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# TOWN OF WALLS

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*Patti Denison, Mayor*

*Kathy Gordon, Town Clerk*

Aug. 11, 2017

Mr. Tom Chain  
State Of Mississippi  
Office of the State Auditor  
P.O.Box 956  
Jackson, MS. 39205

Dear Mr. Chain,

Hope this finds you doing well. We finally got back our audited Financial Statement for the year ending Sept. 30, 2015 of which I will be mailing out today.

I will also email it to [tech@osa.ms.gov](mailto:tech@osa.ms.gov).

Should you have any questions, please feel free to contact myself or Mayor Patti Denison.

Best Regards,

A handwritten signature in blue ink that reads "Kathy P. Gordon". The signature is written in a cursive style and extends across the width of the text area.

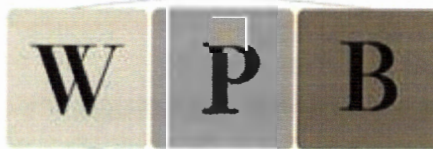
Kathy P. Gordon  
Town Clerk  
Town of Walls

Cc: Mayor Patti Denison



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**TOWN OF WALLS, MISSISSIPPI**  
**Audited Financial Statement**  
**For the Year Ended September 30, 2015**



**WILLIAM-PETERS-BEARD, PLLC**  
**CERTIFIED PUBLIC ACCOUNTANTS**



**TOWN OF WALLS, MISSISSIPPI**  
**Audited Financial Statement**  
**For the Year Ended September 30, 2015**

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## INDEPENDENT AUDITORS' REPORT

To the Mayor and Board of Aldermen  
Town of Walls  
Walls, Mississippi

We have audited the accompanying statement of cash receipts and disbursements of the governmental activities and business-type activities of the Town of Walls, Mississippi for the year ended September 30, 2015, and related notes to the financial statement, which collectively comprise the basic financial statement as listed in the table of contents.

### Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the cash basis of accounting described in Note A; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, 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 statement 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 statement.

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of the governmental activities and the business-type activities of the Town of Walls, Mississippi, as of September 30, 2015, and the respective changes in cash balances thereof for the year then ended in accordance with the cash basis of accounting described in Note A.

### Basis of Accounting

We draw attention to Note A of the financial statement, which describes the basis of accounting. The financial statement is prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.





**Other Information**

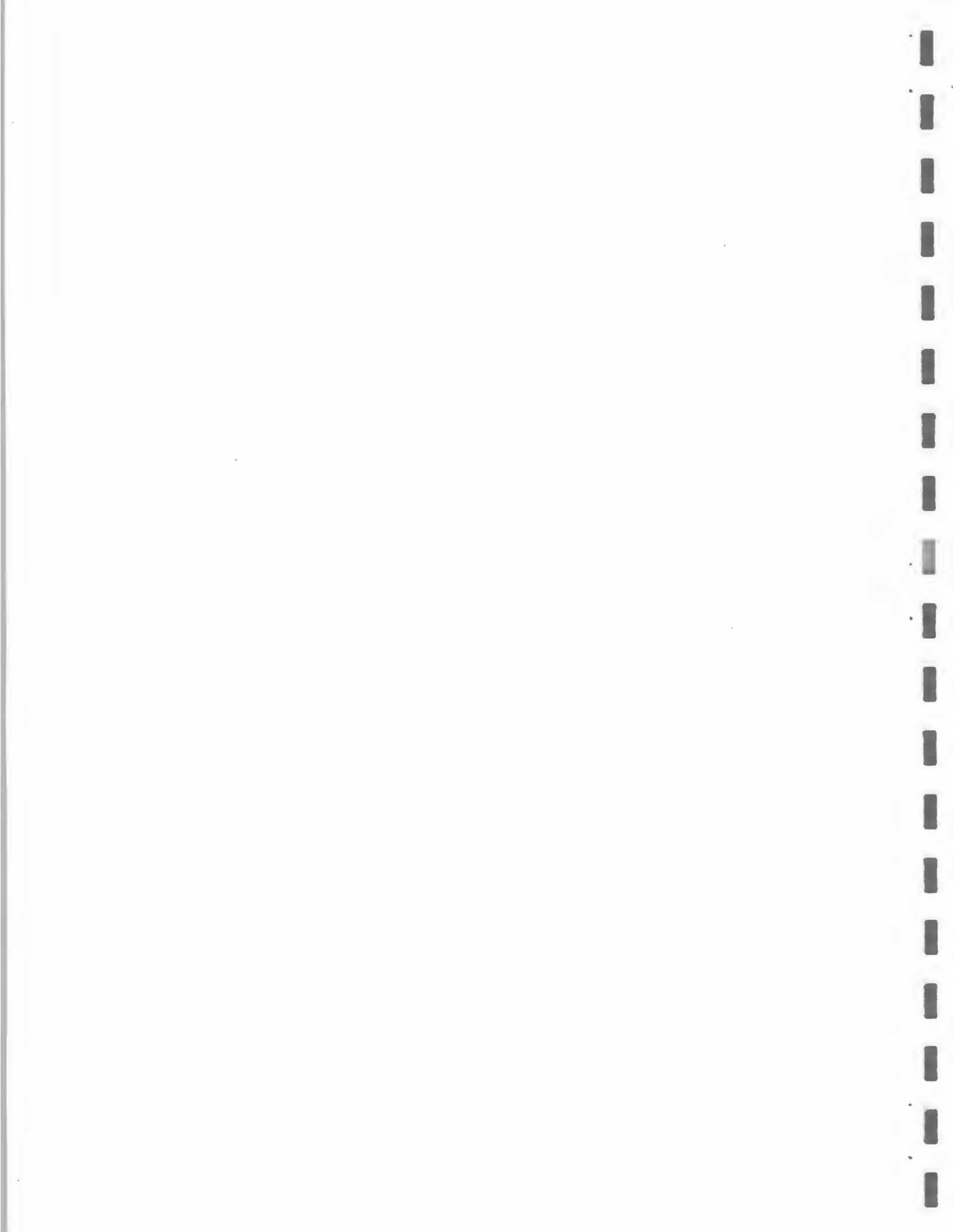
Our audit was conducted for the purpose of forming opinions on the financial statement that collectively comprise the Town's basic financial statement. The Schedule of Surety Bonds of Municipal Officials is presented for purposes of additional analysis and are not a required part of the basic financial statement. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statement, and accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated July 28, 2017, on our consideration of the Town'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 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's internal control over financial reporting and compliance.

