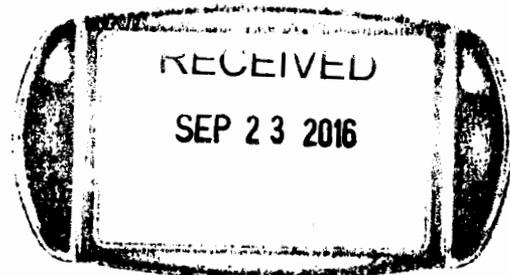




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**TOWN OF WALNUT GROVE, MISSISSIPPI  
FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2015**





**TOWN OF WALNUT GROVE, MISSISSIPPI**

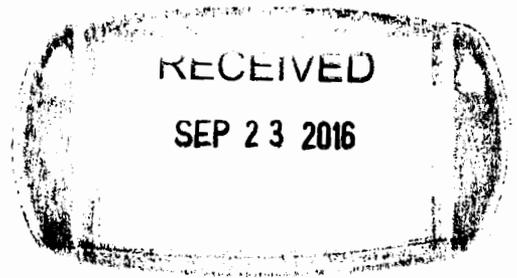
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**TOWN OF WALNUT GROVE, MISSISSIPPI**

**FINANCIAL SECTION**





# Windham and Lacey, PLLC

*Certified Public Accountants*

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Pearl, MS 39208  
(601)939-8676

Members:  
American Institute of CPAs  
Mississippi Society of CPAs

## **INDEPENDENT AUDITOR'S REPORT ON BASIC FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, business-type activities, and the major fund of the Town of Walnut Grove, Mississippi, as of and for the year ended September 30, 2015, which collectively comprise the basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities and the business-type activities and the major fund of the Town of Walnut Grove, Mississippi as of September 30, 2015, and the respective changes in cash basis financial position thereof for the year then ended in conformity with the basis of accounting described in Note 1.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedules be presented to supplement the basic financial statements. Such 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 appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Omission of Required Supplementary Information*

The Town of Walnut Grove, Mississippi, has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. 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 the financial reporting for placing the basic financial statements in appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### *Supplementary and Other Information*

The Schedule of Long-term Debt, the Schedule of Investments - All Funds, the Schedule of Surety Bonds for Municipal Officials and Employees, the Schedule of Capital Assets and the Statement of Cash Receipts and Disbursements - Water, Sewer and Gas Utility Funds for the Town of Walnut Grove, Mississippi, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

## **Other Reporting Requirements Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 12, 2016, on our consideration of the Town of Walnut Grove, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Walnut Grove, Mississippi's internal control over financial reporting and compliance.



**Emphasis of Matter**

As discussed in Note 1, the Town of Walnut Grove, Mississippi prepares its financial statements on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

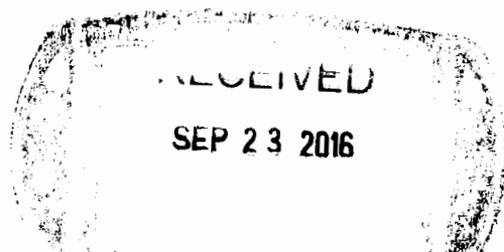


Windham and Lacey, PLLC  
February 12, 2016



**TOWN OF WALNUT GROVE, MISSISSIPPI**

**FINANCIAL STATEMENTS**





**Town of Walnut Grove, Mississippi**  
**Statement of Activities and Net Position - Cash Basis**  
**As of and For the Year Ended September 30, 2015**

