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FINANCIAL REPORT
TOWN OF WALNUT
WALNUT, MISSISSIPPI
SEPTEMBER 30, 2003

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INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES

Honorable Mayor and Board of Aldermen
Town of Walnut
Walnut, Mississippi 38683

We have performed the procedures enumerated below, which were agreed to by the Office of the State Auditor, to the accounting records of the Town of Walnut, Mississippi, solely to assist the Office of the State Auditor evaluate the Town of Walnut's compliance with certain laws and regulations as of September 30,2003, and for the year then ended. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Office of the State Auditor, State of Mississippi. 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.

Our procedures and findings are as follows:

- A. 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</u> <u>General Ledger</u>
The Peoples Bank	General	\$ 253,120
	Water & Sewer, Gas	270,442

- B. We physically examined securities held for investment. Securities held in trust were confined 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 Town of Walnut owned no securities held for investment at September 30,2003.

- c. We performed the following procedures with respect to taxes on real and personal property (including motor vehicles) levied during the fiscal year:
1. Verify use of certified county assessment rolls and trace 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 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).

- D. We obtained a statement of payments made by the Department of Finance and Administration to the town. Payments indicated were traced to deposit in the respective bank accounts 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	211,126
Gasoline Tax	General	1,872
TV A in Lieu of Taxes	General	7,524
General Municipal Aid	General	393
Homestead Exemption Fire	General	1,392
Protection Allocation DUI	General	3,408
Grant	General	8,854
FEMA Grant	General	1,139
CDBG	Water & Sewer	54,172

- E. 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	41
Dollar value of sample	\$ 89,041

We found the Town's purchasing procedures to be in agreement with the requirements of the abovementioned sections.

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

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's compliance with laws and regulations. Accordingly, we do not express such an

opmION. 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 use of the Office of the State Auditor, State of Mississippi, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

Lindsey and Davis Certified
Public Accountants

Ripley, Mississippi
November 11, 2003

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

Honorable Mayor and Board of Aldermen
Town of Walnut
Walnut, Mississippi 38683

We have compiled the accompanying statement of cash receipts and disbursements - (all funds) cash basis of the Town of Walnut for the year ended September 30, 2003, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying statement of cash receipts and disbursements - (all funds) cash basis and, accordingly, do not express an opinion or any other form of assurance on it.

The Town's policy is to prepare its financial statement on the basis of cash receipts and disbursements; consequently, certain revenue is recognized when received rather than when measurable and available, and certain expenditures are recognized when paid rather than when the obligation is incurred. Accordingly, the statement of cash receipts and disbursements - (all funds) cash basis is not intended to present results of operations, in conformity with generally accepted accounting principles.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements. If the omitted disclosures were included, they might influence the user's conclusions about the town's cash receipts and disbursements. Accordingly, the financial statement is not designed for those who are not informed about such matters.

The supplementary information contained on pages 8 through 9 is presented for the purposes of additional analysis and has been compiled by us from information that is the representation of management of the Town of Walnut, Mississippi, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on such supplementary information.

Lindsey and Davis Certified
Public Accountants

Ripley, Mississippi
November 11, 2003

TOWN OF WALNUT
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (ALL FUNDS) - CASH BASIS

YEAR ENDED SEPTEMBER 30, 2003

	GOVERNMENTAL		PROPRIETARY	TOTALS	
	FUND TYPE		FUND TYPE	(MEMORANDUM ONLY)	
	GENERAL	ENTERPRISE		2003	2002
CASH OPERATING RECEIPTS					
Privilege License	\$ 3,749	\$ -	\$ -	\$ 3,749	\$ 4,215
General Property Taxes	30,658			30,658	28,876
Prior Year Taxes	1,603			1,603	421
Railcar Tax	1,624			1,624	
Penalties and Interest on Delinquent Taxes	273			273	133
Intergovernmental Receipts					
State Shared Receipts:					
Sales Tax	211,126			211,126	220,213
Gasoline Tax	1,872			1,872	1,625
Fire Protection	3,408			3,408	3,212
Homestead Exemption	1,392			1,392	1,353
TV A in Lieu of Taxes	7,524			7,524	5,399
General Municipal Aid	393			393	393
County Shared Receipts:					
Road Tax	28,394			28,394	28,572
Fire Protection	16,000			16,000	16,000
Charges for Services:					
Gas & Water Utilities			725,867	725,867	648,147
Garbage Collection Fees	15,893			15,893	26,734
TVRHA in Lieu of Taxes	1,357			1,357	1,376
Fines	20,411			20,411	21,217
Park - Fees	25,723			25,723	27,489
Gross Receipts Tax	18,301			18,301	16,187
Miscellaneous	3,631	7,851		11,482	27,957
TOTAL OPERATING RECEIPTS	393,332	733,718		1,127,050	1,079,519
OTHER CASH RECEIPTS					
Interest	5,481	10,450		15,931	15,355
Increase in Meter Deposits		1,376		1,376	3,315
Grant Proceeds	22,911	54,172		77,083	64,289
Transfers In					254,321
TOTAL OTHER RECEIPTS	28,392	65,998		94,390	337,280
TOTAL CASH RECEIPTS	421,724	799,716		1,221,440	1,416,799

SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

TOWN OF WALNUT
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (ALL FUNDS) - CASH BASIS

YEAR ENDED SEPTEMBER 30, 2003

	GOVERNMENTAL	PROPRIETARY	TOTALS	
	FUND TYPE	FUND TYPE	(MEMORANDUM ONLY)	
	GENERAL	ENTERPRISE	2003	2002
CASH OPERATING DISBURSEMENTS				
General Government	127,432		127,432	126,458
Public Safety:				
Police	82,160		82,160	84,952
Fire	42,671		42,671	20,278
Highways and Streets:				
Repairs & Maintenance	18,908		18,908	14,471
Enterprise:				
Gas & Water Utilities		527,749	527,749	463,584
Sanitation	23,668		23,668	22,678
Park & Recreation	42,819		42,819	48,537
TOTAL OPERATING DISBURSEMENTS	337,658	527,749	865,407	780,958
OTHER CASH DISBURSEMENTS				
Interest	2,625	69,727	72,352	71,262
Investment in Fixed Assets	134,790	20,594	155,384	74,842
Principal Payments	9,469	43,199	52,668	54,687
Grant Expense	22,911	54,172	77,083	64,289
Transfers Out				254,321
TOTAL OTHER DISBURSEMENTS	169,795	187,692	357,487	519,401
TOTAL CASH DISBURSEMENTS	507,453	715,441	1,222,894	1,300,359
EXCESS OF CASH RECEIPTS OVER				
(UNDER) CASH DISBURSEMENTS	(85,729)	84,275	(1,454)	116,440
Cash Balances - Beginning of Year	335,768	186,316	522,084	405,644
Cash Balances - End of Year	\$ 250,039	\$ 270,591	\$ 520,630	\$ 522,084

SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

TOWN OF WALNUT SCHEDULE OF
LONG-TERM DEBT YEAR ENDED
 SEPTEMBER 30, 2003

	Definition and Purpose	Balance Outstanding Oct. 1, 2002	Transactions During Fiscal Year		Balance Outstanding Sept. 30, 2003
			Issued	Redeemed	
GMAC	Water System	\$ 160,681	\$ -	\$ 20,010	\$ 140,671
Rural Development	Gas System	450,773		8,189	442,584
The Peoples Bank	Gas System	520,000		15,000	505,000
MS Dept of Economic & Community Development	Fire Truck	72,871		9,469	63,402
Total		\$ 1,204,325	\$ -	\$ 52,668	\$ 1,151,657

SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

TOWN OF WALNUT SCHEDULE OF SURETY BONDS
FOR TOWN OFFICIALS September 30, 2003

<u>Name</u>	<u>Position</u>	<u>Surety</u>	<u>Amount</u>
Wallace Bell	Mayor	Western Surety Company	\$ 25,000
Joy Cooper	Town Clerk	Western Surety Company	250,000
Cheryl Voyles	Deputy Clerk	Western Surety Company	25,000

SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

TOWN OF WALNUT SCHEDULE OF INVESTMENTS (ALL FUNDS) - CASH BASIS September 30, 2003

GOVERNMENTAL FUNDS:

General Fund:

1.05% Certificate of Deposit, dated September 15, 2003 maturing on March 15, 2004	\$ 99,168
1.10% Certificate of Deposit, dated September 21, 2003 maturing on January 20, 2004	16,825

PROPRIETARY FUNDS:

Water Fund:

1.10% Certificate of Deposit dated July 9, 2003 maturing on January 3, 2004	30,827
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TOTAL INVESTMENTS	\$ 146,820
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SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT