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TOWN OF WALNUT GROVE, MISSISSIPPI
FINANCIAL STATEMENT AND SUPPLEMENTARY INFORMATION
SPECIAL REPORT ON AGREED-UPON PROCEDURES
For the Fiscal Year Ended September 30, 2006

CONTENTS

Financial Statements and Supplementary Information

| | |
|---|--------|
| Independent Accountants' Compilation Report | Page 1 |
| Combined Statement of Cash Receipts and Disbursements (All Fund Types) | 2 – 3 |
| Schedule of Surety Bonds for Town Officials | 4 |
| Schedule of Long-term Debt | 5 |

Special Report on Agreed Upon Procedures

| | |
|---|-------|
| Independent Accountants' Special Report | 6 – 8 |
|---|-------|

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

Butchart, Ellzey & Associates

A Professional Corporation
Jackson & Canton

Thomas B. Butchart, CPA, MBT
William S. Ellzey, CPA

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

We have compiled the accompanying statement of cash receipts and disbursements – all fund types of the Town of Walnut Grove for the year ended September 30, 2006, and the accompanying supplementary information contained on pages 4 and 5, which are presented only for supplementary analysis purposes, 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 and supplementary schedules information that is the representation of management. We have not audited or reviewed the accompanying statement of cash receipts and disbursements – all fund types and supplementary schedules and, accordingly, do not express an opinion or any other form of assurance on them.

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 fund types 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.

Butchart, Ellzey & Associates

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July 3, 2007

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TOWN OF WALNUT GROVE, MISSISSIPPI

COMBINED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (ALL FUND TYPES)

SEE ACCOUNTANTS' COMPILATION REPORT

For the Fiscal Year Ended September 30, 2006

| | <u>General</u> | <u>Proprietary Funds</u> | <u>Totals (Memorandum Only)</u> | |
|--|-----------------------|------------------------------|-------------------------------------|-------------------------|
| | | | <u>2006</u> | <u>2005</u> |
| <u>Revenue Receipts:</u> | | | | |
| General Property Taxes | \$ 29,298 | \$ - | \$ 29,298 | \$ 22,684 |
| Penalties and Interest on Delinquent Taxes | 278 | | 278 | 256 |
| Licenses and Permits | 1,049 | | 1,049 | 597 |
| In Lieu of Taxes and Impact Fees | 122,961 | | 122,961 | 110,249 |
| Public Utility Franchise | 16,145 | | 16,145 | 14,495 |
| Intergovernmental Revenues: | | | | |
| Federal Revenue: | | | | |
| Home Grant | 3,032 | | 3,032 | 19,592 |
| CDBG - Lagoon/water lines | - | - | - | 64,460 |
| State Shared Revenues: | | | | |
| General Municipal Aid | 254 | | 254 | 254 |
| Sales Tax | 50,331 | | 50,331 | 49,030 |
| Gasoline Tax | 1,342 | | 1,342 | 1,342 |
| Emergency Grant | 12,234 | | 12,234 | - |
| Public Safety | 9,450 | | 9,450 | 11,684 |
| Fire Insurance Premium Tax Distribution | - | | - | 2,299 |
| Homestead Exemption | 3,018 | | 3,018 | 2,765 |
| TVA in Lieu of Taxes | 6,758 | | 6,758 | 6,475 |
| County Revenue: | | | | |
| Auto Advalorem | 8,616 | | 8,616 | 7,010 |
| Regular Advalorem | 18,282 | | 18,282 | 17,099 |
| Fire Protection | 9,624 | | 9,624 | 9,069 |
| Charges for Services: | | | | |
| Gas Utility | - | 896,427 | 896,427 | 737,614 |
| Water and Sewer Utility | - | 200,760 | 200,760 | 188,087 |
| Garbage Fees | 22,663 | | 22,663 | 20,348 |
| Police Fines | 15,199 | | 15,199 | 8,322 |
| Rental Income | 17,500 | | 17,500 | 1,000 |
| Interest Income | 681 | 1,671 | 2,352 | 1,758 |
| Recreational Funds | 22,000 | | 22,000 | - |
| Other Income | <u>3,042</u> | <u>411</u> | <u>3,453</u> | <u>692</u> |
| Total Receipts | <u>\$ 373,757</u> | <u>\$ 1,099,269</u> | <u>\$ 1,473,026</u> | <u>\$ 1,297,181</u> |
| <u>Other Receipts:</u> | | | | |
| Bank Loans | \$ - | \$ 75,000 | \$ 75,000 | \$ - |
| Loans and Transfers | 19,384 | 21,602 | 40,986 | 93,601 |
| Capital lease proceeds | <u>-</u> | <u>-</u> | <u>-</u> | <u>40,086</u> |
| Total Other Receipts | <u>\$ 19,384</u> | <u>\$ 96,602</u> | <u>\$ 115,986</u> | <u>\$ 133,687</u> |
| Total Receipts | <u>\$ 393,141</u> | <u>\$ 1,195,871</u> | <u>\$ 1,589,012</u> | <u>\$ 1,430,868</u> |
| Cash Balance - Beginning of Year | <u>83,982</u> | <u>159,520</u> | <u>243,502</u> | <u>282,131</u> |
| TOTAL AMOUNT TO ACCOUNT FOR | <u>\$ 477,123</u> | <u>\$ 1,355,391</u> | <u>\$ 1,832,514</u> | <u>\$ 1,712,999</u> |

