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Mayor Allen Gray
Town of Hickory Flat
P O Box 479
Hickory Flat, Mississippi 38633

February 1, 2016

Office of the State Auditor
P O Box 956
Jackson, Mississippi 39205

Accompanying this letter are two copies of the auditor's agreed upon procedures and the compiled financial statements for the year ended September 30, 2015. John M. Lauderdale, CPA will email the electronic copy to Kelley Ryan.


Allen Gray
Mayor

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COMPILED FINANCIAL STATEMENTS
TOWN OF HICKORY FLAT, MISSISSIPPI
September 30, 2015

JOHN M. LAUDERDALE
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ACCOUNTANT'S COMPILATION REPORT

**To the Mayor and Board of Aldermen
Town of Hickory Flat
Hickory Flat, Mississippi**

I have compiled the accompanying Statement of Cash Receipts and Disbursements – Governmental and Business-type Activities, Schedule of Investments – All Funds and Schedule of Surety Bonds for Town Officials of the Town of Hickory Flat, Mississippi, for the year ended September 30, 2015. I have not audited or reviewed the accompanying financial statements and supplementary schedules and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with the cash basis of accounting. The financial statements have been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Town officials are responsible for the preparation and fair presentation of the financial statements and supplementary schedules in accordance with the cash basis of accounting and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

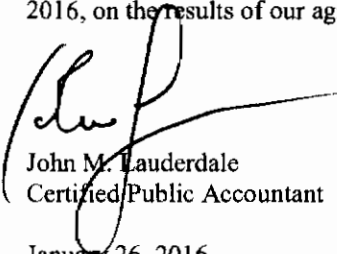
My responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist town officials in presenting financial information in the form of financial statements and supplementary schedules without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements and supplementary schedules.

Town officials have not presented government-wide financial statements to display the cash basis financial position and changes in cash basis financial position of its governmental activities and business-type activities. Accounting principles generally accepted in the United States of America, as applied to the Town's cash basis of accounting, require the presentation of government-wide financial statements. The amounts that would be reported in the government-wide financial statements resulting from the cash basis transactions for the Town's governmental activities and business-type activities are not reasonably determinable.

The town officials have also elected to omit substantially all of the disclosures ordinarily included in financial statements prepared on the cash basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Town's cash receipts and disbursements. Accordingly, this financial statement is not designed for those who are not informed about such matters.

Town officials also have not presented Management's Discussion and Analysis and other required supplemental information that the Governmental Accounting Standards Board has determined is required to supplement, although not required to be a part of, the basic financial statements.

In accordance with the provisions of Section 21-35-31, Mississippi Code Annotated (1972), we have issued a report dated January 26, 2016, on the results of our agreed-upon procedures.



John M. Lauderdale
Certified Public Accountant

January 26, 2016

TOWN OF HICKORY FLAT, MISSISSIPPI
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES
For the Fiscal Year Ended September 30, 2015

