

## OFFICE OF THE STATE AUDITOR REPORT NOTE:

*Section 7-7-211, Mississippi Code Annotated (1972)* gives the Office of the State Auditor the authority to audit, with the exception of municipalities, any governmental entity in the state. In the case of municipalities, *Section 21-35-31, Mississippi Code Annotated (1972)* requires municipalities to obtain an annual audit performed by a private CPA firm and submit that audit report to the Office of the State Auditor. The Office of the State Auditor files these audit reports for review in case questions arise related to the municipality.

As a result, the following document was not prepared by the Office of the State Auditor. Instead, it was prepared by a private CPA firm and submitted to the Office of the State Auditor. The document was placed on this web page as it was submitted and no review of the report was performed by the Office of the State Auditor prior to finalization of the report. The Office of the State Auditor assumes no responsibility for its content or for any errors located in the document. Any questions of accuracy or authenticity concerning this document should be submitted to the CPA firm that prepared the document. The name and address of the CPA firm appears in the document.

FINANCIAL REPORT

TOWN OF HICKORY FLAT

HICKORY FLAT, MISSISSIPPI

SEPTEMBER 30, 2019

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# LINDSEY, DAVIS AND ASSOCIATES

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CERTIFIED PUBLIC ACCOUNTANTS  
MISSISSIPPI SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Honorable Mayor and Board of Aldermen  
Town of Hickory Flat  
Hickory Flat, Mississippi 38633

We have performed the procedures enumerated below, which were agreed to by the Mayor and Board of Aldermen of the Town of Hickory Flat on the cash, investments, ad valorem taxes, state receipts, disbursements, state court fine assessments and the municipal compliance questionnaire in accordance with the provisions of Section 21-35-31, Mississippi Code, 1972, Annotated of the Town of Hickory Flat for the year ended September 30, 2019. The Town of Hickory Flat's management is responsible for the cash, investments, ad valorem taxes, state receipts, disbursements, state court fine assessments and the municipal compliance questionnaire in accordance with the provisions of Section 21-35-31, Mississippi Code, 1972, Annotated. The sufficiency of these procedures is solely the responsibility of the Mayor and Board of Aldermen of the Town of Hickory Flat. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

### A) Cash

We reconciled cash on deposit with the following bank to balances in the respective general ledger accounts and obtained confirmation of the related balances from the bank:

<u>Bank</u>	<u>Fund</u>	<u>Balance per General Ledger</u>
Merchants and Farmers Bank	General Fund	\$ 22,990
Merchants and Farmers Bank	General Fund	30,257
Merchants and Farmers Bank	General Fund	833
Merchants and Farmers Bank	General Fund	9,322
Merchants and Farmers Bank	General Fund	1,611
Merchants and Farmers Bank	General Fund	44,584
Merchants and Farmers Bank	General Fund	7,247
Merchants and Farmers Bank	General Fund - CD's	414,052
Merchants and Farmers Bank	Water & Sewer Fund	5,946
Merchants and Farmers Bank	Water & Sewer Fund	1,058
Merchants and Farmers Bank	Water & Sewer Fund	2,632
Merchants and Farmers Bank	Water & Sewer Fund	22,832

B) Investments

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 \$414,052.

The Town of Hickory Flat owned no securities held for investment at September 30, 2019.

C) Ad Valorem Taxes

We performed the following procedures with respect to taxes on real and personal property (including motor vehicles) levied during the fiscal year:

1. Verified use of certified county assessment rolls and traced levies to governing body minutes;
2. Examined uncollected taxes for proper handling, including tax sales;
3. Traced distribution of taxes collected to proper funds; and
4. Analyzed increase in taxes for the most recent period for compliance with increase limitations of Sections 27-39-320 to 27-39-323, Mississippi Code, 1972, Annotated.

The distribution of taxes to funds was found to be in accordance with prescribed tax levies and uncollected taxes were determined to be properly handled.

Ad valorem tax collections were found to be within the limitations of Sections 27-39-320 to 27-39-323, Mississippi Code, 1972, Annotated.

D) State Receipts

We obtained a statement of payments made by the Mississippi Department of Finance and Administration to the town. The payments were traced to deposits in the bank and recorded in the general ledger without exception. Payments traced were as follows:

<u>Purpose</u>	<u>Receiving Fund</u>	<u>Amount</u>
Sales Tax Allocation	General Fund	\$ 77,702
Gasoline Tax	General Fund	1,841
TVA in Lieu of Taxes	General Fund	4,915
General Municipal Aid	General Fund	300
Homestead Exemption	General Fund	5,100
Fire Protection Allocation	Fire Fund	3,547
Law Enforcement	General Fund	718
CDBG Grant - Sewer Improvements	Water & Sewer Fund	243,813

E) Disbursements

We selected a sample of purchases made by the municipality during the year. Each sample item was evaluated for compliance with public purchasing requirements set forth in Sections 31-7-1, 31-7-13, 31-7-49, and 33-7-57, Mississippi Code, 1972, Annotated, as applicable.