	<u>Program Cash Receipts</u>				<u>Net (Disbursements) Receipts and Changes in Net Position</u>		
	<u>Cash Disbursements</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Functions/Programs</b>							
<b>Governmental Activities:</b>							
General government	\$ 211,582	17,167	6,472		(187,943)		(187,943)
Public safety	455,355	71,568	10,077		(373,710)		(373,710)
Public works	255,741	34,130	320	198,103	(23,188)		(23,188)
Culture and recreation	207,820				(207,820)		(207,820)
Economic development	29,204				(29,204)		(29,204)
Principal and interest on long-term debt	29,948				(29,948)		(29,948)
<b>Total Governmental Activities</b>	<u>1,189,650</u>	<u>122,865</u>	<u>16,869</u>	<u>198,103</u>	<u>(851,813)</u>	<u>0</u>	<u>(851,813)</u>
<b>Business-type Activities:</b>							
Water/Sewer Utility	438,038	438,047				9	9
Gas Utility	867,244	993,691				126,447	126,447
<b>Total Business-type Activities</b>	<u>1,305,282</u>	<u>1,431,738</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>126,456</u>	<u>126,456</u>
<b>Total Government</b>	<u>\$ 2,494,932</u>	<u>1,554,603</u>	<u>16,869</u>	<u>198,103</u>	<u>(851,813)</u>	<u>126,456</u>	<u>(725,357)</u>
<b>General Receipts and Transfers</b>							
<b>Taxes:</b>							
Property taxes					\$ 62,016		62,016
In lieu of taxes					191,630		191,630
Sales tax					80,920		80,920
Franchise taxes					21,788		21,788
Grants and contributions not restricted to specific programs					53,706		53,706
Unrestricted investment income					2,942	445	3,387
Miscellaneous					94,894	8,125	103,019
Proceeds from debt						150,000	150,000
Proceeds from sales of fixed assets					36,797		36,797
Transfers					370,944	(370,944)	
<b>Total General Receipts and Transfers</b>					<u>915,637</u>	<u>(212,374)</u>	<u>703,263</u>
<b>Change in net position</b>					<u>63,824</u>	<u>(85,918)</u>	<u>(22,094)</u>
<b>Net Position - Beginning</b>					<u>265,703</u>	<u>570,911</u>	<u>836,614</u>
<b>Net Position - Ending</b>					<u>\$ 329,527</u>	<u>484,993</u>	<u>814,520</u>



**Town of Walnut Grove, Mississippi**  
**Statement of Activities and Net Position - Cash Basis**  
**As of and For the Year Ended September 30, 2015**

**(Continued)**

<b>ASSETS</b>	
Cash and cash equivalents	\$ 586,551
Restricted cash	<u>227,969</u>
<b>Total Assets</b>	<b>\$ <u>814,520</u></b>
<b>NET POSITION</b>	
Restricted:	
Restricted for fire protection	\$ 125,441
Restricted for meter deposits	76,637
Restricted for contingency and depreciation	25,891
Unrestricted	<u>586,551</u>
<b>Total Net Position</b>	<b>\$ <u>814,520</u></b>

The notes to the financial statements are an integral part of this statement.

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**Town of Walnut Grove, Mississippi**  
**Statement of Cash Basis Assets and Fund Balances and**  
**Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances**  
**Governmental and Business-type Funds**  
**As of and For the Year Ended September 30, 2015**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
	<u>Major Fund</u>	
	<u>General Fund</u>	<u>Water/Sewer and Gas Funds</u>
<b>RECEIPTS</b>		
Ad valorem taxes	\$ 62,016	
In lieu of taxes	191,630	
License and permits	1,117	
Franchise taxes on utilities	21,788	
Intergovernmental revenues:		
Federal revenues:		
Grants	71,603	
State shared revenues:		
Sales taxes	80,920	
Grants	126,820	
Homestead exemption reimbursement	2,726	
Fire insurance premium tax distribution	10,077	
General municipal aid	6,472	
Charges for services:		
Garbage	34,130	
Water and sewer utility		466,156
Gas utility		993,691
Fines and forfeits	71,568	
Rental income	16,050	
Interest income	327	445
Proceeds from sales of fixed assets	36,797	
Miscellaneous revenue	88,886	8,125
Total Receipts	<u>822,927</u>	<u>1,468,417</u>
<b>DISBURSEMENTS</b>		
General government	150,185	
Public safety	308,912	
Public works	232,241	
Culture and recreation	109,590	
Economic development	29,204	
Water, sewer and gas utility:		
Personnel services		457,945
Supplies		290,479
Utilities		57,250
Other services and charges		52,054
Gas purchases		261,443
Total Disbursements	<u>830,132</u>	<u>1,119,171</u>
Excess of Receipts over (under) Disbursements	<u>(7,205)</u>	<u>349,246</u>



