



The following document was not prepared by the Office of the State Auditor, but was prepared by and submitted to the Office of the State Auditor by a private CPA firm. The document was placed on this web page as it was submitted. 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 WALLS, MISSISSIPPI
Financial Statement
For the Year Ended September 30, 2010

RECEIVED

JUL 19 2012



TOWN OF WALLS, MISSISSIPPI

TABLE OF CONTENTS

Independent Accountants' Compilation Report 1

Statements of Cash Receipts and Disbursements 4

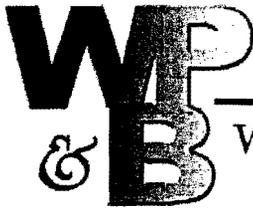
Supplementary Information

 Schedule of Long-term Debt 7

 Schedule of Surety Bonds of Municipal Officials..... 8

Special Reports

 Special Report on Agreed-Upon Procedures for Small Towns..... 10



WILLIAMS • PITTS • BEARD, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

**Danny L. Williams
Jerry W. Pitts
Rebecca A. Beard
Kristopher A. Whitten**

2042 McIngvale Road
Hernando, MS 38632
(662) 429- 4436
(901) 342- 1417
FAX: (662) 429- 4438

INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

Honorable Mayor and Board of Aldermen
Town of Walls
Walls, Mississippi

We have compiled the accompanying statements of cash receipts and disbursements of the Town of Walls, Mississippi for the year ended September 30, 2010, which collectively comprises the town's basic financial statement. We have not audited or reviewed the accompanying financial statement and, accordingly, do not express an opinion or provide any assurance about whether the financial statement is in accordance with the cash basis of accounting.

The management of the Town of Walls, Mississippi is responsible for the preparation and fair presentation of the financial statement in accordance with the cash basis of accounting and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statement.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statement.

The Mayor and Alderman have elected to omit substantially all of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial 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.

Management has 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 government-wide financial statements resulting from the cash basis transactions for the Town's governmental activities and business-type activities are not reasonably determinable.

Management has omitted the management's discussion and analysis information that is required to be presented for purposes of additional analysis. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

The supplementary information has been compiled from information that is the representation of management. We have not audited or reviewed the supplementary information and accordingly, we do not express an opinion or provide any assurance on such supplementary information.

In accordance with the provisions of Section 21-35-31, Miss. Code Ann. (1972), we have issued a report dated July 11, 2012, on the results of our agreed-upon procedures.

Williams, Pitts & Beard, PLLC

Williams, Pitts & Beard, PLLC
Hernando, Mississippi
July 11, 2012

THIS PAGE INTENTIONALLY LEFT BLANK

TOWN OF WALLS, MISSISSIPPI
Statements of Cash Receipts and Disbursements
Governmental and Business-type Activities
For the Year Ended September 30, 2010
With Comparative Totals For 2009

| | <u>Governmental</u> <u>Activities</u> | <u>Business-type</u> <u>Activities</u> | <u>Totals</u> <u>(Memorandum Only)</u> | |
|---|--|---|---|----------------|
| | <u>General</u> | <u>Enterprise</u> | <u>2010</u> | <u>2009</u> |
| Revenue Receipts | | | | |
| General property taxes | \$ 172,389 | \$ - | \$ 172,389 | \$ 133,262 |
| Penalties and interest on delinquent taxes | 732 | - | 732 | 524 |
| Licenses and permits | 36,535 | - | 36,535 | 83,192 |
| Franchise fees - public utilities | 17,844 | - | 17,844 | 60,545 |
| Intergovernmental revenues | | | | |
| General municipal aid | 2,108 | - | 2,108 | 285 |
| State shared revenues | | | | |
| Sales tax | 34,539 | - | 34,539 | 32,862 |
| Charges for services | | | | |
| Sewer charges | - | 309,907 | 309,907 | 236,110 |
| Fines and forfeits | 19,036 | - | 19,036 | 24,676 |
| Miscellaneous | | | | |
| Interest | 1,207 | - | 1,207 | 1,776 |
| Miscellaneous | 17,622 | - | 17,622 | 17,992 |
| Total Revenue Receipts | 302,012 | 309,907 | 611,919 | 591,224 |
| Other Receipts | | | | |
| Federal/state grants received | - | - | - | 18,283 |
| Donations | 74,000 | - | 74,000 | 30,792 |
| Total Receipts | 376,012 | 309,907 | 685,919 | 640,299 |

See independent accountants' compilation report.

TOWN OF WALLS, MISSISSIPPI
Statements of Cash Receipts and Disbursements
Governmental and Business-type Activities
For the Year Ended September 30, 2010
With Comparative Totals For 2009

| | <u>Governmental</u> <u>Activities</u> | <u>Business-type</u> <u>Activities</u> | <u>Totals</u> <u>(Memorandum Only)</u> | |
|--|--|---|---|-------------------|
| | <u>General</u> | <u>Enterprise</u> | <u>2010</u> | <u>2009</u> |
| Disbursements | | | | |
| General government | \$ 158,816 | \$ - | \$ 158,816 | \$ 284,941 |
| Public safety | 176,652 | - | 176,652 | 211,171 |
| Enterprise | | | | |
| Sanitation | 14,000 | 297,203 | 311,203 | 225,349 |
| Redemption of principal | 60,920 | - | 60,920 | 5,767 |
| Debt service interest | 2,905 | - | 2,905 | 765 |
| Total Disbursements | <u>413,293</u> | <u>297,203</u> | <u>710,496</u> | <u>727,993</u> |
| Excess (Deficiency) of receipts over disbursements | <u>(37,281)</u> | <u>12,704</u> | <u>(24,577)</u> | <u>(87,694)</u> |
| Other Financing Sources (Uses) | | | | |
| Capital outlay | (641) | - | (641) | (37,555) |
| Transfers | 45,639 | (45,639) | - | - |
| Total Other Financing Sources (Uses) | <u>44,998</u> | <u>(45,639)</u> | <u>(641)</u> | <u>(37,555)</u> |
| Excess (Deficiency) of receipts and other financing sources over disbursements and other financing uses | <u>7,717</u> | <u>(32,935)</u> | <u>(25,218)</u> | <u>(125,249)</u> |
| Cash Basis Fund Balance | | | | |
| Beginning of Year | <u>60,539</u> | <u>57,774</u> | <u>118,313</u> | <u>243,562</u> |
| Cash Basis Fund Balance | | | | |
| End of Year | <u>\$ 68,256</u> | <u>\$ 24,839</u> | <u>\$ 93,095</u> | <u>\$ 118,313</u> |

See independent accountants' compilation report.

SUPPLEMENTARY INFORMATION

TOWN OF WALLS, MISSISSIPPI
Schedule of Long-Term Debt
For the Year Ended September 30, 2010

| | Definition & Purpose | Balance | Transactions During Year | | Balance |
|-----------------|-------------------------------------|-------------------------------------|---------------------------------|------------------|---------------------------------------|
| | | Outstanding Oct. 1, 2009 | Issued | Redeemed | Outstanding Sept. 30, 2010 |
| Other Long-Term | Tractor | \$ 10,840 | \$ - | \$ 6,081 | \$ 4,759 |
| Line of Credit | LOC | 30,075 | 70,000 | 54,839 | 45,236 |
| Total | | \$ 40,915 | \$ 70,000 | \$ 60,920 | \$ 49,995 |

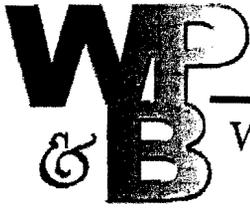
See independent accountants' compilation report.

TOWN OF WALLS, MISSISSIPPI
Schedule of Surety Bonds of Municipal Officials
September 30, 2010

| Name | Position | Surety | Amount |
|----------------|-----------------|---|-------------|
| Gene Alday | Mayor | MS Municipal Bond Program c/o Scott Municipal Insurance | \$ 50,000 |
| Lynda Austin | Alderman | MS Municipal Bond Program c/o Scott Municipal Insurance | 50,000 |
| Robert Smith | Alderman | MS Municipal Bond Program c/o Scott Municipal Insurance | 50,000 |
| L. Z. Stafford | Alderman | MS Municipal Bond Program c/o Scott Municipal Insurance | 50,000 |
| Ray Denison | Alderman | MS Municipal Bond Program c/o Scott Municipal Insurance | 50,000 |
| Keith Johnson | Alderman | MS Municipal Bond Program c/o Scott Municipal Insurance | 50,000 |
| Carol Grace | City Clerk | Travelers | 50,000 |
| Betty Williams | Court Clerk | Travelers | 50,000 |
| Chris Sing | Chief of Police | Travelers | 50,000 |
| Policeman | Policeman | Travelers | 25,000 each |

See independent accountants' compilation report.

SPECIAL REPORTS



WILLIAMS • PITTS • BEARD, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

Danny L. Williams
Jerry W. Pitts
Rebecca A. Beard
Kristopher A. Whitten

2042 McIngvale Road
Hernando, MS 38632
(662) 429-4436
(901) 342-1417
FAX: (662) 429-4438

**SPECIAL REPORT ON AGREED-UPON
PROCEDURES FOR SMALL TOWNS**

Honorable Mayor and Board of Aldermen
Town of Walls
Walls, Mississippi

We have applied certain agreed-upon procedures, as discussed below, to the accounting records of the Town of Walls, Mississippi, as of September 30, 2010, 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). The sufficiency of these procedures is solely the responsibility of those parties specified in the 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. It is understood the report is solely for the use of the governing body of the Town of Walls, Mississippi, and the Office of the State Auditor and should not be used for any other purposes. 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:

| <u>Bank</u> | <u>Fund</u> | <u>Balance Per General Ledger</u> |
|---------------------|-------------|---------------------------------------|
| First Security Bank | General | \$ 13,690 |
| First Security Bank | Utility | 24,839 |
| First Security Bank | Escrow | 54,566 |
| | | <u>\$ 93,095</u> |

Finding

The municipality's bank reconciliation were not prepared timely.