	Governmental Activities General Fund	Business-type Activities Water & Sewer Fund	Garbage Fund	Total
RECEIPTS				
Taxes				
General property taxes	\$ 30,184			\$ -
Licenses and permits				
Privilege licenses	320			
Franchise fees	1,663			
Intergovernmental revenues:				
General municipal aid	300			
Federal shared revenues:				
CDBG grants		166,912		
State shared revenues:				
Sales taxes	63,307			
Gasoline tax	1,827			
Fire protection	3,270			
Homestead exemption	4,316			
TVA in lieu of taxes	5,081			
County shared revenue:				
Road taxes	2,034			
Auto ad valorem	177			
Fire protection	13,323			
Charges for services:				
Water utility		99,087		99,087
Garbage collection			32,494	32,494
Fines and bonds	7,573			
Interest income	3,434	1,125		1,125
Miscellaneous	1,339			
Total Receipts	<u>138,148</u>	<u>267,124</u>	<u>32,494</u>	<u>132,706</u>
DISBURSEMENTS				
General government				
Executive	53,609			
Financial	26,074			
Judicial	6,172			
Public safety				
Police	28,486			
Fire	14,387			
Public works				
Streets	46,336			
Enterprise				
Garbage			24,103	24,103
Water and Sewer		113,133		113,133
Capital Expenditures	9,826	170,216		
Total Disbursements	<u>184,890</u>	<u>283,349</u>	<u>24,103</u>	<u>137,236</u>
Excess (Deficiency) of receipts over disbursements	<u>(46,742)</u>	<u>(16,225)</u>	<u>8,391</u>	<u>(4,530)</u>
OTHER FINANCING SOURCES (USES)				
Transfers	45,000	(45,000)	-	(45,000)
Sale of capital assets	650	-	-	-
Total Other Financing Sources (Uses)	<u>45,650</u>	<u>(45,000)</u>	<u>-</u>	<u>(45,000)</u>
Excess (Deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(1,092)</u>	<u>(61,225)</u>	<u>8,391</u>	<u>(49,530)</u>
CASH BASIS FUND BALANCE -				
BEGINNING OF YEAR	<u>602,008</u>	<u>147,161</u>	<u>117,109</u>	<u>264,270</u>
CASH BASIS FUND BALANCE -				
END OF YEAR	<u>\$ 600,916</u>	<u>\$ 85,936</u>	<u>\$ 125,500</u>	<u>\$ 214,740</u>

See accountant's compilation report.

TOWN OF HICKORY FLAT, MISSISSIPPI
SCHEDULE OF INVESTMENTS - ALL FUNDS
September 30, 2015

OWNERSHIP	TYPE OF INVESTMENT	INTEREST RATE	ACQUISITION DATE	MATURITY DATE	OTHER INFORMATION	INVESTMENT COST/VALUE
General Fund	Certificate of Deposit	0.55%	3/13/2001	2/22/2016	Merchants and Farmers Bank	\$ 174,810
General Fund	Certificate of Deposit	0.75%	8/18/2005	2/4/2016	Merchants and Farmers Bank	155,184
General Fund	Certificate of Deposit	0.70%	3/5/2007	12/9/2016	Merchants and Farmers Bank	<u>70,751</u>
TOTAL INVESTMENTS						<u>\$ 400,745</u>

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TOWN OF HICKORY FLAT, MISSISSIPPI
SCHEDULE OF SURETY BONDS FOR TOWN OFFICIALS
September 30, 2015

<u>Name</u>	<u>Position</u>	<u>Surety</u>	<u>Bond Amount</u>
Stephaine Churchill	City Clerk	Travelers	50,000
Allen Gray	Mayor	Travelers	25,000
James T. Smith	Police Chief	Travelers	50,000
Bobby Dickerson	Police Officer	Travelers	25,000
Brenda Gray	Alderman	MS Municipal Bond Program	10,000
Christina Gray	Alderman	MS Municipal Bond Program	10,000
James W Gray	Alderman	MS Municipal Bond Program	10,000
Carroll Taylor	Alderman	MS Municipal Bond Program	10,000
David Thompson	Alderman	MS Municipal Bond Program	10,000

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**REPORT ON COMPLIANCE WITH STATE
LAWS AND REGULATIONS**

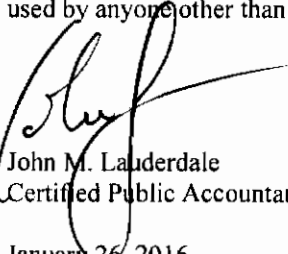
To the Mayor and the Board of Alderpersons
Town of Hickory Flat, Mississippi

I have compiled the accompanying Statement of Cash Receipts and Disbursements – Governmental and Business-type Activities, Schedule of Investments – All Funds and Schedule of Surety Bonds for Town Officials of the Town of Hickory Flat, Mississippi, for the year ended September 30, 2015, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The financial statement has been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

I have performed procedures to test compliance with certain state laws and regulations as described by the Municipal Compliance Questionnaire that is prescribed by the office of the State Auditor. My procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Town's compliance with these requirements. According, I do not express such an opinion.

