

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.

**TOWN OF HICKORY FLAT, MISSISSIPPI
COMPILATION REPORT
AND REPORT ON AGREED-UPON PROCEDURES
SEPTEMBER 30, 2022**

TOWN OF HICKORY FLAT, MISSISSIPPI

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Independent Accountants' Compilation Report

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

Management is responsible for the accompanying Statement of Cash Receipts and Disbursements of the Town of Hickory Flat, Mississippi for the year ended September 30, 2022, in accordance with the cash basis of accounting, and for determining that the cash basis of accounting is an acceptable financial reporting 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 Statement of Cash Receipts and Disbursements 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 the Statement of Cash Receipts and Disbursements.

The Statement of Cash Receipts and Disbursements 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 ordinarily included in financial statements prepared in accordance with the cash basis of accounting. If the omitted disclosures were included in the Statement of Cash Receipts and Disbursements, they might influence the user's conclusion about the Town of Hickory Flat, Mississippi's cash receipts and disbursements. Accordingly, the Statement of Cash Receipts and Disbursements is not designed for those who are not informed about such matters.

The supplementary information contained in the Schedule of Investments, Schedule of Long-Term Debt, Schedule of Capital Assets, and the Schedule of Surety Bonds for Municipal Officials is presented in compliance with the requirements of the Mississippi Office of the State Auditor and has been compiled from information that is the representation of management. This information was subject to our compilation engagement; however, we have not audited or reviewed the supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any form of assurance on such information.

The Statement of Cash Receipts and Disbursements is intended to comply with the requirements of the Mississippi Office of the State Auditor, and is not intended to be a presentation in accordance with accounting principles generally accepted in the United States of America.

In accordance with the provisions of §21-35-31, Miss Code Ann. (1972), we have issued a report dated January 14, 2026 on the results of our agreed-upon procedures.

Oxford, Mississippi
 January 14, 2026

Watkins Ward and Stafford, P.C.

TOWN OF HICKORY FLAT, MISSISSIPPI
Statement of Cash Receipts and Disbursements
For the Year Ended September 30, 2022

| | Governmental Fund | Proprietary Fund |
|----------------------------|--------------------------|-------------------------------|
| | General Fund | Water & Sewer Fund |
| CASH RECEIPTS: | | |
| Taxes | | |
| General property tax | \$ 48,333 | \$ - |
| Franchise tax | 2,437 | - |
| Privilege tax | 180 | - |
| State shared revenue | | |
| General municipal aid | 299 | - |
| Sales tax | 91,136 | - |
| TVA tax | 4,594 | - |
| Gasoline tax | 1,552 | - |
| Other aid | 85,204 | - |
| Homestead reimbursement | 5,822 | - |
| Grant revenue | 928,650 | - |
| Fire protection | 6,269 | - |
| Local shared revenue | | |
| Fire rebates | 20,328 | - |
| Charges for services | | |
| Water utility | - | 172,298 |
| Garbage collection | - | 41,804 |
| Other receipts | | |
| Interest earned | 1,710 | 71 |
| Fines and penalties | 2,510 | - |
| Miscellaneous | 8,014 | - |
| TOTAL CASH RECEIPTS | \$ 1,207,038 | \$ 214,173 |

See accompanying independent accountants' compilation report.

TOWN OF HICKORY FLAT, MISSISSIPPI
Statement of Cash Receipts and Disbursements
For the Year Ended September 30, 2022

| | Governmental Fund | Proprietary Fund |
|---|--------------------------|-------------------------------|
| | General Fund | Water & Sewer Fund |
| DISBURSEMENTS: | | |
| General government | \$ 202,888 | \$ - |
| Public Safety | | |
| Police | 106,363 | - |
| Fire | 74,186 | - |
| Public Works | | |
| Streets | 29,827 | - |
| Enterprise | | |
| Water utility | - | 577,481 |
| Garbage collection | - | 30,240 |
| TOTAL DISBURSEMENTS | 413,264 | 607,721 |
| EXCESS (DEFICIENCY) OF CASH RECEIPTS OVER (UNDER) DISBURSEMENTS | 793,774 | (393,548) |
| OTHER FINANCING SOURCES (USES) | | |
| Interfund transfers | (407,912) | 407,912 |
| TOTAL OTHER FINANCING SOURCES (USES) | (407,912) | 407,912 |
| Excess of cash receipts and other financing sources over disbursements and other financing uses | 385,862 | 14,364 |
| CASH BALANCE-BEGINNING | 584,570 | 20,817 |
| CASH BALANCE-ENDING | \$ 970,432 | \$ 35,181 |

See accompanying independent accountants' compilation report.