**Town of Walnut Grove, Mississippi**  
**Statement of Cash Basis Assets and Fund Balances and**  
**Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances**  
**Governmental and Business-type Funds**  
**For the Year Ended September 30, 2015**

**(Continued)**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
	<u>Major Fund</u>	
	<u>General Fund</u>	<u>Water/Sewer and Gas Funds</u>
<b>OTHER CASH SOURCES (USES)</b>		
Capital outlay	(269,967)	(159,516)
Principal and interest paid on long-term debt	(29,948)	(54,704)
Debt proceeds		150,000
Transfers in (out) to other funds	370,944	(370,944)
Total Other Cash Sources and (Uses)	<u>71,029</u>	<u>(435,164)</u>
Excess (Deficiency) of Receipts and Other Cash Sources Over Disbursements and Other Cash Uses	63,824	(85,918)
<b>CASH BASIS FUND BALANCE - Beginning of Year</b>	<u>265,703</u>	<u>570,911</u>
<b>CASH BASIS FUND BALANCE - End of Year</b>	<u>\$ 329,527</u>	<u>484,993</u>
<b>CASH BASIS ASSETS - End of Year</b>		
Cash and cash equivalents	\$ 204,086	382,465
Restricted cash	<u>125,441</u>	<u>102,528</u>
Total Cash Basis Assets	<u>\$ 329,527</u>	<u>484,993</u>
<b>CASH BASIS FUND BALANCES - End of Year</b>		
Restricted:		
Restricted for fire protection	\$ 125,441	
Restricted for meter deposits		76,637
Restricted for contingency and depreciation		25,891
Unassigned	<u>204,086</u>	<u>382,465</u>
Total Cash Basis Fund Balances	<u>\$ 329,527</u>	<u>484,993</u>

The notes to the financial statements are an integral part of this statement.



# TOWN OF WALNUT GROVE, MISSISSIPPI

## Notes to Financial Statements For the Year Ended September 30, 2015

### (1) Summary of Significant Accounting Policies.

#### A. Financial Reporting Entity.

The Town of Walnut Grove, Mississippi, (Town) situated in Leake County, operates under a Mayor-Board form of government. The following services are provided by the town: Public Safety (Police, Fire and Protection/Inspection), Street Maintenance, Garbage Collection, Water and Sewer, Culture and Recreation, Public Improvements, Planning and Zoning, and General Administrative Services.

The financial statements of the Town have been prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

#### B. Government-wide and Fund Financial Statements.

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Changes in Net Position) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The Town combines the Statement of Activities and Statement of Net Position.

The Statement of Activities demonstrates the degree to which the direct disbursements of a given function or segment are offset by program receipts. *Direct disbursements* are those that are clearly identifiable with a specific function or segment. *Program receipts* include (1) receipts from customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program receipts are reported instead as *general receipts*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

#### C. Measurement Focus, Basis of Accounting and Financial Statement Presentation.

The government-wide financial statements are reported using the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when cash is collected and disbursements are recorded when cash is spent.

Governmental fund financial statements are reported using the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when cash is collected. Disbursements generally are recorded when cash is spent.

The government reports the following major Governmental Fund:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.



TOWN OF WALNUT GROVE, MISSISSIPPI

Notes to Financial Statements  
For the Year Ended September 30, 2015

Amounts reported as *program cash receipts* include (1) fines and receipts from customers or applicants for goods, services or privileges provided, (2) operating grants and contributions and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general receipts* rather than as program receipts.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets and Net Assets or Equity.

1. *Cash and Investments.*

The government's cash and cash equivalents are considered to be cash on hand or invested in certificates of deposit.

2. *Net Assets.*

Restricted net assets - Consists of cash with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or law through constitutional provisions or enabling legislation.

Unrestricted net assets - All other net assets not meeting the definition of "restricted".

3. *Fund Balances.*

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the Town classifies governmental fund balances as follows:

**Non-spendable** - Includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints. The Town has no fund balance reported in this category.

**Restricted** - Includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation. The Town has \$227,969 reported as restricted fund balances.

**Committed** - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end. The Town has no fund balance reported in this category.

**Assigned** - Includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by management other than the highest decision making authority of the Town. The Town has no fund balance reported in this category.

**Unassigned** - Includes positive fund balance with the General Fund which has not been classified within the abovementioned categories and negative fund balances in other governmental funds.

The Town uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the Town would first use committed, then assigned, and lastly, unassigned amounts of unrestricted fund balance when expenditures are made.



## TOWN OF WALNUT GROVE, MISSISSIPPI

### Notes to Financial Statements For the Year Ended September 30, 2015

#### (2) Cash and Cash Equivalents.

At year-end, the Town's carrying amount of deposits was \$814,520 and the bank balance was \$818,870. The collateral for public entities' deposits in financial institutions are held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation.

**Custodial Credit Risk - Deposits and Investments:** Custodial credit risk is defined as the risk that, in the event of a failure of a financial institution, the Town will not be able to recover deposits or collateral securities that are in the possession of an outside party. The Town does not have a formal policy for custodial credit risk. However, the Mississippi State Treasury manages the risk on behalf of the Town. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on the behalf of the Town. As of September 30, 2015, none of the Town's bank balance of \$818,870 was exposed to custodial risk.

**Interest Rate Risk:** The Town does not have a formal investment policy that limits investments maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit Risk:** State law limits investments to those prescribed in Sections 27-105-33(d) and 27-105-33(e) Miss. Code Ann. (1972). The Town does not have a formal investment policy that would further limit its investment choices or one that addresses credit risk.

#### (3) Defined Benefit Pension Plan.

**Plan Description:** The Town of Walnut Grove, Mississippi, contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, at 429 Mississippi Street, Jackson, MS 39201-1005 or by calling (601) 359-3589 or 1-800-444-PERS.

**Funding Policy:** PERS members are required to contribute 9.00% of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current rate is 15.75% of annual covered payroll. The contribution requirements of PERS' members are established and may be amended only by the State of Mississippi Legislature. The Town's contributions to PERS for the years ended September 30, 2015, 2014 and 2013 were \$80,869, \$73,956, and \$63,610 respectively, which is equal to the required contributions for each year.



