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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, 2020

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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, 2020. 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	\$ 6,466
Merchants and Farmers Bank	General Fund	17,828
Merchants and Farmers Bank	General Fund	1,845
Merchants and Farmers Bank	General Fund	116
Merchants and Farmers Bank	General Fund	15,757
Merchants and Farmers Bank	General Fund	20,871
Merchants and Farmers Bank	General Fund - CD's	419,196
Merchants and Farmers Bank	Water & Sewer Fund	8,377
Merchants and Farmers Bank	Water & Sewer Fund	1,063
Merchants and Farmers Bank	Water & Sewer Fund	2,628
Merchants and Farmers Bank	Water & Sewer Fund	1,104

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 \$419,196.

The Town of Hickory Flat owned no securities held for investment at September 30, 2020.

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	\$ 82,579
Gasoline Tax	General Fund	1,841
TVA in Lieu of Taxes	General Fund	5,268
General Municipal Aid	General Fund	300
Homestead Exemption	General Fund	5,373
Fire Protection Allocation	Fire Fund	3,626
Infrastructure	General Fund	24,462
CDBG Grant - Sewer Improvements	Water & Sewer Fund	199,880

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	42
Dollar value of sample	\$ 183,584

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 were no settlements 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.

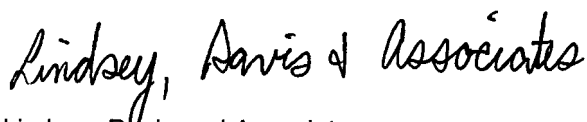
G) Municipal Compliance Questionnaire

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 30, 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, 2020 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 30, 2022

TOWN OF HICKORY FLAT
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - (ALL FUNDS) CASH BASIS
YEAR ENDED SEPTEMBER 30, 2020

	GOVERNMENTAL FUND TYPE	PROPRIETARY FUND TYPE	TOTALS (MEMORANDUM ONLY)	
	GENERAL	ENTERPRISE	2020	2019
CASH OPERATING RECEIPTS				
General Property Taxes	\$ 41,288	\$	\$ 41,288	\$ 35,888
Interest on Delinquent Taxes	362		362	127
Privilege License	500		500	460
Intergovernmental Receipts				
State Shared Receipts:				
Sales Tax	82,579		82,579	77,702
Gasoline Tax	1,841		1,841	1,841
Fire Protection	3,626		3,626	3,547
Homestead Exemption	5,373		5,373	5,100
TVA in Lieu of Taxes	5,268		5,268	4,915
General Municipal Aid	300		300	300
County Shared Receipts:				
Road Tax	2,585		2,585	1,980
Auto Advalorem	1,353		1,353	224
Fire Protection	14,115		14,115	15,363
Charges for Services:				
Water and Sewer		103,577	103,577	107,366
Garbage Collection		38,766	38,766	41,468
Fines and Penalties	8,476		8,476	15,740
Franchise Fees	3,105		3,105	3,183
Miscellaneous				400
TOTAL OPERATING RECEIPTS	170,771	142,343	313,114	315,604
OTHER CASH RECEIPTS				
Interest	5,486	55	5,541	5,669
Sale of Assets				1,200
Grant Revenue		224,342	224,342	244,531
Transfers	14,500		14,500	22,000
TOTAL OTHER RECEIPTS	19,986	224,397	244,383	273,400
TOTAL CASH RECEIPTS	190,757	366,740	557,497	589,004

SEE ACCOUNTANT'S COMPILATION REPORT

TOWN OF HICKORY FLAT
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - (ALL FUNDS) CASH BASIS
YEAR ENDED SEPTEMBER 30, 2020

	GOVERNMENTAL FUND TYPE	PROPRIETARY FUND TYPE	TOTALS (MEMORANDUM ONLY)	
	GENERAL	ENTERPRISE	2020	2019
CASH OPERATING DISBURSEMENTS				
General Government	135,065		135,065	141,549
Public Safety:				
Police	35,269		35,269	36,769
Fire	16,504		16,504	9,968
Public Works:				
Streets	52,736		52,736	44,188
Enterprise:				
Water and Sewer		141,416	141,416	128,123
Garbage Collection		30,240	30,240	30,240
TOTAL OPERATING DISBURSEMENTS	239,574	171,656	411,230	390,837
OTHER CASH DISBURSEMENTS				
Investment in Fixed Assets		199,880	199,880	279,611
Transfers		14,500	14,500	22,000
TOTAL OTHER DISBURSEMENTS		214,380	214,380	301,611
TOTAL CASH DISBURSEMENTS	239,574	386,036	625,610	692,448
EXCESS OF CASH RECEIPTS OVER (UNDER) CASH DISBURSEMENTS	(48,817)	(19,296)	(68,113)	(103,444)
Cash Balances - Beginning of Year	530,896	32,468	563,364	666,808
Cash Balances - End of Year	\$ 482,079	\$ 13,172	\$ 495,251	\$ 563,364

SEE ACCOUNTANT'S COMPILATION REPORT

TOWN OF HICKORY FLAT
SCHEDULE OF LONG-TERM DEBT
YEAR ENDED SEPTEMBER 30, 2020

The Town of Hickory Flat did not owe any long-term debt at September 30, 2020

SEE ACCOUNTANT'S COMPILATION REPORT

TOWN OF HICKORY FLAT
SCHEDULE OF SURETY BONDS FOR TOWN OFFICIALS
September 30, 2020

<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 Childers	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 Childers	Aldersperson	MS Municipal Association	25,000
Stephaine Churchill	Town Clerk	Travelers	50,000
Clinton Moffitt	Police Chief	Travelers	50,000

SEE ACCOUNTANT'S COMPILATION REPORT

TOWN OF HICKORY FLAT
SCHEDULE OF INVESTMENTS (ALL FUNDS) - CASH BASIS
September 30, 2020

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	2/18/2021	Merchants & Farmers Bank	\$ 181,694
General Fund	Cert. of Deposit	55.00%	8/18/2005	2/1/2021	Merchants & Farmers Bank	162,977
General Fund	Cert. of Deposit	1.34%	3/5/2007	2/9/2021	Merchants & Farmers Bank	74,525
						<u>\$ 419,196</u>

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, 2020 and have issued our report dated June 30, 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

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Certified Public Accountants

Ripley, Mississippi
June 30, 2022