Recommendation

The town should establish control procedures to ensure banks are reconciled in a timely manner.

Town's Response

Reconciliations are now being done upon receipt of monthly bank statement, and all entries are matched against debits and credits on software program. Reconciliations are now caught up through June 2012.

2. As of September 30, 2010, the Town held no investments, including certificates of deposits.
3. 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 Section 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.

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:

| <u>Payment Purpose</u> | <u>Receiving Fund</u> | <u>Ledger Amount</u> |
|------------------------|---------------------------|--------------------------|
| Sales Tax Allocation | General | \$ 34,539 |
| Nuclear Plant | General | 6,328 |
| Homestead Exemption | | 183 |
| Municipal Aid | General | 45 |
| | | <u>\$ 41,095</u> |

5. We selected a sample of purchases made by the municipality during the fiscal year. Each sample item was evaluated for proper approval and compliance with purchasing requirements set forth in Title 31, Chapter 7, Miss. Code Ann. (1972), if applicable.

The sample consisted of the following:

| | |
|------------------------------|-----------|
| Number of sample items | 65 |
| Total dollar value of sample | \$105,552 |

We found the municipality's purchasing procedures to be in agreement with the requirements of the above-mentioned sections except as follows:

Finding

The Town was unable to provide invoices to support seventeen items totaling \$6,958. Quotes were not received and an emergency purchase was not declared for one purchase totaling \$7,515.

Recommendation

The Town should establish internal control procedures that ensure they retain all applicable documentation for purchasing requirements.

Town's Responses

Several invoices had been misfiled by former clerk, and many paid electronically. However, town now has procedure where invoice is stapled to copy of check and placed in updated filing system and any electronic bills are supported by documentation. We will get bids on any future purchase higher than \$5,000. The \$7,515 charge was a sewer emergency and town's engineering firm did seek and award bid, but in future Mayor and Board will award bids appropriately.

6. We selected a sample of collection of fines and forfeitures and verified that the municipal court clerk had settled daily with the municipal clerk. We also selected a sample of state-imposed court assessments collected and determined that the municipal clerk had settled monthly with the Department of Finance and Administration.

We found the municipality to be in agreement with the requirements of the above mentioned sections.

7. We have read the municipal compliance questionnaire completed by the municipality. The following responses to the questionnaire indicate noncompliance with state requirements.

a. Finding

The municipality did not complete the municipal compliance questionnaire for the fiscal year 2010.

Recommendation

The municipality should complete the municipal complete, sign, and record the municipal compliance questionnaire in the board's minutes each year.

Town's Responses

Municipal compliance questionnaire is now being completed in September of the fiscal year and included in board minutes. Questionnaire for 2011 completed and inserted in minutes, and future questionnaires will be done timely each fiscal year.

b. Finding

The municipality did not publish a synopsis of the annual audit report within 30 days of acceptance.

Recommendation

The municipality should establish control procedures to ensure the publishing of the annual audit report within 30 days of acceptance each fiscal year.

Town's Response

Control procedures will be put in place to ensure that Final audit report will be published within 30 days of acceptance.

c. Finding

The municipal clerk has not submitted to the board a monthly report of expenditures against each budget item for the preceding month and fiscal year to date and the unexpended balances of each budget item.

Recommendation

The municipality should ensure that the board receives the proper budgetary reports each month.

Town's Responses

New Municipal clerk will be instructed on presenting budgetary reports versus expenses each month to Mayor and Board of Alderman. This audit period was under the direction of the former Mayor, Gene Alday and the former Town Clerk, Margaret Still; both of which are no longer with the Town of Walls as of December, 2011.

My position as Mayor as well as Betty Williams' position as Town Clerk, began January, 2012.

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 that 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 Walls, Mississippi, for the year ended September 30, 2010.

Williams, Pitts & Beard, PLLC

Williams, Pitts & Beard, PLLC
Hernando, Mississippi
July 11, 2012

Town of Walls

9087 Nail Road
P.O. Box 35
Walls, Mississippi
38680



Office (662) 781-1282
Fax (662) 781-5444

Lynda Austin, Mayor

Betty Williams, Town Clerk

July 16, 2012

Mr. Tom Chain, CPA
Manager, Technical Assistance Division
OFFICE OF THE STATE AUDITOR
Post Office Box 956
Jackson, MS 39205

Dear Tom,

Finally I am able to enclose the Audited Financial Statement for the year ending September 2010 for the Town of Walls. I am sending two copies for your records.

Should you need further information, please do not hesitate to contact me. Thank you for your patience. I inherited a difficult situation and am working diligently to correct these items, such that hopefully we should not experience these problems in the future.

Sincerely,

A handwritten signature in black ink that reads "Lynda Austin". The signature is fluid and cursive.

Lynda Austin, Mayor
Enclosures (2)

RECEIVED
JUL 19 2012