**TOWN OF WALNUT GROVE, MISSISSIPPI**

**REQUIRED SUPPLEMENTARY INFORMATION**



**Town of Walnut Grove, Mississippi**  
**Budgetary Comparison Schedule -**  
**Budget and Actual**  
**General Fund**  
**For the Year Ended September 30, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>RECEIPTS</b>				
Ad valorem taxes	\$ 67,000	62,500	62,016	(484)
In lieu of taxes	188,600	191,675	191,630	(45)
License and permits	750	1,525	1,117	(408)
Franchise tax	18,000	22,000	21,788	(212)
Intergovernmental revenues	295,300	368,750	298,618	(70,132)
Charges for services	31,000	35,250	34,130	(1,120)
Fines and forfeits	41,000	73,000	71,568	(1,432)
Interest income	500	500	327	(173)
Miscellaneous	19,800	56,050	307,280	251,230
Total Receipts	<u>661,950</u>	<u>811,250</u>	<u>988,474</u>	<u>177,224</u>
<b>EXPENDITURES</b>				
General government	180,550	180,425	150,185	30,240
Public safety	279,700	480,310	369,824	110,486
Public works	286,195	256,300	171,329	84,971
Culture and recreation	257,125	211,975	109,590	102,385
Economic development	23,750	41,450	29,204	12,246
Debt service:				
Principal and interest	31,200	31,200	29,948	1,252
Total Expenditures	<u>1,058,520</u>	<u>1,201,660</u>	<u>860,080</u>	<u>341,580</u>
Excess of Receipts over (under) Expenditures	<u>(396,570)</u>	<u>(390,410)</u>	<u>128,394</u>	<u>518,804</u>
<b>OTHER CASH SOURCES (USES)</b>				
Capital outlay			(269,967)	(269,967)
Transfers in	417,000	146,000	205,397	59,397
Total Other Cash Sources and Uses	<u>417,000</u>	<u>146,000</u>	<u>(64,570)</u>	<u>(210,570)</u>
Net Change in Cash Basis Fund Balance	20,430	(244,410)	63,824	308,234
Cash Basis Fund Balances - Beginning	<u>40,000</u>	<u>341,500</u>	<u>265,703</u>	<u>0</u>
Cash Basis Fund Balances - Ending	<u>\$ 60,430</u>	<u>97,090</u>	<u>329,527</u>	<u>308,234</u>

The accompanying notes to the Required Supplementary Information are an integral part of this statement.

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**TOWN OF WALNUT GROVE, MISSISSIPPI**

**Notes to the Required Supplementary Information  
For the Year Ended September 30, 2015**

**A. Budgetary Information.**

Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the Board of Aldermen of the Town, using historical and anticipated fiscal data, prepares an original budget for the General Fund for said fiscal year. The completed budget for the fiscal year includes every source of revenue, each general item of expenditure, and the unencumbered cash and investment balances. When during the fiscal year it appears to the Board of Aldermen that budgetary estimates will not be met, it may make revisions to the budget.

The Town's budget is prepared on the cash basis of accounting. All appropriations lapse at year-end, and there are no encumbrances to budget because state law does not require that funds be available when goods or services are ordered, only when payment is made.

**B. Basis of Presentation.**

The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) presents the original adopted budget, the final adopted budget, actual amounts on a budgetary (Non-GAAP) basis and variances between the final budget and the actual amounts. The schedule is presented for the General Fund.

**C. Budget Reconciliation.**

As discussed in Note 1, the financial statements are prepared on the basis of cash receipts and disbursements which is the same as the basis used for budget preparation.



**TOWN OF WALNUT GROVE, MISSISSIPPI**

**OTHER REQUIRED SUPPLEMENTARY INFORMATION**



**Town of Walnut Grove, Mississippi**  
**Schedule of Changes in Long-term Debt - UNAUDITED**  
**For the Year Ended September 30, 2015**

<u>Description</u>	<u>Outstanding Balance Sept. 30, 2014</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Outstanding Balance Sept. 30, 2015</u>
<u>Other Long-term Debt:</u>				
Governmental Activities:				
CAP loan	\$ 400,335		18,061	382,274
Total Governmental Activities	<u>400,335</u>	<u>0</u>	<u>18,061</u>	<u>382,274</u>
Business-type Activities:				
Water and Sewer				
Note payable - Mississippi Development Authority	45,321		45,321	
Gas				
Bobcat - bank loan	20,699		8,094	12,605
Revenue loan	0	150,000	0	150,000
Total Business-type Activities	<u>66,020</u>	<u>150,000</u>	<u>53,415</u>	<u>162,605</u>
Total Other Long-term Debt	<u>466,355</u>	<u>150,000</u>	<u>71,476</u>	<u>544,879</u>
Total Long-term Debt	<u>\$ 466,355</u>	<u>150,000</u>	<u>71,476</u>	<u>544,879</u>