The sample consisted of the following:

Number of sample items	51
Dollar value of sample	\$ 282,962

We found the Town's purchasing procedures to be in compliance with the above sections.

F) State Court Fine Assessments

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 was only one settlement during the year.

We found the town 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.

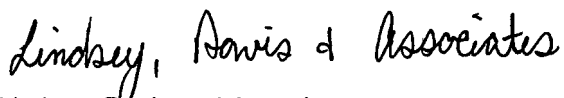
G) Municipal Compliance Questionnaire

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

However, there were three 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 multiple instances throughout the year where various funds bank account were overdrawn. State-imposed court assessments were not collected and settled monthly as noted in item F 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 the cash, investments, ad valorem taxes, state receipts, disbursements, state court fine assessments and the municipal compliance questionnaire. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Mayor and Board of Aldermen of the Town of Hickory Flat and the Office of the State Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.



Lindsey, Davis and Associates  
Certified Public Accountants

Ripley, Mississippi  
June 28, 2022

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## INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

Honorable Mayor and Board of Aldermen  
Town of Hickory Flat  
Hickory Flat, Mississippi 38633

Management is responsible for the accompanying financial statement of the Town of Hickory Flat, Mississippi, which comprise the statement of cash receipts and disbursements (all funds)-cash basis as of September 30, 2019 for the year then ended in accordance with the cash basis of accounting and for determining that the cash basis of accounting is an acceptable financial framework. 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 statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any assurance on these financial statements.

The financial statements are 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 of the disclosures ordinarily included in financial statements prepared in accordance with the cash basis of accounting. If the omitted disclosures were included in the financial statement, they might influence the user's conclusions about the Town's cash receipts and disbursements. Accordingly, the financial statements are not designed for those who are not informed about such matters.

### **Required Supplementary Information**

Management has omitted the management's discussion and analysis information that is required to be presented for purposes of additional analysis. Such missing information, although not 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.

The accompanying supplementary information contained on pages 9, 10 and 11 is presented for purposes of additional analysis and has been compiled by us from information that is the representation of management of the Town of Hickory Flat, Mississippi, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on such supplementary information.

*Lindsey, Davis & Associates*  
Lindsey, Davis and Associates  
Certified Public Accountants

Ripley, Mississippi  
June 28, 2022

TOWN OF HICKORY FLAT  
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - (ALL FUNDS) CASH BASIS  
YEAR ENDED SEPTEMBER 30, 2019

1

	GOVERNMENTAL FUND TYPE	PROPRIETARY FUND TYPE	TOTALS (MEMORANDUM ONLY)	
	GENERAL	ENTERPRISE	2019	2018
CASH OPERATING RECEIPTS				
General Property Taxes	\$ 35,888	\$	\$ 35,888	\$ 33,770
Interest on Delinquent Taxes	127		127	
Privilege License	460		460	464
Intergovernmental Receipts				
State Shared Receipts:				
Sales Tax	77,702		77,702	80,651
Gasoline Tax	1,841		1,841	1,841
Fire Protection	3,547		3,547	3,431
Homestead Exemption	5,100		5,100	4,832
TVA in Lieu of Taxes	4,915		4,915	4,791
General Municipal Aid	300		300	300
County Shared Receipts:				
Road Tax	1,980		1,980	2,385
Auto Advalorem	224		224	180
Fire Protection	15,363		15,363	13,643
Charges for Services:				
Water and Sewer		107,366	107,366	83,732
Garbage Collection		41,468	41,468	35,337
Fines and Penalties	15,740		15,740	10,539
Franchise Fees	3,183		3,183	3,161
Miscellaneous	400		400	500
TOTAL OPERATING RECEIPTS	166,770	148,834	315,604	279,557
OTHER CASH RECEIPTS				
Interest	5,377	292	5,669	4,722
Sale of Assets	1,200		1,200	
Grant Revenue	718	243,813	244,531	187,264
Transfers	22,000		22,000	
TOTAL OTHER RECEIPTS	29,295	244,105	273,400	191,986
TOTAL CASH RECEIPTS	196,065	392,939	589,004	471,543