TOWN OF WALNUT GROVE, MISSISSIPPI

COMBINED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (ALL FUND TYPES)

SEE ACCOUNTANTS' COMPILATION REPORT

For the Fiscal Year Ended September 30, 2006

| | <u>General</u> | <u>Proprietary Funds</u> | <u>Totals (Memorandum Only)</u> | |
|--|-------------------|------------------------------|-------------------------------------|---------------------|
| | | | <u>2,006</u> | <u>2,005</u> |
| <u>Operating Disbursements:</u> | | | | |
| General Government (Executive and Financial) | | | | |
| Personnel | \$ 91,517 | \$ - | \$ 91,517 | \$ 81,975 |
| Other | 43,392 | | 43,392 | 54,799 |
| Public Safety: | | | | |
| Police | | | | |
| Salaries | 110,985 | | 110,985 | 105,319 |
| Court fees, jail costs, supplies | 14,466 | | 14,466 | 23,533 |
| Fire | 3,304 | | 3,304 | 2,055 |
| Highways and Streets: | | | | |
| Lights and Maintenance | 11,586 | | 11,586 | 8,243 |
| Sanitation - Garbage Collection | 6,700 | | 6,700 | 6,197 |
| Culture and Recreation: | | | | |
| Ball fields | 96 | | 96 | 112 |
| Libraries | 29,184 | | 29,184 | 26,419 |
| Enterprises: | | | | |
| Water and Sewer Utility: | | | | |
| Personnel | | 41,111 | 41,111 | 40,152 |
| Maintenance and Power | | 154,427 | 154,427 | 37,808 |
| Chemicals | | 21,086 | 21,086 | 6,851 |
| Other | | 9,645 | 9,645 | 3,048 |
| Gas Utility: | | | | |
| Personnel | | 161,774 | 161,774 | 143,967 |
| Gas Purchases | | 703,391 | 703,391 | 446,133 |
| Maintenance and Power | | 43,274 | 43,274 | 52,765 |
| Chemicals | | 2,323 | 2,323 | 6,518 |
| Other | | 62,293 | 62,293 | 55,838 |
| Interest on Loans | 1,575 | 10,609 | 12,184 | 16,301 |
| COPS Grant Repayment | 1,594 | - | 1,594 | - |
| Home Grant Expenditures | 3,032 | - | 3,032 | 19,592 |
| | | | | |
| Total Operating Disbursements | <u>\$ 317,431</u> | <u>\$ 1,209,933</u> | <u>\$ 1,527,364</u> | <u>\$ 1,137,625</u> |
| | | | | |
| <u>Other Disbursements:</u> | | | | |
| Bank Loans Repaid | \$ 33,630 | \$ 30,883 | \$ 64,513 | \$ 101,613 |
| Capital Outlay | 14,300 | 27,702 | 42,002 | 136,658 |
| Loans and Transfers | 7,000 | 33,986 | 40,986 | 93,601 |
| | | | | |
| Total Other Disbursements | <u>\$ 54,930</u> | <u>\$ 92,571</u> | <u>\$ 147,501</u> | <u>\$ 331,872</u> |
| | | | | |
| Total Disbursements | <u>\$ 372,361</u> | <u>\$ 1,302,504</u> | <u>\$ 1,674,865</u> | <u>\$ 1,469,497</u> |
| | | | | |
| Cash Balance - End of Year | <u>104,762</u> | <u>52,887</u> | <u>157,649</u> | <u>243,502</u> |
| | | | | |
| TOTAL AMOUNT ACCOUNTED FOR | <u>\$ 477,123</u> | <u>\$ 1,355,391</u> | <u>\$ 1,832,514</u> | <u>\$ 1,712,999</u> |