**Town of Walnut Grove, Mississippi**  
**Schedule of Investments - All Funds - UNAUDITED**  
**September 30, 2015**

	<u>Deposit Amount</u>
Certificate of Deposit with Bank of Walnut Grove, maturing September 10, 2016; interest rate of .65%.	\$ 3,000
Certificate of Deposit with Bank of Walnut Grove, maturing August 29, 2016; interest rate of .65%.	20,000
Certificate of Deposit with Bank of Walnut Grove, maturing September 12, 2016; interest rate of .65%.	<u>25,723</u>
	<u>\$ 48,723</u>
<b>Fund Recap:</b>	
Water and Sewer Fund	\$ 3,000
Gas Fund	<u>45,723</u>
<b>Total</b>	<u>\$ 48,723</u>



**Town of Walnut Grove, Mississippi**  
**Schedule of Surety Bonds for Municipal Officials and Employees - UNAUDITED**  
**September 30, 2015**

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Coverage</u>
Marvin Daniel Jones, III	Alderman	Travelers Casualty & Surety Co.	\$ 25,000
Michael P. Johnson	Alderman	Travelers Casualty & Surety Co.	25,000
Cindy Lois Jones	Alderman	Travelers Casualty & Surety Co.	25,000
Teresa Darby	Alderman	Travelers Casualty & Surety Co.	25,000
Jerry Darby	Alderman	Travelers Casualty & Surety Co.	25,000
James Brian Gomillion	Mayor	Brierfield Insurance	50,000
Paula Dennise Jones-Putnam	City clerk	Brierfield Insurance	50,000
Michelle Anderson	Court clerk	Brierfield Insurance	50,000
Skyla Withers	Clerk assistant	Travelers Casualty & Surety Co.	50,000
Jason Gilbert	Maintenance supervisor	Brierfield Insurance	50,000
Jerry Millsaps	Maintenance	Western Surety Company	1,000
Kevin Polk	Police chief	Brierfield Insurance	50,000
Kenny Chipley	Police	RLI Insurance Company	25,000
Jimmy Lewis	Police	Travelers Casualty & Surety Co.	10,000

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**Town of Walnut Grove, Mississippi**  
**Schedule of Capital Assets - UNAUDITED**  
**For the Year Ended September 30, 2015**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>					
Capital Assets:					
Land	\$ 92,350	31,950	(10,000)		114,300
Buildings	1,103,479		(150,000)		953,479
Improvements other than buildings	931,949	80,219			1,012,168
Machinery and equipment	635,515	157,797	(23,259)		770,053
Total Governmental Activities Capital Assets	<u>\$ 2,763,293</u>	<u>269,966</u>	<u>(183,259)</u>	<u>0</u>	<u>2,850,000</u>
<b>Business-type Activities</b>					
Capital Assets:					
Land	\$ 283,471	37,065			320,536
Construction in progress - sewer system expansion		39,826			39,826
Buildings	85,349				85,349
Machinery and equipment	423,866	82,625			506,491
Water and sewer system	4,201,894				4,201,894
Gas system	703,398				703,398
Total Business-type Activities Capital Assets	<u>\$ 5,697,978</u>	<u>159,516</u>	<u>0</u>	<u>0</u>	<u>5,857,494</u>



**TOWN OF WALNUT GROVE, MISSISSIPPI**

**SUPPLEMENTAL INFORMATION**



**Town of Walnut Grove, Mississippi**  
**Statement of Cash Receipts and Disbursements - UNAUDITED**  
**Water, Sewer and Gas Utility Funds**  
**For the Year Ended September 30, 2015**

