- Late fees on filing of personal property tax declarations;
- Twenty dollars on each merchants' and manufacturers' license issued;
- Six dollars on each document recorded or filed with county recorders of deeds, with an additional one dollar on each document recorded;
- Three sevenths of the fee on delinquent property taxes; and
- Interest earned on investment of the above collections prior to remittance to CERF.

The County collected and remitted CERF fees and penalties of \$108,402 for the year ended December 31, 2021.

Further information related to required contributions, pension benefits, other plan terms, and investments and related return and financial information can be found in the notes to the financial statements of CERF's Annual Financial Report.

**Note 6 - Prosecuting Attorney Retirement Fund**

In accordance with state statute Section 56.807 RSMo., the County contributes annually 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. The County contributed \$3,366 for the year ended December 31, 2021.

**Note 7 - Other Retirement Plans**

Hickory County has 457 and 401(a) plans administered by Empower Retirement which are paid by a deduction from employees' salary. These contributions qualify under the Internal Revenue Code and are tax exempt. Employee contributions collected and remitted by the County for the year ended December 31, 2021 for the 457 plan were \$16,771, and employee contributions collected and remitted by the County for the year ended December 31, 2021 for the 401(a) plan were \$8,464.

**Note 8 - 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.

**The County of Hickory  
Hermitage, Missouri  
Notes to the Financial Statements  
For the year ended December 31, 2021**

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**Note 9 - Claims, Commitments, and Contingencies**

Litigation

The County can be subject to various claims and legal proceedings covering a wide range of matters that arise in the ordinary course of its business activities. Management believes that any liability that may ultimately result from the resolution of these matters will not have a material adverse effect on the financial condition of the County.

Compensated Absences

The County provides employees with up to 15 days of paid vacation based upon the number of years of continuous service. Regular full-time employees who have worked beyond their probationary period with the County who either retire or leave by some other separation shall receive compensation for all accumulated unused sick time leave up to 15 days total. Every employee is expected to take at least some vacation time every year. If the maximum has been accrued by an employee, any further days earned will be lost. These have not been subjected to auditing procedures.

Federal and State Assisted Programs

The County receives proceeds from several federal and state grants. Periodic audits of these grants are required and certain costs may be questioned. Such audits could result in refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the potential refund of grant monies.

**Note 10 - 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. Insurance is obtained from commercial insurance companies. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

The County is a member participant in a public entity risk pool, which is a corporate and political body created pursuant to state statute (Section 537.700 RSMo). The purpose of the risk pool is to provide liability protection to participating public entities, their officials, and employees. Annual contributions are collected based on actuarial projections to produce sufficient funds to pay losses and expenses. Should contributions not produce sufficient funds to meet its obligations, the risk pool is empowered with the ability to make specific assessments. Members are jointly and severally liable for all claims against the risk pool.

The County is also a member of the Missouri Association of Counties Self-Injured 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 \$500,000 per occurrence and is reinsured up to the statutory limit through excess insurance.

**Note 11 - Subsequent Events**

The County has evaluated events subsequent to December 31, 2021 to assess the need for potential recognition or disclosure in the financial statements. Such events have been evaluated through December 13, 2022, the date the financial statements were available to be issued.

**The County of Hickory  
Hermitage, Missouri  
Notes to the Financial Statements  
For the year ended December 31, 2021**

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**Note 11 - Subsequent Events (continued)**

In May 2022, the County entered into a lease-purchase agreement to finance the purchase of (1) 2021 CAT 140GC-01 Motor Grader and (1) 2022 CAT 140GC-01 Motor Grader at a cost of \$567,109. The agreement requires a down payment of \$115,500 and seven annual payments of \$74,271, which includes interest payable at 3.59%.

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*

*Independent Auditor's Report*

To the County Commission and  
Officeholders of Hickory County, Missouri

We have audited, 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, the accompanying financial statements of Hickory County, Missouri as of and for the year ended December 31, 2021, 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 December 13, 2022.

***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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Hickory County, Missouri's internal control. Accordingly, we do not express an opinion on the effectiveness of Hickory County, Missouri's internal control.

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

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

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether Hickory County, Missouri's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under


*Government Auditing Standards*, and which is described in the accompanying schedule of findings and responses as item 2021-001.

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

*Government Auditing Standards* requires the auditor to perform limited procedures on Hickory County, Missouri's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. 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.

A handwritten signature in cursive script, appearing to read "Stopp & VanHoy", with a small flourish at the end.

Creve Coeur, Missouri  
December 13, 2022



**The County of Hickory  
Hermitage, Missouri  
Schedule of Findings and Responses  
For the year ended December 31, 2021**

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**Financial Statement Findings**

2021-001 **Criteria:** Missouri statutes require Counties to prepare an annual budget as applicable to each fund. Expenditures are not to exceed the budget.

**Condition:** During the audit, it was noted that the County was not in compliance with Missouri budgetary state statute Chapter 50 RSMo. The following fund had actual expenditures which exceeded budgeted expenditures: CARES Act/ARPA Grant Fund.

**Cause:** Oversight

**Effect:** The County is in violation of Missouri Revised Statutes due to exceeding budgets in certain funds.

**Recommendation:** We recommend that the County periodically review its actual expenditures as compared to budgeted amounts in order to prevent expenditures in excess of budget. An amended budget should be prepared and approved as necessary to comply with statutes.

**Management's Response:** The County Clerk will perform a detailed review of budgetary schedules and actual expenditures in order to ensure budgetary compliance, and amendments to the budget will be prepared and approved by the County Commission, if necessary. The expected completion date is December 31, 2022.

**The County of Hickory  
Hermitage, Missouri  
Summary Schedule of Prior Year Findings and Questioned Costs  
For the year ended December 31, 2021**

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In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Hickory County, Missouri, on the applicable findings in the prior audit report issued for the year ended December 31, 2020.

**Prior Year Financial Statement Findings**

2020-001 **Criteria:** Statement on Auditing Standards (SAS) No. 115, *Communicating Internal Control Related Matters Identified in an Audit*, which is effective for periods ending on or after December 15, 2009, as amended by SAS No. 122, *Statements on Auditing Standards: Clarification and Recodification*, considers inadequate documentation of the components of internal control to be at least a significant deficiency.

**Condition:** Documentation of the County's internal controls has not been prepared.

**Context:** During discussions with management, we noted that internal control documentation has not been prepared.

**Effect:** SAS 122 considers inadequate documentation of the components of internal control to be at least a significant deficiency. Without documented internal controls, the County may not be able to ensure that controls are in place, communicated and operating effectively.

**Cause:** The County did not prepare the required documentation.

**Recommendation:** We recommend that the County develop the required internal control documentation. In addition, we recommend studying the COSO internal control guidance and tools as a means to begin the process. Once this documentation is complete, those charged with governance have a responsibility to understand the controls and ensure they are operating effectively.

**Management's Response:** The County has started researching the COSO internal control guidance and will begin the process of internal control documentation in the County Commission's office. The expected completion date is December 31, 2021. The phone number for the Clerk's office is (417) 745-6450.

**Status:** The County has implemented appropriate corrective actions, therefore, this finding will not be repeated.

2020-002 **Criteria:** Antifraud programs and controls are the policies and procedures put in place by an organization to help ensure that management directives are carried out. They are part of the overall system of internal control established to achieve reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

**Condition:** During our audit, we noted there is no formal fraud risk assessment in place.

**Context:** During discussions with management, we noted there was no formal fraud risk assessments implemented.

**Effect:** Lack of an appropriate risk assessment process may result in certain risks not being identified by County's management. Opportunities to commit and conceal a fraud or irregularity may go undetected by management without proper assessment procedures.

**Cause:** Management has not prepared documentation of risk assessments, including identified risks and mitigating controls.

**The County of Hickory  
Hermitage, Missouri  
Summary Schedule of Prior Year Findings and Questioned Costs  
For the year ended December 31, 2021**

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**Prior Year Financial Statement Findings (continued)**

2020-002 **Recommendation:** We recommend that the County address various risks in the environment, including risk of fraud (cont.) occurring by performing assessments to identify, analyze, and manage these risks.

**Management's Response:** The County has begun to address the preparation of fraud prevention and risk preparing in all the offices. The expected completion date is December 31, 2021. The phone number for the Clerk's office is (417) 745-6450.

**Status:** The County has implemented appropriate corrective actions, therefore, this finding will not be repeated.

**Prior Year Federal Award Findings**

2020-003 Federal Grantor: All Programs  
Pass-Through Grantor: All Programs  
Federal CFDA Number: All Programs  
Program Title: All Programs

**Criteria:** Title 2 U.S. *Code of Federal Regulations* Part 200 requires auditees to prepare an accurate Schedule of Expenditures of Federal Awards (SEFA) containing awards expended, CFDA title and number, award number, name of the Federal agency, and name of pass-through entity.

**Condition:** Management has not implemented internal controls related to the preparation of the Schedule of Expenditures of Federal Awards (SEFA). During our audit we noted the SEFA contained errors.

**Effect:** Federal expenditures reported in the SEFA were incorrect.

**Cause:** Management did not follow reporting requirements related to the Schedule of Expenditures of Federal Awards.

**Recommendation:** We recommend management develop internal controls over reporting to ensure an accurate SEFA is prepared.

**Management's Response:** Title 2 U.S. *Code of Federal Regulations* Part 200 is being reviewed and training sessions will be initiated by the County Clerk's office. The County Clerk is working towards capturing grant transactions in a manner sufficient to readily report the necessary information required on the SEFA by the next audit period. The expected completion date is December 31, 2021. The phone number for the Clerk's office is (417) 745-6450.

**Status:** Follow up will be performed during the County's next Single Audit.