*Williams, Pitts & Beard, PLLC*

Williams, Pitts & Beard, PLLC  
Hernando, Mississippi  
July 28, 2017



**FINANCIAL STATEMENT**

**TOWN OF WALLS, MISSISSIPPI**  
**Statement of Cash Receipts and Disbursements**  
**For the Year Ended September 30, 2015**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals (Memorandum Only)</u>	
	<u>General</u>	<u>Enterprise</u>	<u>2015</u>	<u>2014</u>
<b>Revenue Receipts</b>				
General property taxes	\$ 322,042	\$ -	\$ 322,042	\$ 329,959
Penalties and interest on delinquent taxes	-	-	-	-
Licenses and permits	7,994	-	7,994	6,036
Franchise fees - public utilities	32,919	-	32,919	30,900
Intergovernmental revenues				
General municipal aid	579	-	579	579
State shared revenues				
Sales tax	88,922	-	88,922	70,808
Charges for services				
Sewer charges	-	359,700	359,700	344,619
Fines and forfeits	186,136	-	186,136	234,113
Miscellaneous				
Advertising	28,500	-	28,500	28,500
Interest	2,704	-	2,704	2,988
Miscellaneous	52,720	-	52,720	23,118
<b>Total Revenue Receipts</b>	<b>722,516</b>	<b>359,700</b>	<b>1,082,216</b>	<b>1,071,620</b>
<b>Other Receipts</b>				
Federal/state grants received	-	860	860	156,717
<b>Total Receipts</b>	<b>722,516</b>	<b>360,560</b>	<b>1,083,076</b>	<b>1,228,337</b>

The accompanying notes are an integral part of the financial statements.

**TOWN OF WALLS, MISSISSIPPI**  
**Statement of Cash Receipts and Disbursements**  
**For the Year Ended September 30, 2015**

	<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>2015</u>	<u>2014</u>
<b>Disbursements</b>				
General government	\$ 354,862	\$ -	\$ 354,862	\$ 338,047
Public safety	443,207	-	443,207	381,404
Enterprise				
Sanitation	-	214,119	214,119	218,095
Redemption of principal	25,458	-	25,458	29,356
Debt service interest	3,397	-	3,397	2,346
<b>Total Disbursements</b>	<u>826,924</u>	<u>214,119</u>	<u>1,041,043</u>	<u>969,248</u>
<b>Excess (Deficiency) of receipts</b>				
<b>over disbursements</b>	<u>(104,408)</u>	<u>146,441</u>	<u>42,033</u>	<u>259,089</u>
<b>Other Financing Sources (Uses)</b>				
Capital outlay	-	(200)	(200)	(157,236)
Proceeds from Loan	-	(7)	(7)	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>(207)</u>	<u>(207)</u>	<u>(157,236)</u>
<b>Excess (Deficiency) of receipts and other</b>				
<b>financing sources over disbursements</b>				
<b>and other financing uses</b>	<u>(104,408)</u>	<u>146,234</u>	<u>41,826</u>	<u>101,853</u>
<b>Cash Basis Fund Balance</b>				
Beginning, Before Adjustment	223,818	463,507	687,325	611,816
Prior Period Adjustment	-	-	-	(26,344)
<b>Cash Basis Fund Balance</b>				
Beginning, After Adjustment	<u>223,818</u>	<u>463,507</u>	<u>687,325</u>	<u>585,472</u>
<b>Cash Basis Fund Balance</b>				
End of Year	<u>\$ 119,410</u>	<u>\$ 609,741</u>	<u>\$ 729,151</u>	<u>\$ 687,325</u>

The accompanying notes are an integral part of the financial statements.