SUPPLEMENTARY INFORMATION

TOWN OF HICKORY FLAT, MISSISSIPPI
Schedule of Investments
For the Year Ended September 30, 2022

| <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 | Cert. of Deposit | 0.30% | 3/13/2001 | 8/11/2025 | Merchants & Farmers Bank | \$ 182,911 |
| General Fund | Cert. of Deposit | 0.50% | 8/18/2005 | 7/24/2025 | Merchants & Farmers Bank | 164,484 |
| Total Investments | | | | | | <u>\$ 347,395</u> |

See accompanying independent accountants' compilation report.

**TOWN OF HICKORY FLAT, MISSISSIPPI
Schedule of Long-Term Debt
For the Year Ended September 30, 2022**

The Town of Hickory Flat, Mississippi has no long-term debt as of September 30, 2022.

See accompanying independent accountants' compilation report.

TOWN OF HICKORY FLAT, MISSISSIPPI
Schedule of Capital Assets
For the Year Ended September 30, 2022

| | <u>10/1/2021</u> <u>Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>9/30/2022</u> <u>Balance</u> |
|------------------------------|------------------------------------|------------------|------------------|------------------------------------|
| Governmental Fund: | | | | |
| Equipment | \$ 250,000 | 165,082 | - | \$ 415,082 |
| | <u>\$ 250,000</u> | <u>165,082</u> | <u>-</u> | <u>\$ 415,082</u> |
| Proprietary Fund: | | | | |
| Land | \$ 3,270 | - | - | \$ 3,270 |
| Construction work in process | - | 428,650 | - | 428,650 |
| Buildings | 2,760,239 | - | - | 2,760,239 |
| Furniture and equipment | 26,932 | - | - | 26,932 |
| Infrastructure | 816,054 | - | - | 816,054 |
| | <u>\$ 3,606,495</u> | <u>428,650</u> | <u>-</u> | <u>\$ 4,035,145</u> |

See accompanying independent accountants' compilation report.

TOWN OF HICKORY FLAT, MISSISSIPPI
Schedule of Surety Bonds for Municipal Officials
For the Year Ended September 30, 2022

| POSITION | NAME | INSURANCE COMPANY | BOND |
|--------------|-----------------|-------------------|-----------|
| Mayor | Peggy M. Ormon | Travelers | \$ 25,000 |
| City Clerk | Brandy Huey | Travelers | \$ 50,000 |
| Aldermen | Reba Childers | Travelers | \$ 25,000 |
| Aldermen | Bobby Dickerson | Travelers | \$ 25,000 |
| Aldermen | Chris Gray | Travelers | \$ 25,000 |
| Aldermen | Ronald Lollar | Travelers | \$ 25,000 |
| Aldermen | Allen Shelton | Travelers | \$ 25,000 |
| Police Chief | Clifton Moffitt | Travelers | \$ 50,000 |

See accompanying independent accountants' compilation report.



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REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

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

We have compiled the accompanying Statement of Cash Receipts and Disbursements, Schedule of Investments, Schedule of Long-Term Debt, Schedule of Capital Assets, and Schedule of Surety Bonds for Municipal Officials of the Town of Hickory Flat, Mississippi, for the year ended September 30, 2022, in accordance with Statements of 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 generally accepted accounting principles in the United States of America.

We have performed procedures to test compliance with certain state laws and regulations as described in the Municipal Compliance Questionnaire that is prescribed by the Office of the State Auditor. Our 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. Accordingly, we do not express such an opinion.

The results of those procedures disclosed two instances of noncompliance with state laws and regulations. Our findings and recommendations and your responses are as follows:

1. Collection of Fines and Forfeitures from the Municipal Court

Finding - Sections 99-19-73 and 83-39-3 of the Mississippi Code Ann. (1972) require the municipality to settle state-imposed court assessments on a monthly basis with the Department of Finance and Administration. These assessments must be remitted to the Department of Finance and Administration by the 20th day of the month following collection. In the case where the court clerk and municipal clerk are the same person, “settled daily” means that fines must be deposited into the Town’s bank account within one business day from when it was collected. Testing all 23 of the fines collected disclosed 13 instances in which court assessments were not remitted by the required daily due date. In addition, 23 instances were noted in which assessments collected were not remitted to the DFA at all.

Recommendation – The Town should implement controls and monitoring procedures to ensure that all state-imposed court assessments are remitted to the Department of Finance and Administration no later than the twentieth (20th) day of the month following collection, as required by state law. The Town should also implement controls and monitoring procedures to ensure that all the city-imposed court assessments are settled daily.

Response – The Town will ensure that all state-imposed court assessments collected are remitted to the Department of Finance and Administration by the twentieth (20th) day of the month following collection, and the city-imposed court assessments are settled daily.

2. Municipal Compliance Questionnaire

Finding – Section 21-35-31 of the Mississippi Code Ann. (1972) requires municipalities to have their books audited annually and follow reporting requirements prescribed by the State Auditor. While this code section is the source of the audit mandate, the specific requirement for the municipal compliance questionnaire is prescribed by the Office of the State Auditor (OSA) as part of those procedures. The Town did not complete the Municipal Compliance Questionnaire for the year ended September 30, 2022.

Recommendation – The Board of Aldermen should complete the Municipal Compliance Questionnaire at year-end and enter it into official minutes at their next regular meeting.

Response – The Board of Aldermen will complete the Municipal Compliance Questionnaire at year-end and enter it into the minutes at their next regular meeting.

This report is intended solely for the information and use of the Board of Aldermen, the Mayor, management, and the Mississippi 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.

Oxford, Mississippi
January 14, 2026

Watkins Ward and Stafford, PUC



WATKINS, WARD and STAFFORD
Professional Limited Liability Company
Certified Public Accountants

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

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

We have performed the procedures enumerated below on the financial records of the Town of Hickory Flat, Mississippi as of September 30, 2022, and for the year then ended. The Town of Hickory Flat, Mississippi's management is responsible for the financial records.

The Town of Hickory Flat, Mississippi has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of complying with requirements of the Office of the State Auditor, under the provisions of Section 21-35-31, Miss. Code Ann. (1972). This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

- 1) 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:

| Bank | Fund | Balance Per General Ledger |
|----------------------------|---|-------------------------------|
| General Fund: | | |
| Merchants and Farmers Bank | | \$ 114,202 |
| Merchants and Farmers Bank | General Fund - Savings | 44 |
| Merchants and Farmers Bank | General Fund - Savings | 117 |
| Merchants and Farmers Bank | General Fund-CDs | 347,395 |
| Merchants and Farmers Bank | Fire Fund | 30,401 |
| Merchants and Farmers Bank | Playground Equipment Fund | 400,000 |
| Merchants and Farmers Bank | Municipal Grant Fund | 65,220 |
| Merchants and Farmers Bank | Municipal Court | 296 |
| Merchants and Farmers Bank | Fire Insurance, Equipment, and Training | 12,757 |
| | Total General funds | \$ 970,432 |
| Proprietary Fund: | | |
| Merchants and Farmers Bank | Water and Sewer Fund | \$ 7,808 |
| Merchants and Farmers Bank | Bond Sinking Fund | 24,058 |
| Merchants and Farmers Bank | Contingent Fund | 3,315 |
| | Total Proprietary Funds | \$ 35,181 |

- 2) We 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 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 tax levies were spread in the minutes of the governing body.

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 §27-39-320 to §27-39-323, Miss. Code Ann. (1972).

There were no ad valorem tax collections for the retirement of General Obligation Debt.

- 3) 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 |
|-----------------------------------|----------------|---------------------|
| Sales tax allocation | General | \$ 91,136 |
| General municipal aid | General | 299 |
| Fire protection allocation | General | 6,269 |
| Homestead exemption reimbursement | General | 5,822 |
| TVA payments | General | 4,594 |
| Gasoline tax | General | 1,552 |
| Other aid | General | 85,204 |
| Grantor payment | General | 928,650 |
| | Total | <u>\$ 1,123,526</u> |

- 4) 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:

- a. Number of Sample Items: 60
- b. Total Dollar Value of Sample: \$635,678

Our test noted no findings of noncompliance in relation to the requirements set forth in Title 31, Chapter 7, Miss. Code Ann. (1972).

- 5) Sections 99-19-73 and 83-39-3 of the Mississippi Code Ann. (1972) require the municipality to settle state-imposed court assessments on a monthly basis with the Department of Finance and Administration. These assessments must be remitted to the Department of Finance and Administration by the 20th day of the month following collection. In the case where the court clerk and municipal clerk are the same person, "settled daily" means that fines must be deposited into the Town's bank account within one business day from when it was collected. Testing all 23 of the fines collected disclosed 13 instances in which court assessments were not remitted by the required daily due date. In addition, 23 instances were noted in which assessments collected were not remitted to the DFA at all.

- 6) The Office of the State Auditor requires each municipality to complete and approve a Municipal Compliance Questionnaire annually in accordance with Section 21-35-31 of the Mississippi Code Ann. (1972). The questionnaire must be signed by the mayor and clerk, entered into the board's minutes, and used to document compliance with applicable state laws and regulations.

We were engaged to determine whether the Municipal Compliance Questionnaire was completed, signed, and recorded in the board's minutes, and to test the completed questionnaire to determine whether it was accurately prepared. However, we were unable to complete testing because the Town did not complete or sign the Municipal Compliance Questionnaire for the year ended September 30, 2022.

We were engaged by the Town of Hickory Flat, Mississippi to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the financial records. 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.

We are required to be independent of the Town of Hickory Flat, Mississippi and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the Mississippi Office of the State Auditor and the Mayor and Board of Aldermen of the Town of Hickory Flat, Mississippi and is not intended to be and should not be used by anyone other than those specified parties.

Oxford, Mississippi
January 14, 2026

Watkins Ward and Stafford, PLLC