TOWN OF WALNUT GROVE, MISSISSIPPI

SUPPLEMENTARY SCHEDULE OF SURETY BONDS FOR TOWN OFFICIALS

SEE ACCOUNTANTS' COMPILATION REPORT

September 30, 2006

| <u>NAME</u> | <u>POSITION</u> | <u>COMPANY</u> | <u>BOND</u> |
|-------------------|-------------------|-----------------------------|-------------|
| Grady Sims | Mayor | Western Surety | 10,000 |
| Ada Chamblee | Town Clerk | Western Surety | 50,000 |
| Hilda Spence | Asst. Town Clerk | Western Surety | 25,000 |
| Jerry Milsaps | Utilities Manager | Western Surety | 1,000 |
| Willie Jones | Marshal | Western Surety | 50,000 |
| Joseph Lee | Deputy Marshal | Western Surety | 25,000 |
| Stan Phillips | Deputy Marshal | Western Surety | 25,000 |
| Keith Brown | Deputy Marshal | Brierfield Insurance | 25,000 |
| Brent King | City Manager | Brierfield Insurance | 1,000 |
| W. C. Croft, Jr. | Alderman | MS. Municipal Board Program | 25,000 |
| David Dumas | Alderman | MS. Municipal Board Program | 25,000 |
| Marcus Ellis, Jr. | Alderman | MS. Municipal Board Program | 25,000 |
| Jerry Darby | Alderman | MS. Municipal Board Program | 25,000 |
| Ricky Chamblee | Alderman | MS. Municipal Board Program | 25,000 |

TOWN OF WALNUT

SUPPLEMENTARY SCHEDULE OF LONG

SEE ACCOUNTANTS'

September 30,

| | <u>INTEREST</u> | | <u>ISSUE</u> |
|---|-----------------|----------------|--------------|
| | <u>RATES</u> | <u>PAYMENT</u> | <u>DATE</u> |
| | | <u>DATES</u> | |
| <u>WATER AND SEWER FUND</u> | | | |
| <u>OTHER LONG-TERM DEBT</u> | | | |
| Note payable - Trustmark | 4.07% | annually | 10/7/05 |
| Note payable - MS. Department of Economic and Community Development (Total Loan \$500,000) | 3.00% | monthly | 7/14/00 |
| TOTAL LONG-TERM DEBT WATER AND SEWER FUND | | | |
| <u>GENERAL LONG-TERM DEBT GROUP</u> | | | |
| COPS grant repayment obligation | 1.00% | monthly | 2/15/06 |
| Note payable - Trustmark | 3.26% | monthly | 10/15/03 |
| Capital lease obligation | 3.25% | monthly | 2/15/05 |
| TOTAL LONG-TERM DEBT - GENERAL LONG-TERM DEBT GROUP | | | |
| TOTAL LONG-TERM DEBT | | | |