	<u>Water</u>	<u>Sewer</u>	<u>Gas</u>	<u>Total</u>
<b>RECEIPTS</b>				
Water	\$ 261,095			261,095
Sewer		205,061		205,061
Gas utility			993,691	993,691
Interest income	113		332	445
Miscellaneous revenue	1,869		6,256	8,125
<b>Total Receipts</b>	<u>263,077</u>	<u>205,061</u>	<u>1,000,279</u>	<u>1,468,417</u>
<b>DISBURSEMENTS</b>				
Personnel services	99,483	78,133	280,329	457,945
Supplies	90,624	71,175	128,680	290,479
Utilities	22,171	17,413	17,666	57,250
Other services and charges			52,054	52,054
Gas purchases			261,443	261,443
<b>Total Disbursements</b>	<u>212,277</u>	<u>166,722</u>	<u>740,172</u>	<u>1,119,171</u>
 Excess of Receipts over (under) Disbursements	 <u>50,800</u>	 <u>38,339</u>	 <u>260,107</u>	 <u>349,246</u>
<b>OTHER CASH SOURCES (USES)</b>				
Capital outlay	(41,604)		(117,912)	(159,516)
Principal and interest paid on long-term debt	(46,100)		(8,604)	(54,704)
Debt proceeds			150,000	150,000
Transfers in (out) to other funds	(144,144)		(226,800)	(370,944)
<b>Total Other Cash Sources and (Uses)</b>	<u>(231,848)</u>	<u>0</u>	<u>(203,316)</u>	<u>(435,164)</u>
 Excess (Deficiency) of Receipts and Other Cash Sources Over Disbursements and Other Cash Uses	 <u>\$ (181,048)</u>	 <u>38,339</u>	 <u>56,791</u>	 <u>(85,918)</u>



**TOWN OF WALNUT GROVE, MISSISSIPPI**

**SPECIAL REPORTS**



# Windham and Lacey, PLLC

*Certified Public Accountants*

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2708 Old Brandon Road  
Pearl, MS 39208  
(601)939-8676

Members:  
American Institute of CPAs  
Mississippi Society of CPAs

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF THE  
BASIC FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and the major fund of the Town of Walnut Grove, Mississippi, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the city's basic financial statements and have issued our report thereon dated February 12, 2016.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Town of Walnut Grove, Mississippi's internal control to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the city's internal control. Accordingly, we do not express an opinion on the effectiveness of the city's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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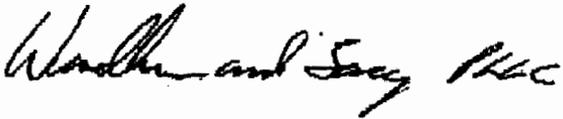


## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Walnut Grove, Mississippi's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.



Windham and Lacey, PLLC  
February 12, 2016



# Windham and Lacey, PLLC

*Certified Public Accountants*

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Pearl, MS 39208  
(601)939-8676

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Mississippi Society of CPAs

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

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

We have audited the financial statements of the governmental activities, the business-type activities and the major fund of the Town of Walnut Grove, Mississippi, as of and for the year ended September 30, 2015, and have issued our report thereon dated February 12, 2016. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the procedures prescribed by the Office of the State Auditor, and accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

As required by the state legal compliance audit program prescribed by the Office of the State Auditor, we have also performed procedures to test compliance with certain state laws and regulations. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the town's compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures and our audit of the financial statements disclosed no instances of noncompliance with state laws and regulations.