With respect to items tested, the results of those procedures and my compilation of the accompanying Statement of Cash Receipts and Disbursements – Governmental and Business-type Activities, Schedule of Investments – All Funds and Schedule of Surety Bonds for Town Officials of the Town of Hickory Flat, Mississippi, for the year ended September 30, 2015 disclosed two instances of noncompliance with state laws and regulations, which are noted in Items 5 and 6 in the Independent Accountant's Report on Applying Agreed-Upon Procedures.

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than these specified parties.



John M. Lauderdale
Certified Public Accountant

January 26, 2016

COMPILED FINANCIAL STATEMENTS
TOWN OF HICKORY FLAT WATER AND SEWER SYSTEM
September 30, 2015

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ACCOUNTANT'S COMPILATION REPORT

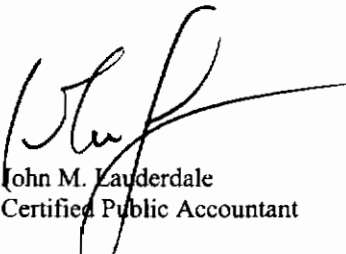
**To the Mayor and Board of Aldermen
Town of Hickory Flat
Hickory Flat, Mississippi**

I have compiled the accompanying balance sheets of the Town of Hickory Flat Water and Sewer System as of September 30, 2015 and 2014, and the related statements of income and retained earnings for the years then ended. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management has elected to omit substantially all of the disclosures and the statements of cash flows required by accounting principles generally accepted in the United States of America. If the omitted disclosures and statements were included in these financial statements, they might influence the user's conclusions about the System's financial condition. Accordingly, these financial statements are not designed for those who are not informed about such matters.



John M. Lauderdale
Certified Public Accountant
January 26, 2016

TOWN OF HICKORY FLAT WATER AND SEWER SYSTEM
BALANCE SHEETS
September 30, 2015 and 2014

	2015	2014
ASSETS		
CURRENT ASSETS		
Cash on hand	\$ 261	\$ 261
Cash in bank	4,189	36,494
Prepaid Taxes	340	-
Accounts receivable, net of allowance	8,209	7,863
Total current assets	<u>12,999</u>	<u>44,618</u>
FIXED ASSETS, at cost		
Water and sewer system	2,455,244	2,288,331
Equipment	26,932	23,628
Less accumulated depreciation	<u>(765,378)</u>	<u>(716,209)</u>
	1,716,798	1,595,750
Land	<u>3,270</u>	<u>3,270</u>
Total fixed assets	<u>1,720,068</u>	<u>1,599,020</u>
OTHER ASSETS		
Restricted cash	<u>207,248</u>	<u>227,776</u>
	<u>\$ 1,940,315</u>	<u>\$ 1,871,414</u>
LIABILITIES AND CAPITAL		
CURRENT LIABILITIES		
Accounts payable	\$ 3,065	\$ 3,967
Customer deposits	52,812	52,812
Accrued expenses	405	319
Due to garbage fund	125,500	117,109
Withheld payroll taxes	501	654
Current portion of long-term debt	-	-
Total current liabilities	<u>182,283</u>	<u>174,861</u>
LONG-TERM DEBT, net of current portion		
	<u>-</u>	<u>-</u>
CAPITAL		
Grants in aid of construction	824,963	824,963
Retained earnings	933,069	871,590
	<u>1,758,032</u>	<u>1,696,553</u>
	<u>\$ 1,940,315</u>	<u>\$ 1,871,414</u>

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TOWN OF HICKORY FLAT WATER AND SEWER SYSTEM
STATEMENTS OF INCOME AND RETAINED EARNINGS
Years ended September 30, 2015 and 2014

