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TOWN OF HICKORY FLAT, MISSISSIPPI
FINANCIAL STATEMENTS
September 30, 2009

JACKSON and CREIGHTON, P.A.

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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 Cash 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, 2009, 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 November 17, 2009, on the results of our agreed-upon procedures.

Jackson and Creighton, P.A.

Jackson and Creighton, P.A.
November 17, 2009

TOWN OF HICKORY FLAT, MISSISSIPPI
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES
For the Fiscal Year Ended September 30, 2009

	Governmental Activities	Business-type Activities		
	General Fund	Water & Sewer Fund	Garbage Fund	Total
RECEIPTS				
Taxes				
General property taxes	\$ 22,586	\$ -	\$ -	\$ -
Licenses and permits				
Privilege licenses	720			
Franchise fees	1,820			
Intergovernmental revenues:				
General municipal aid	295			
Federal shared revenues:				
CDBG grant	7,265			
Emergency Management Grant	10,000			
State shared revenues:				
Sales taxes	58,357			
Gasoline tax	1,589			
Fire protection	2,986			
Homestead exemption	4,375			
TVA in lieu of taxes	4,512			
Small Municipalities Grant	18,572			
County shared revenue:				
Road taxes	2,001			
Motor vehicle privilege taxes	46,021			
Fire protection	11,775			
Charges for services:				
Water utility		85,711		85,711
Garbage collection			35,068	35,068
Fines and bonds	10,376			
Interest income	11,401	2,527		2,527
Miscellaneous	2,675			
Total Receipts	<u>217,326</u>	<u>88,238</u>	<u>35,068</u>	<u>123,306</u>
DISBURSEMENTS				
General government				
Executive and financial	55,296			
Judicial	5,123			
Public safety				
Police	14,304			
Fire	12,248			
Public works				
Streets	83,737			
Enterprise				
Garbage			24,065	24,065
Water and Sewer		75,303		75,303
Redemption of principal		4,570		4,570
Debt service interest		433		433
Total Disbursements	<u>170,708</u>	<u>80,306</u>	<u>24,065</u>	<u>104,371</u>
Excess (Deficiency) of receipts over disbursements	<u>46,618</u>	<u>7,932</u>	<u>11,003</u>	<u>18,935</u>
CASH BASIS FUND BALANCE - BEGINNING OF YEAR	<u>556,594</u>	<u>185,665</u>	<u>66,960</u>	<u>252,625</u>
CASH BASIS FUND BALANCE - END OF YEAR	<u>\$ 603,212</u>	<u>\$ 193,597</u>	<u>\$ 77,963</u>	<u>\$ 271,560</u>

See accountants' report.

**TOWN OF HICKORY FLAT, MISSISSIPPI
SCHEDULE OF INVESTMENTS
September 30, 2009**

	Interest rate	Maturity date	Certificate of deposit
General Funds:			
Merchants and Farmers Bank	1.950%	3/1/2010	\$ 164,340
Merchants and Farmers Bank	1.970%	2/11/2010	145,059
Merchants and Farmers Bank	2.270%	11/9/2009	65,925

See accountants' report.

TOWN OF HICKORY FLAT, MISSISSIPPI
SCHEDULE OF LONG-TERM DEBT
For the Fiscal Year Ended September 30, 2009

Definition and purpose	Balance Outstanding Oct. 1, 2008	Transactions During Fiscal Year		Balance Outstanding Sept. 30, 2009
		Issued	Redeemed	
Revenue bonds:				
Capmark Finance, water system	\$ 8,641	\$ -	\$ 4,570	\$ 4,071
TOTAL	\$ 8,641	\$ -	\$ 4,570	\$ 4,071

See accountants' report.

TOWN OF HICKORY FLAT, MISSISSIPPI
SCHEDULE OF SURETY BONDS FOR TOWN OFFICIALS
September 30, 2009

<u>Name</u>	<u>Position</u>	<u>Surety</u>	<u>Bond Amount</u>
Stephaine Owens	City Clerk	Travelers	50,000
Allen Gray	Mayor	Travelers	25,000
James T. Smith	Police Chief	Travelers	50,000
Bobby Dickerson	Police Officer	Travelers	25,000
Christina Gray	Alderman	Travelers	10,000
Margie Gray	Alderman	Travelers	10,000
James W Gray	Alderman	Travelers	10,000
Christine Simpson	Alderman	Travelers	10,000
Carroll Taylor	Alderman	Travelers	10,000

See accountants' report

TOWN OF HICKORY FLAT, MISSISSIPPI
AGREED-UPON PROCEDURES
September 30, 2009

JACKSON and CREIGHTON, P.A.

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November 17, 2009

**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, which were agreed to by and the responsibility of the Town of Hickory Flat, Mississippi, to the accounting records of the Town of Hickory Flat, Mississippi, as of September 30, 2009, 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:

Bank	Fund	Balance per General Ledger
Merchants and Farmers Bank	General	\$ 98,362
Merchants and Farmers Bank	General	17,056
Merchants and Farmers Bank	General	5,090
Merchants and Farmers Bank	General	56,807
Merchants and Farmers Bank	General	50,573
Merchants and Farmers Bank	General - CDs	<u>375,324</u>
		<u>\$ 603,212</u>
Merchants and Farmers Bank	Utility	\$ 97,521
Merchants and Farmers Bank	Utility	141,770
Merchants and Farmers Bank	Utility	<u>32,269</u>
		<u>\$ 271,560</u>

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 three certificates of deposit from Merchants and Farmers Bank with a general ledger cost of \$375,324.
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. Ledge. Amt.
Fire Protection	Fire Fund	\$ 2,986
Municipal aid	General Fund	295
Gas tax	General Fund	1,589
Homestead exemption	General Fund	4,375
TVA in lieu	General Fund	4,512
Emergency Management - Storm Shelters	General Fund	10,000
Small Municipalities grant - Bridges	General Fund	18,572
CDBG grant - Sidewalks	General Fund	7,265
Sales Tax Allocation	General Fund	58,357

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	\$ 39,871

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, 2009.

Jackson and Creighton, P.A.

Jackson and Creighton, P.A.
Certified Public Accountants