SEE ACCOUNTANT'S COMPILATION REPORT



TOWN OF HICKORY FLAT  
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - (ALL FUNDS) CASH BASIS  
YEAR ENDED SEPTEMBER 30, 2019

	GOVERNMENTAL FUND TYPE	PROPRIETARY FUND TYPE	TOTALS (MEMORANDUM ONLY)	
	GENERAL	ENTERPRISE	2019	2018
CASH OPERATING DISBURSEMENTS				
General Government	141,549		141,549	138,183
Public Safety:				
Police	36,769		36,769	27,401
Fire	9,968		9,968	11,791
Public Works:				
Streets	44,188		44,188	46,383
Enterprise:				
Water and Sewer		128,123	128,123	102,548
Garbage Collection		30,240	30,240	30,240
TOTAL OPERATING DISBURSEMENTS	232,474	158,363	390,837	356,546
OTHER CASH DISBURSEMENTS				
Investment in Fixed Assets	35,798	243,813	279,611	189,820
Transfers		22,000	22,000	
TOTAL OTHER DISBURSEMENTS	35,798	265,813	301,611	189,820
TOTAL CASH DISBURSEMENTS	268,272	424,176	692,448	546,366
EXCESS OF CASH RECEIPTS OVER (UNDER) CASH DISBURSEMENTS	(72,207)	(31,237)	(103,444)	(74,823)
Cash Balances - Beginning of Year	603,103	63,705	666,808	741,631
Cash Balances - End of Year	\$ 530,896	\$ 32,468	\$ 563,364	\$ 666,808

SEE ACCOUNTANT'S COMPILATION REPORT

TOWN OF HICKORY FLAT  
SCHEDULE OF LONG-TERM DEBT  
YEAR ENDED SEPTEMBER 30, 2019

The Town of Hickory Flat did not owe any long-term debt at September 30, 2019

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SEE ACCOUNTANT'S COMPILATION REPORT

TOWN OF HICKORY FLAT  
SCHEDULE OF SURETY BONDS FOR TOWN OFFICIALS  
September 30, 2019

<u>Name</u>	<u>Position</u>	<u>Surety</u>	<u>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	Town Clerk	Travelers	20,000
Diana Grist	Mayor	MS Municipal Association	25,000
David Thompson	Aldersperson	MS Municipal Association	25,000
Brenda Gray	Aldersperson	MS Municipal Association	25,000
Christina Gray	Aldersperson	MS Municipal Association	25,000
Johnnie Allen Shelton	Aldersperson	MS Municipal Association	25,000
Reba Joyce Wilkinson	Aldersperson	MS Municipal Association	25,000
Stephaine Churchill	Town Clerk	Travelers	50,000
Clinton Moffitt	Police Chief	Travelers	50,000

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SEE ACCOUNTANT'S COMPILATION REPORT

TOWN OF HICKORY FLAT  
SCHEDULE OF INVESTMENTS (ALL FUNDS) - CASH BASIS  
September 30, 2019

Fund	Type of Investment	Interest Rate	Acquisition Date	Maturity Date	Other Information	Investment Cost/Value
General Fund	Cert. of Deposit	1.00%	3/13/2001	2/18/2020	Merchants & Farmers Bank	\$ 179,828
General Fund	Cert. of Deposit	1.20%	8/18/2005	2/1/2020	Merchants & Farmers Bank	160,911
General Fund	Cert. of Deposit	1.40%	3/5/2007	2/9/2020	Merchants & Farmers Bank	73,313
						<u>\$ 414,052</u>

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SEE ACCOUNTANT'S COMPILATION REPORT

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## ACCOUNTANT'S REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

Honorable Mayor and Board of Aldermen  
Town of Hickory Flat  
Hickory Flat, MS 38633

We have compiled the statement of cash receipts and disbursements (all funds)-cash basis of the Town of Hickory Flat for the year ended September 30, 2019 and have issued our report dated June 28, 2022. We have conducted our compilation in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA.

As required by the state legal compliance audit program prescribed by the Office of the State Auditor, we have also performed procedures to test compliance with certain state laws and regulations. However, providing an opinion on compliance with state laws and regulations was not an objective of our compilation and, accordingly, we do not express such an opinion.

The results of those procedures and our compilation of the cash receipts and disbursements disclosed no material instances of noncompliance with state laws and regulations.

This report is intended for the information of the Town's management and the Office of the State Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

*Lindsey, Davis & Associates*

Lindsey, Davis and Associates  
Certified Public Accountants

Ripley, Mississippi  
June 28, 2022