	2015	2014
WATER SALES AND TAP FEES	\$ 99,433	\$ 89,321
OPERATING EXPENSES:		
Depreciation	49,169	48,743
Supplies	8,212	6,570
Repair and maintenance	20,348	18,053
Salaries	26,400	27,852
Taxes	2,172	2,143
Billing expense	4,721	5,705
Utilities and telephone	20,421	21,221
Retirement match	4,148	4,034
Other	25,400	15,907
	<u>160,991</u>	<u>150,228</u>
OPERATING INCOME/(LOSS)	<u>(61,558)</u>	<u>(60,907)</u>
OTHER INCOME/(EXPENSE)		
Interest expense	-	-
Interest income	1,125	1,268
CDBG grants	166,912	115,268
	<u>168,037</u>	<u>116,536</u>
NET INCOME/(LOSS)	106,479	55,629
Retained earnings, beginning	871,590	842,046
Transfers from/(to) Town, net	<u>(45,000)</u>	<u>(26,085)</u>
Retained earnings, ending	<u><u>\$ 933,069</u></u>	<u><u>\$ 871,590</u></u>

COMPILED FINANCIAL STATEMENTS
TOWN OF HICKORY FLAT GARBAGE FUND
September 30, 2015

JOHN M. LAUDERDALE
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ACCOUNTANT'S COMPILATION REPORT

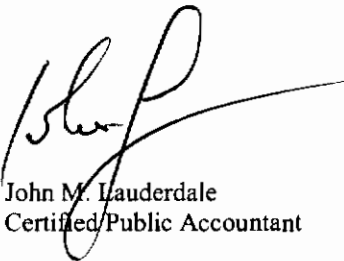
**To the Mayor and Board of Aldermen
Town of Hickory Flat
Hickory Flat, Mississippi**

I have compiled the accompanying balance sheets of the Town of Hickory Flat Garbage Fund as of September 30, 2015 and 2014, and the related statements of income and retained earnings for the years then ended. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management has elected to omit substantially all of the disclosures and the statements of cash flows required by accounting principles generally accepted in the United States of America. If the omitted disclosures and statements were included in these financial statements, they might influence the user's conclusions about the System's financial condition. Accordingly, these financial statements are not designed for those who are not informed about such matters.



John M. Lauderdale
Certified Public Accountant

January 26, 2016

TOWN OF HICKORY FLAT GARBAGE FUND
BALANCE SHEETS
September 30, 2015 and 2014

	2015	2014
ASSETS		
CURRENT ASSETS		
Due from Water and Sewer System	\$ 125,500	\$ 109,451
Total current assets	<u>125,500</u>	<u>109,451</u>
FIXED ASSETS, at cost	-	-
OTHER ASSETS	-	-
	<u>\$ 125,500</u>	<u>\$ 109,451</u>
LIABILITIES AND CAPITAL		
CURRENT LIABILITIES		
Accounts payable	\$ -	\$ -
Total current liabilities	<u>-</u>	<u>-</u>
LONG-TERM DEBT, net of current portion	<u>-</u>	<u>-</u>
CAPITAL		
Retained earnings	125,500	109,451
	<u>125,500</u>	<u>109,451</u>
	<u>\$ 125,500</u>	<u>\$ 109,451</u>

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TOWN OF HICKORY FLAT GARBAGE FUND
STATEMENTS OF INCOME AND RETAINED EARNINGS
Years ended September 30, 2015 and 2014

	2015	2014
GARBAGE COLLECTION FEES	\$ 32,494	\$ 32,593
OPERATING EXPENSES:		
Garbage collection costs	24,103	24,935
	<u>24,103</u>	<u>24,935</u>
OPERATING INCOME	8,391	7,658
OTHER INCOME/(EXPENSE)		
Interest expense		
Interest income	<u>-</u>	<u>-</u>
NET INCOME	8,391	7,658
Retained earnings, beginning	117,109	109,451
Transfers from/(to) Town, net		
Retained earnings, ending	<u>\$ 125,500</u>	<u>\$ 117,109</u>

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED UPON PROCEDURES
Town of Hickory Flat, Mississippi
September 30, 2015

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**Board of Aldermen
Town of Hickory Flat
Hickory Flat, Mississippi**

