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TOWN OF HICKORY FLAT, MISSISSIPPI
COMPILED FINANCIAL STATEMENT
AND SPECIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2018

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AUG 22 2019

**OFFICE OF THE
STATE AUDITOR**

**TOWN OF HICKORY FLAT
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SEPTEMBER 30, 2018**

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J. E. VANCE & COMPANY, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

825 JEFFERSON STREET
POST OFFICE BOX 1280
TUPELO, MISSISSIPPI 38802

(662) 842-2123
FACSIMILE (662) 841-6809
E-MAIL: jev@jevance.com

ACCOUNTANTS' COMPILATION REPORT

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

Management is responsible for the accompanying statement of cash receipts and disbursements-governmental and business-type activities of the Town of Hickory Flat, Mississippi as of September 30, 2018. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statement nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on this financial statement.

The financial statement is prepared in accordance with the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

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

The supplementary information contained on pages 9-11 is presented for purposes of additional analysis and is not a required part of the financial statement. Such information is the responsibility of management. The supplementary information was subject to our compilation engagement. We have not audited or reviewed the supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.

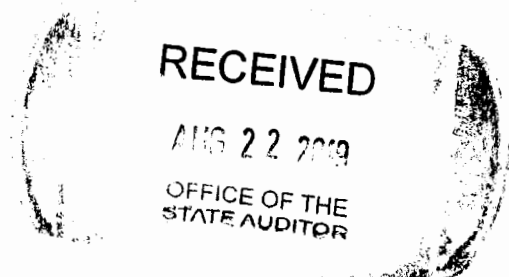
Town officials have not presented government-wide financial statements to display the cash basis financial position and changes in cash basis financial position of its governmental activities and business-type activities. Accounting principles generally accepted in the United States of America, as applied to the Town's cash basis and 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.

Town officials have also omitted Management's Discussion and Analysis and other required supplementary information that is required to be presented for purposes of additional analysis. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

In accordance with the provisions of section 21 -35-31, Mississippi Code Annotated (1972), we have issued a report dated July 3, 2019, on the results of our agreed upon procedures.

J. E. Vance & Company

Tupelo, MS
July 3, 2019

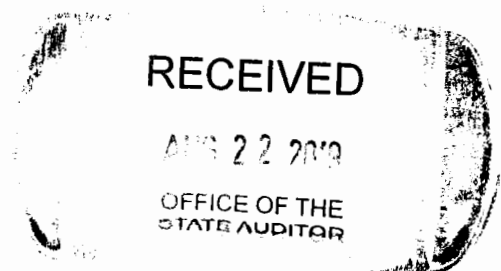


FINANCIAL STATEMENT

**TOWN OF HICKORY FLAT, MISSISSIPPI
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		
	<u>General Fund</u>	<u>Total</u>	<u>Water & Sewer Fund</u>	<u>Garbage Fund</u>	<u>Total</u>
Receipts:					
General property taxes	\$ 33,770	33,770			
Licenses and permits:					
Privilege licenses	464	464			
Franchise fees	3,161	3,161			
Intergovernmental revenues:					
Federal shared grants:					
CDBG grants			187,264		187,264
State grants:					
General municipal aid	300	300			
Homestead exemption reimbursement	4,832	4,832			
State shared revenues:					
Sales tax	80,651	80,651			
Gasoline tax	1,841	1,841			
Fire protection	3,431	3,431			
TVA in lieu of taxes	4,791	4,791			
County shared revenues:					
Road taxes	2,385	2,385			
Auto advalorem	180	180			
Fire protection	13,643	13,643			
Charges for services:					
Water utility			83,732		83,732
Garbage collection				35,337	35,337
Other receipts:					
Fines and penalties	10,539	10,539			
Interest	4,270	4,270	452		452
Miscellaneous	500	500			
Total receipts	<u>164,758</u>	<u>164,758</u>	<u>271,448</u>	<u>35,337</u>	<u>306,785</u>
Disbursements:					
General government					
Executive	88,421	88,421			
Financial	39,321	39,321			
Judicial	10,441	10,441			
Public safety					
Police	27,401	27,401			
Fire	11,791	11,791			

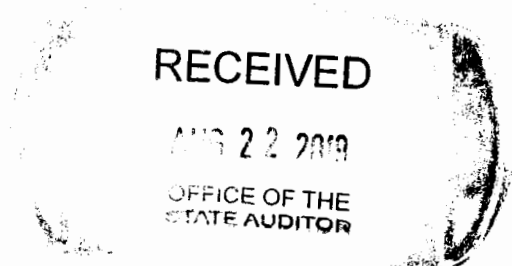
See Accountants' Compilation Report.



