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**TOWN OF HICKORY FLAT, MISSISSIPPI**  
**FINANCIAL STATEMENTS**  
**September 30, 2006**

**JACKSON and CREIGHTON, P.A.**

Certified Public Accountants  
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**ACCOUNTANTS' COMPILATION REPORT**

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

We have compiled the accompanying Statement of Receipts and Disbursements – Governmental and Business-type Activities, Schedule of Investments, Schedule of Long-Term Debt, and Schedule of Surety Bonds for Town Officials of the Town of Hickory Flat, Mississippi, for the year ended September 30, 2006, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The financial statements have been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

A compilation is limited to presenting in the form of financial statements and supplementary schedules information that is the representation of the town officials. We have not audited or reviewed the accompanying financial statements and supplementary schedules and, accordingly, do not express an opinion or any other form of assurance on them.

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 financials 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 December 5, 2006, on the results of our agreed-upon procedures.

*Jackson and Creighton, P.A.*

Jackson and Creighton, P.A.  
November 28, 2006

**TOWN OF HICKORY FLAT, MISSISSIPPI**  
**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS**  
**GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES**  
For the Fiscal Year Ended September 30, 2006

	Governmental Activities	Business-type Activities		
	General Fund	Water & Sewer Fund	Garbage Fund	Total
<b>RECEIPTS</b>				
Taxes				
General property taxes	\$ 25,445	\$ -	\$ -	\$ -
Licenses and permits				
Privilege licenses	947			
Franchise fees	1,496			
Intergovernmental revenues:				
General municipal aid	295			
State shared revenues:				
Sales taxes	72,601			
Gasoline tax	1,589			
Fire protection	2,873			
Homestead exemption	4,741			
TVA in lieu of taxes	3,680			
County shared revenue:				
Road taxes	294			
Motor vehicle privilege taxes	42,376			
Fire protection	11,624			
Charges for services:				
Water utility		85,252		85,252
Garbage collection			31,649	31,649
Fines and bonds	7,951			
Interest income	10,714	2,919		
Miscellaneous	1,235			
Total Receipts	<u>187,861</u>	<u>88,171</u>	<u>31,649</u>	<u>116,901</u>
<b>DISBURSEMENTS</b>				
General government				
Executive and financial	53,164			
Judicial	5,160			
Public safety				
Police	10,990			
Fire	11,149			
Public works				
Streets	63,509			
Enterprise				
Garbage			22,074	22,074
Water and Sewer		68,422		68,422
Redemption of principal		4,017		4,017
Debt service interest		986		986
Total Disbursements	<u>143,972</u>	<u>73,425</u>	<u>22,074</u>	<u>95,499</u>
Excess (Deficiency) of receipts over disbursements	<u>43,889</u>	<u>14,746</u>	<u>9,575</u>	<u>21,402</u>
<b>CASH BASIS FUND BALANCE - BEGINNING OF YEAR</b>	<u>379,619</u>	<u>114,061</u>	<u>39,576</u>	<u>493,680</u>
<b>CASH BASIS FUND BALANCE - END OF YEAR</b>	<u>\$ 423,508</u>	<u>\$ 128,807</u>	<u>\$ 49,151</u>	<u>\$ 515,082</u>

See accountants' report.

**TOWN OF HICKORY FLAT, MISSISSIPPI**  
**SCHEDULE OF INVESTMENTS**  
**September 30, 2006**

	<b>Interest rate</b>	<b>Maturity date</b>	<b>Certificate of deposit</b>
General Funds:			
Merchants and Farmers Bank	4.560%	3/17/2007	\$ 146,652
Merchants and Farmers Bank	4.560%	2/15/2007	129,394

See accountants' report.

**TOWN OF HICKORY FLAT, MISSISSIPPI**  
**SCHEDULE OF LONG-TERM DEBT**  
**For the Fiscal Year Ended September 30, 2006**

Definition and purpose	Balance Outstanding Oct. 1, 2005	Transactions During Fiscal Year		Balance Outstanding Sept. 30, 2006
		Issued	Redeemed	
<b>Revenue bonds:</b>				
Capmark Finance, water system	\$ 21,161	\$ -	\$ 4,017	\$ 17,144
<b>TOTAL</b>	<b>\$ 21,161</b>	<b>\$ -</b>	<b>\$ 4,017</b>	<b>\$ 17,144</b>

See accountants' report.

**TOWN OF HICKORY FLAT, MISSISSIPPI**  
**SCHEDULE OF SURETY BONDS FOR TOWN OFFICIALS**  
**September 30, 2006**

<u>Name</u>	<u>Position</u>	<u>Surety</u>	<u>Bond Amount</u>
Mabaleen Smith	City Clerk	St. Paul Travelers	50,000
Allen Gray	Mayor	St. Paul Travelers	25,000
James T. Smith	Police Chief	St. Paul Travelers	50,000
Margie Gray	Alderman	St. Paul Travelers	5,000
David Thompson	Alderman	St. Paul Travelers	5,000
Keith Heaton	Alderman	St. Paul Travelers	5,000
Christine Simpson	Alderman	St. Paul Travelers	5,000
Carroll Taylor	Alderman	St. Paul Travelers	5,000

See accountants' report

**TOWN OF HICKORY FLAT, MISSISSIPPI  
AGREED-UPON PROCEDURES  
September 30, 2006**

**JACKSON and CREIGHTON, P.A.**

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December 5, 2006

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

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

We have applied certain agreed-upon procedures, as discussed below, to the accounting records of the Town of Hickory Flat, Mississippi, as of September 30, 2006, 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, we make no representation regarding the sufficiency of the procedures described below either for which this report has been requested or for any other purpose. Our procedures and findings are as follows:

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:

<b>Bank</b>	<b>Fund</b>	<b>Balance per General Ledger</b>
Merchants and Farmers Bank	General	\$ 129,298
Merchants and Farmers Bank	General	16,087
Merchants and Farmers Bank	General	1,451
Merchants and Farmers Bank	General	167
		<hr/>
		<b>147,003</b>
Merchants and Farmers Bank	Utility	109,642
Merchants and Farmers Bank	Utility	71,476
Merchants and Farmers Bank	Utility	25,325
		<hr/>
		<b>206,443</b>

2. We physically examined securities held for investment. Securities held in trust were confirmed directly with respective trustees. 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 two certificates of deposit from Merchants and Farmers Bank with a general ledger cost of \$276,046.

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

- a. Verify use of certified county assessment rolls and trace levies to governing body minutes;
- b. Examined uncollected taxes for proper handling, including tax sales;
- c. Traced distribution of taxes collected to proper funds; and
- d. 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, 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, Miss. Code Ann. (1972).

Ad valorem tax collections for the retirement of general obligation debt was found to be sufficient for payment of current principal and interest in accordance with limitations imposed by Sections 21-33-87 and 21-33-303, 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	Gen. Ledg. Amt.
Fire Protection	Fire Fund	\$ 2,873
Municipal aid	General Fund	295
Gas tax	General Fund	1,589
Homestead exemption	General Fund	4,741
TVA in lieu	General Fund	3,680
Homeland Security Grant	General Fund	4,447
Sales Tax Allocation	General Fund	72,601

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	60
Total Dollar Value of Sample	\$ 19,079

We found the municipality's purchasing procedures to be in agreement with the requirements of the above-mentioned sections.

6. We 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, we 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 our attention that caused us to believe the items specified in Paragraphs 1, 2 and 3 should be adjusted. Had we performed additional procedures or had we 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 our 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, 2006.

*Jackson and Creighton, P.A.*

Jackson and Creighton, P.A.  
Certified Public Accountants