**Independent Accountant's Report
On Applying Agreed-Upon Procedures**

I have applied certain agreed-upon procedures, as discussed below, which were agreed to by and the responsibility of the Town of Hickory Flat, Mississippi, to the accounting records of the Town of Hickory Flat, Mississippi, as of September 30, 2015, and for the year then ended, as required by the Office of the State Auditor, under the provisions of Section 21 35-31, Miss. Code Ann. (1972). This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of specified users of the report. It is understood the report is solely for the use of governing body of the Town of Hickory Flat, Mississippi, and the Office of the State Auditor and should not be used for any other purposes. Consequently, I make no representation regarding the sufficiency of the procedures described below either for which this report has been requested or for any other purpose. My procedures and findings are as follows:

My procedures and findings are as follows:

1. I reconciled cash on deposit with the following banks to balances in the respective general ledger accounts and obtained confirmation of the related balances from the banks:

Bank	Fund	Balance per General Ledger
Merchants and Farmers Bank	General	\$ 13,701
Merchants and Farmers Bank	General	8,454
Merchants and Farmers Bank	General	3,469
Merchants and Farmers Bank	General	59,270
Merchants and Farmers Bank	General	52,767
Merchants and Farmers Bank	General	51,556
Merchants and Farmers Bank	General	10,954
Merchants and Farmers Bank	General - CDs	400,745
		\$ 600,916
Merchants and Farmers Bank	Utility	\$ 3,151
Merchants and Farmers Bank	Utility	1,037
Merchants and Farmers Bank	Utility	162,585
Merchants and Farmers Bank	Utility	44,663
		\$ 211,436

2. I confirmed all investments as of the fiscal year end. All investment transactions during the year were examined for compliance with investments authorized by Section 21-33-323, Miss. Code Ann. (1972). The general fund held three certificates of deposit from Merchants and Farmers Bank with a general ledger cost of \$400,745.
3. I performed the following procedures with respect to taxes on real and personal property (including motor vehicles) levied during the fiscal year:

- a. Trace levies to the governing body minutes;
- b. Traced distribution of taxes collected to proper funds; and
- c. Analyzed increase in taxes for most recent period for completion with increase limitations of Sections 27-39-320 to 27-39-323, Miss. Code Ann. (1972).

The distribution of taxes to funds was found to be in accordance with prescribed tax levies.

Ad valorem tax collections were found to be within the limitations of Sections 27-39-320 to 27-39-323, Miss. Code Ann. (1972).

4. I obtained a statement of payments made by the Department of Finance and Administration to the municipality. Payments indicated were traced to deposit in the respective bank accounts and recorded in the general ledger without exception. Payments traced were as follows:

<u>Payment Purpose</u>	<u>Receiving Fund</u>	<u>Ledger Amount</u>
Fire Protection	Fire Fund	\$ 3,270
Municipal aid	General Fund	300
Gas tax	General Fund	1,827
Homestead exemption	General Fund	4,316
TVA in lieu	General Fund	5,081
CDBG grant - Water Improvements	Water & Sewer Fund	166,912
Sales Tax Allocation	General Fund	63,307

5. I selected a sample of purchases made by the municipality during the fiscal year. Each sample item was evaluated for proper approval and compliance with purchasing requirements set forth in Title 31, Chapter 7, Miss. Code Ann. (1972), if applicable.

The sample consisted of the following:

Number of Sample Items	60
Total Dollar Value of Sample	\$ 62,765

I found the municipality to be in compliance with the requirements of the above mentioned sections except as follows. I found 18 instances in the sample selected that the municipality failed to meet the purchasing procedures requirements of the above-mentioned sections due to the fact that the amounts paid were not properly authorized.