**TOWN OF HICKORY FLAT, MISSISSIPPI
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		
	<u>General Fund</u>	<u>Total</u>	<u>Water & Sewer Fund</u>	<u>Garbage Fund</u>	<u>Total</u>
Public works					
Streets	46,383	46,383			
Enterprise					
Garbage				30,240	30,240
Water and Sewer			102,548		102,548
Capital expenditures	2,556	2,556	187,264		187,264
Total disbursements	<u>226,314</u>	<u>226,314</u>	<u>289,812</u>	<u>30,240</u>	<u>320,052</u>
Other financing sources (uses):					
Transfers in (out)	38,600	38,600	(38,600)		(38,600)
Total other financing sources (uses)	<u>38,600</u>	<u>38,600</u>	<u>(38,600)</u>	<u>-0-</u>	<u>(38,600)</u>
Excess (Deficiency) of receipts and other financing sources over disbursements and other financing uses	(22,956)	(22,956)	(56,964)	5,097	(51,867)
Cash basis fund balance-beginning	626,059	626,059	(27,887)	143,459	115,572
Cash basis fund balance-ending	<u>\$ 603,103</u>	<u>603,103</u>	<u>(84,851)</u>	<u>148,556</u>	<u>63,705</u>

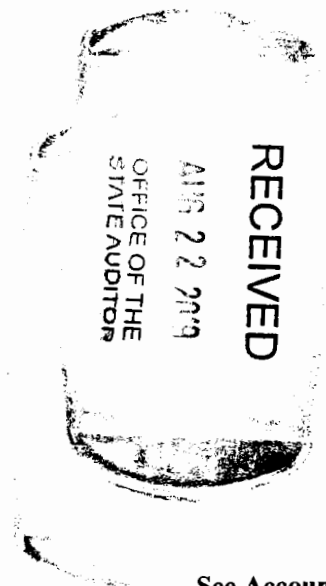
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SUPPLEMENTARY INFORMATION

**TOWN OF HICKORY FLAT
SCHEDULE OF INVESTMENTS
SEPTEMBER 30, 2018**

<u>Ownership</u>	<u>Type of Investment</u>	<u>Interest Rate</u>	<u>Acquisition Date</u>	<u>Maturity Date</u>	<u>Other Information</u>	<u>Investment Cost/Value</u>
General Fund	Certificate of Deposit	0.90%	3/13/2001	2/18/2019	Merchants and Farmers Bank	\$ 178,013
General Fund	Certificate of Deposit	1.15%	8/18/2005	2/1/2019	Merchants and Farmers Bank	158,971
General Fund	Certificate of Deposit	1.75%	3/5/2007	2/9/2019	Merchants and Farmers Bank	<u>72,304</u>
						<u>\$ 409,288</u>



See Accountants' Compilation Report.

**TOWN OF HICKORY FLAT
SCHEDULE OF LONG-TERM DEBT
SEPTEMBER 30, 2018**

No Long-Term Debt

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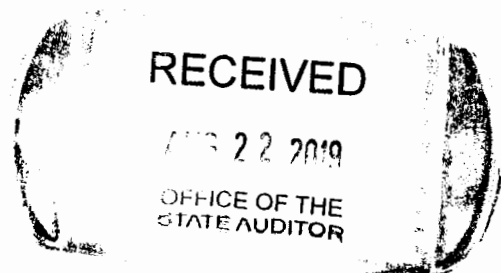
**OFFICE OF THE
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**TOWN OF HICKORY FLAT
SCHEDULE OF SURETY BONDS FOR MUNICIPAL OFFICIALS
SEPTEMBER 30, 2018**

<u>Name</u>	<u>Position</u>	<u>Surety</u>	<u>Bond Amount</u>
David Thompson	Aldersperson	Travelers	\$ 25,000
Brenda Gray	Aldersperson	Travelers	\$ 25,000
Christina Gray	Aldersperson	Travelers	\$ 25,000
Johnnie Allen Shelton	Aldersperson	Travelers	\$ 25,000
Reba Joyce Wilkinson	Aldersperson	Travelers	\$ 25,000
Diana Grist	Mayor	Travelers	\$ 25,000
Diana Grist	Mayor	Travelers	\$ 20,000
Stephaine Churchill	Municipal Clerk	Travelers	\$ 20,000
Diana Grist	Mayor	MS Municipalities Bond Program	\$ 25,000
David Thompson	Aldersperson	MS Municipalities Bond Program	\$ 25,000
Brenda Gray	Aldersperson	MS Municipalities Bond Program	\$ 25,000
Christina Gray	Aldersperson	MS Municipalities Bond Program	\$ 25,000
Johnnie Allen Shelton	Aldersperson	MS Municipalities Bond Program	\$ 25,000
Reba Joyce Wilkinson	Aldersperson	MS Municipalities Bond Program	\$ 25,000
Stephaine Churchill	Municipal Clerk	Travelers	\$ 50,000
James Smith	Police Chief	Travelers	\$ 50,000
Clinton Moffitt	Police Officer	Travelers	\$ 25,000

See Accountants' Compilation Report.