GROVE, MISSISSIPPI

TERM DEBT - ALL FUNDS

COMPILATION REPORT

2006

| <u>FINAL MATURITY DATE</u> | <u>BALANCE OUTSTANDING 10/1/2005</u> | <u>TRANSACTIONS DURING FISCAL YEAR ISSUED</u> | <u>RETIRE</u> | <u>BALANCE OUTSTANDING 9/30/2006</u> |
|------------------------------------|--|---|------------------|--|
| 10/7/2010 | \$ - | \$ 75,000 | \$ - | \$ 75,000 |
| 1/1/2016 | \$ 368,133 | \$ - | \$ 30,883 | \$ 337,250 |
| | <u>\$ 368,133</u> | <u>\$ 75,000</u> | <u>\$ 30,883</u> | <u>\$ 412,250</u> |
| 3/1/2011 | \$ - | \$ 19,574 | \$ 1,594 | \$ 17,980 |
| 10/6/2006 | \$ 25,965 | \$ - | \$ 23,935 | \$ 2,030 |
| 2/15/2009 | \$ 35,355 | \$ - | \$ 9,695 | \$ 25,660 |
| | <u>\$ 61,320</u> | <u>\$ 19,574</u> | <u>\$ 35,224</u> | <u>\$ 45,670</u> |
| | <u>\$ 429,453</u> | <u>\$ 94,574</u> | <u>\$ 66,107</u> | <u>\$ 457,920</u> |

SPECIAL REPORT
ON AGREED-UPON PROCEDURES

Butchart, Ellzey & Associates

A Professional Corporation
Jackson & Canton

Thomas B. Butchart, CPA, MBT
William S. Ellzey, CPA

INDEPENDENT ACCOUNTANTS' REPORT ON AGREED-UPON PROCEDURES FOR SMALL MUNICIPALITIES (TOWNS)

Mayor and Board of Aldermen
Town of Walnut Grove, Mississippi

We have performed certain agreed-upon procedures enumerated below to the accounting records of the Town of Walnut Grove, 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 conducted 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 parties specified in this report. 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 the associated findings are as follows:

1. We reconciled cash on deposit with the following banks to balance in the respective general ledger accounts and obtained confirmation of the related balance from the banks:

| <u>Bank</u> | <u>Fund</u> | <u>Balance Per General Ledger</u> |
|----------------------|----------------------|---------------------------------------|
| Bank of Walnut Grove | General | \$ 104,762 |
| Bank of Walnut Grove | Gas System | 5,731 |
| Bank of Walnut Grove | Water & Sewer System | <u>20,734</u> |
| | Total | <u>\$ 131,227</u> |

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Member AICPA Private Companies Practice Section

2. 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).

| <u>General Security</u> | <u>Fund</u> | <u>Ledger Cost</u> |
|-------------------------|----------------------|--------------------|
| Certificate of Deposit | Gas System | \$20,000 |
| Certificate of Deposit | Gas System | <u>3,422</u> |
| | Total Gas System | <u>\$23,422</u> |
| Certificate of Deposit | Water & Sewer System | <u>\$ 3,000</u> |
| | Total | <u>\$26,422</u> |

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

- a. Verified use of certified county assessment rolls and trace levees 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).

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 with one exception; the fire insurance premium tax distribution in the amount of \$3,834, was not received until after the year end.

Payments traced were as follows:

| <u>Payment Purpose</u> | <u>Receiving Fund</u> | <u>Ledger Amount</u> |
|---|-----------------------|----------------------|
| Sales Tax Allocation | General Fund | \$ 50,331 |
| Gasoline Tax | General Fund | 1,342 |
| Law Enforcement | General Fund | 9,450 |
| Fire Insurance Premium Tax Distribution | General Fund | 0 |
| Homestead Exemption | General Fund | 3,018 |
| TVA in Lieu of Taxes | General Fund | 6,758 |
| General Municipal Aid | General Fund | 254 |
| Emergency Grant | General Fund | 12,234 |
| CDBG – Federal Pass through | General Fund | <u>3,032</u> |
| | Total | <u>\$ 86,419</u> |

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 | <u>3</u> |
| Total Dollar Value of Sample | <u>\$26,254</u> |

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 generally accepted auditing standards, 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 generally accepted auditing standards, 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 Walnut Grove, Mississippi, for the year ended September 30, 2006.

Butchart, Elly & Associates

Canton, Mississippi
July 3, 2007