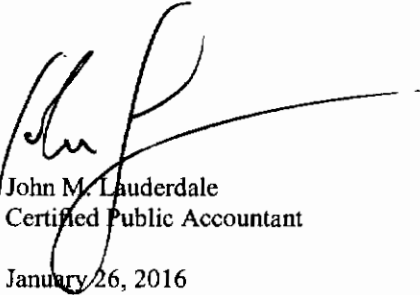
6. I selected a sample of collection of fines and forfeitures and verified that the municipal court clerk had settled daily with the municipal clerk. I also selected a sample of state-imposed court assessments collected to determine that the municipal clerk had settled monthly with the Department of Finance and Administration.

I found the municipality to be in agreement with the requirements of the above-mentioned sections except as follows.

I found that in several instances the municipality failed to remit the state-imposed court assessments to the Department of Finance and Administration.

7. I have read the Municipal Compliance Questionnaire completed by the municipality. The completed survey indicated no instances of noncompliance with state requirements.

Because the above procedures do not constitute an audit in accordance with auditing standards generally accepted in the United States of America, I do not express an opinion on any of the specific accounts or classes of transactions referred to above. In connection with the procedures referred to above, no matters came to my attention that caused us to believe the items specified in Paragraphs 1, 2 and 3 should be adjusted. Had I performed additional procedures or had I conducted an audit of the financial statements in accordance with auditing standards generally accepted in the United States of America, matters might have come to my attention that would have been reported to you. This report should not be associated with the financial statements of the Town of Hickory Flat, Mississippi, for the year ended September 30, 2015.



John M. Lauderdale
Certified Public Accountant
January 26, 2016

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To the Mayor and Board of Aldermen
Town of Hickory Flat
Hickory Flat, MS 38633

In performing the agreed-upon procedures agreed to by and the responsibility of the Town of Hickory Flat, Mississippi, to the accounting records of the Town of Hickory Flat, Mississippi, as of September 30, 2015, and for the year then ended, as required by the Office of the State Auditor, I discovered issues related to the Town's compliance with state laws that we believe require management's attention.

I have already discussed these comments with the Town Clerk. I will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. My comments are as follows:

Purchase Law

I noted during my testing of expenditures that not all items paid by the Town were properly authorized per the minutes. Care should be taken and a detailed listing of the amount authorized by the board should be part of the minutes for that month. Only amounts authorized on this listing or specifically in the minutes should be paid by the Clerk. Invoices for all amounts authorized to be paid should be maintained by the Town Clerk.

Some employees and officials of the Town are reimbursed for automobile usage by the Town. The Clerk should be provided an accounting by each employee or official seeking reimbursement and that accounting should be maintained in the Town records by the Clerk.

Also, care should be taken to document bids received on any and all items requiring quotes or bids in the minutes of the Town. The minutes should reflect the specific amounts of the bids or quotes received and document the selected bid or quote in the minutes.

State-Imposed Court Assessments

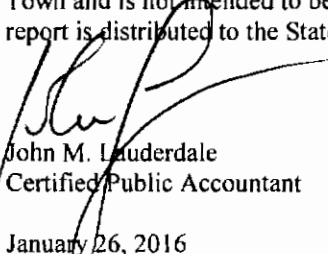
I noted that some state-imposed court assessments have not been remitted and that in some cases the detail was lacking to determine exactly what was collected for the state assessments.

I recommend that the Municipal Court Clerk put the proper assessments on each fine and keep detailed records of each assessment assessed and collected. In addition, the Clerk should carefully review and reconcile assessments collected at the end of each month, document what is collected and what is remitted to the state on a monthly basis. The documentation of the assessments remitted should be such that one can determine on whose behalf the assessments are being remitted, not simply a total amount. A current schedule of fines with the corresponding required state amounts should be maintained.

As I understand this has been an ongoing issue in the past, care should be taken to improve the record keeping related to assessments and the remission of the amounts due to the Department of Finance and Administration.

We wish to thank the Town Clerk for her support and assistance during my procedures.

This report is intended solely for the information and use of the Mayor and Board of Aldermen, management, and others within the Town and is not intended to be, and should not be, used by anyone other than these specified parties. Under Mississippi Statute, this report is distributed to the State Auditor as a public document.


John M. Lauderdale
Certified Public Accountant

January 26, 2016

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