OTHER REPORT REQUIRED BY STATE AUDITOR



J. E. VANCE & COMPANY, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

825 JEFFERSON STREET
POST OFFICE BOX 1280
TUPELO, MISSISSIPPI 38802

(662) 842-2123
FACSIMILE (662) 841-6809
E-MAIL: jev@jevance.com

**INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING
AGREED-UPON PROCEDURES**

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

We have performed the procedures enumerated below to the accounting records of the Town of Hickory Flat, Mississippi, as of September 30, 2018, 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). The procedures, which were agreed to by Town officials, were performed to assist the Town officials in evaluating the Town's compliance with specified requirements. The Town of Hickory Flat's management is responsible for its compliance with those specified requirements. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representations regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. Our procedures and findings are as follows:

1. We 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:

<u>Bank</u>	<u>Fund</u>	<u>Balance Per General Ledger</u>
Merchants and Farmers Bank	General	\$ 12,543
Merchants and Farmers Bank	General	19,830
Merchants and Farmers Bank	General	871
Merchants and Farmers Bank	General	40,151
Merchants and Farmers Bank	General	53,563
Merchants and Farmers Bank	General	52,334
Merchants and Farmers Bank	General	14,523
Merchants and Farmers Bank	General-CDs	409,288
		<u>\$ 603,103</u>

<u>Bank</u>	<u>Fund</u>	<u>Balance Per General Ledger</u>
Merchants and Farmers Bank	Utility	\$ 7,196
Merchants and Farmers Bank	Utility	1,053
Merchants and Farmers Bank	Utility	4,416
Merchants and Farmers Bank	Utility	50,779
		<u>\$ 63,444</u>

2. We 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 \$409,288.
3. We performed the following procedures with respect to taxes on real and personal property (including motor vehicles) levied during the fiscal year:
 - a) Traced levies to governing body of minutes;
 - b) Traced distribution of taxes collected to proper funds; and
 - c) Analyzed increase in taxes for most recent period for compliance 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. We 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:

Payment Purpose	Receiving Fund	Ledger Amount
Fire Protection	Fire Fund	\$ 3,431
Municipal Aid	General Fund	300
TVA Payments in Lieu of Taxes	General Fund	4,791
Gas Tax	General Fund	1,841
Homestead Exemption	General Fund	4,832
CDBG Grant - Water Improvements	Water & Sewer Fund	187,264
Sales Tax Allocation	General Fund	80,651
		<u>\$ 283,110</u>

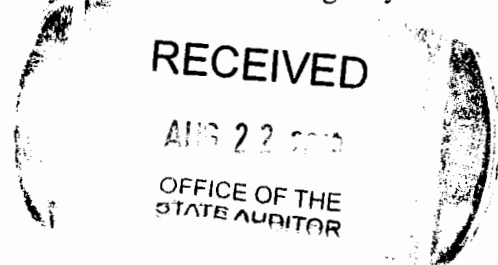
5. We selected a sample of purchases made by the municipality during the fiscal year. Each sample item was evaluated for compliance with purchasing requirements set forth in Title 31, Chapter 7, Miss. Code Ann. (1972) as applicable.

The sample consisted of the following:

Number of sample items	50
Total Dollar Value of sample	\$231,083

We found the municipality to be in compliance with the above-mentioned.

6. We selected a sample of collection of fines and forfeitures and verified that the municipal court clerk had settled daily with the municipal clerk. We also selected a sample of state-imposed court assessments collected and determined that the municipal clerk had not settled monthly with the Department of Finance and Administration. There were only three settlements during the year.



We found the municipality's to be in agreement with the requirements of the above-mentioned sections (except as follows): Improper amounts were settled. We could not determine the proper amounts allocated to state-imposed and local assessments.

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

However, there were four responses that were discovered to be incorrect. Warrants for approved claims were not held until sufficient cash was available in the fund from which it is drawn. There were five instances throughout the year where various funds bank account were overdrawn. Municipal depositories were not commissioned in the required minimum two years. State-imposed court assessments were not collected and settled monthly as noted in item 6 above. The town did not conduct an annual inventory of its assets in accordance with guidelines established by the Office of the State Auditor.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on compliance with the specified requirements. Accordingly, we do not express such an opinion. Had we performed additional procedures, matters might have come to our attention that would have been reported to you.

This report is intended sole for the information and use of the governing board and management of the Town of Hickory Flat and the Mississippi Office of the State Auditor and is not intended to be, and should not be, used by anyone other than the specified parties.

J & Vance & Company

Tupelo, MS
July 3, 2019