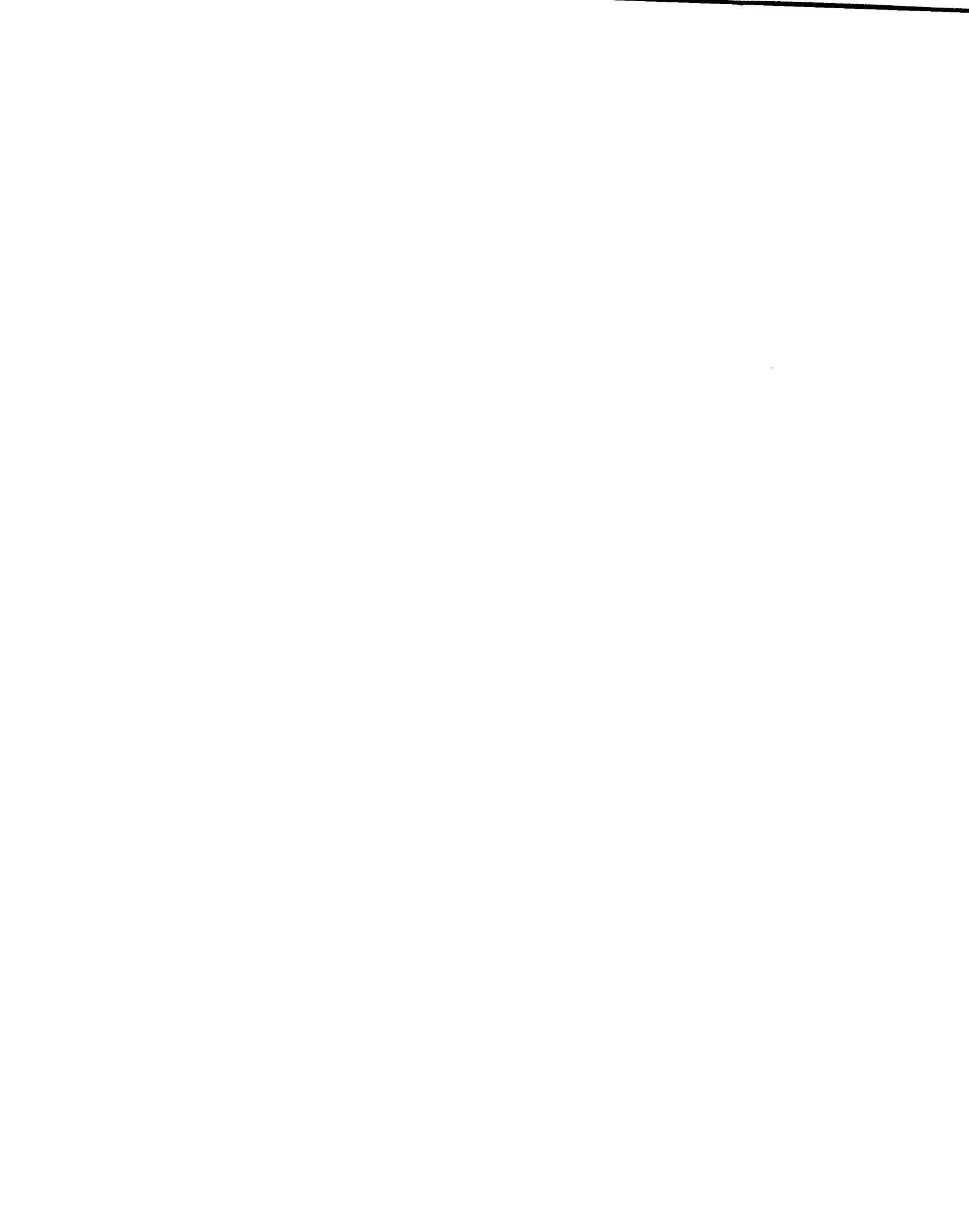
This report is intended solely for the information and use of management and the Office of the State Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.



Windham and Lacey, PLLC  
February 12, 2016

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**TOWN OF WALNUT GROVE, MISSISSIPPI**

**SCHEDULE OF FINDINGS AND RESPONSES**



**TOWN OF WALNUT GROVE, MISSISSIPPI**

**Schedule of Findings and Responses  
For the Year Ended September 30, 2015**

**Section 1: Summary of Auditor's Results**

*Financial Statements:*

- |    |  |               |
|----|--|---------------|
| 1. | Type of auditor's report issued on the primary government financial statements:        | Unmodified    |
| 2. | Internal control over financial reporting:   |               |
| a. | Material weaknesses identified?  | No            |
| b. | Significant deficiencies identified that are not considered to be material weaknesses? | None Reported |
| 3. | Noncompliance material to the financial statements?                                    | No            |

**Section 2: Financial Statement Findings**

The results of our tests did not disclose any findings related to the financial statements that are required to be reported by *Government Auditing Standards*.