**TOWN OF WALLS, MISSISSIPPI**  
**Notes to Financial Statement**  
**For the Year Ended September 30, 2015**

**NOTE B- CASH**

As of September 30, 2015, the carrying amount of the Town's deposits was \$729,151 and the bank balance totaled \$756,965. Of the bank balances, \$250,000 was insured by FDIC and \$506,965 was covered by pooled and/or pledged collateral. The collateral for public Town's 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 Deposit Insurance Corporation ("FDIC").

Custodial credit risk is the risk that, in the event of a financial institution's failure, the Town's deposits might not be recovered. As of September 30, 2015, the Town's bank balance was not exposed to custodial credit risk.

**NOTE C - SCHEDULE OF LONG-TERM DEBT**

Long-term activity for the year ended September 30, 2015 was as follows:

Definition & Purpose	Balance	Transactions During Year		Balance	Amounts Due within one year
	Outstanding Oct. 1, 2014	Issued	Redeemed	Outstanding Sept. 30, 2015	
First Security Bank Line of Credit	\$ 223	\$ -	\$ 223	\$ -	\$ -
First Security Bank Loan for PD Cars	92,547	-	19,859	72,688	20,504
First Security Bank Loan for Town Car	25,094	-	5,376	19,718	5,551
<b>Total</b>	<b>\$ 117,864</b>	<b>\$ -</b>	<b>\$ 25,458</b>	<b>\$ 92,406</b>	<b>\$ 26,055</b>

The annual principal and interest requirements to amortize the bank loans outstanding as of September 30, 2015, are as follows:

Year Ending September 30th	Loan for PD cruisers	
	Principal	Interest
2016	\$ 20,504	\$ 2,027
2017	21,170	1,361
2018	21,857	674
2019	9,157	73
<b>Total</b>	<b>\$ 72,688</b>	<b>\$ 4,135</b>

Year Ending September 30th	Loan for Town Car	
	Principal	Interest
2016	\$ 5,551	\$ 550
2017	5,731	370
2018	5,917	184
2019	2,519	21
<b>Total</b>	<b>\$ 19,718</b>	<b>\$ 1,125</b>

Legal Debt Margin. The amount of debt, excluding specific exempted debt that can be incurred by the Town is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of

**TOWN OF WALLS, MISSISSIPPI**  
**Notes to Financial Statement**  
**For the Year Ended September 30, 2015**

the taxable property within the Town, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a town issues bonds to repair or replace washed out or collapsed bridges on the public roads of the town. As of September 30, 2015, the amount of outstanding debt was equal to 0% of the latest property assessments.

**NOTE D – RISK MANAGEMENT**

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. This exposure is covered by the purchase of commercial insurance.

**NOTE E - LITIGATION**

Management of the Town and its legal counsel have not become aware of any unasserted possible claim or assessment against the Town that calls for financial statement disclosure.

**NOTE F - SUBSEQUENT EVENTS**

Management of the Town of Walls evaluated the activity of the Town through July 28, 2017, the date the financial statements were available to be issued, and determined that no subsequent events have occurred requiring disclosure in the notes to the financial statements.



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**OTHER INFORMATION**

**TOWN OF WALLS, MISSISSIPPI**  
**Schedule of Surety Bonds of Municipal Officials**  
**September 30, 2015**

<u>Name</u>	<u>Position</u>	<u>Surety</u>	<u>Amount</u>
Patricia Denison	Mayor	MS Municipal Bond Program	\$50,000
Jennifer Doyle	Alderman	MS Municipal Bond Program	\$50,000
Jimmy Doyle	Alderman	MS Municipal Bond Program	\$50,000
Tammy Patrick	Alderman	MS Municipal Bond Program	\$50,000
Beverly Work	Alderman	MS Municipal Bond Program	\$50,000
Vicky Waddey	Alderman	MS Municipal Bond Program	\$50,000
Herb Brewer	Chief of Police	Travelers	\$50,000
Betty Williams	Court Clerk	Travelers	\$50,000
Yolanda Moton	Court Clerk	Travelers	\$50,000
Kathy Gordon	City Clerk	Old Republic Surety Company	\$50,000
Robin King	Court Clerk	Travelers	\$50,000
Policeman	Policeman	Travelers	\$25,000 each

**SPECIAL REPORTS**

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

Mayor and Board of Aldermen  
Town of Walls  
Walls, Mississippi

We have audited, in accordance with the 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 statement of cash receipts and disbursements of the governmental activities and business-type activities of the Town of Walls, Mississippi, for the year ended September 30, 2015, and the related notes to the financial statements and have issued our report thereon dated July, 28 2017.

**Internal Control Over Financial Reporting**

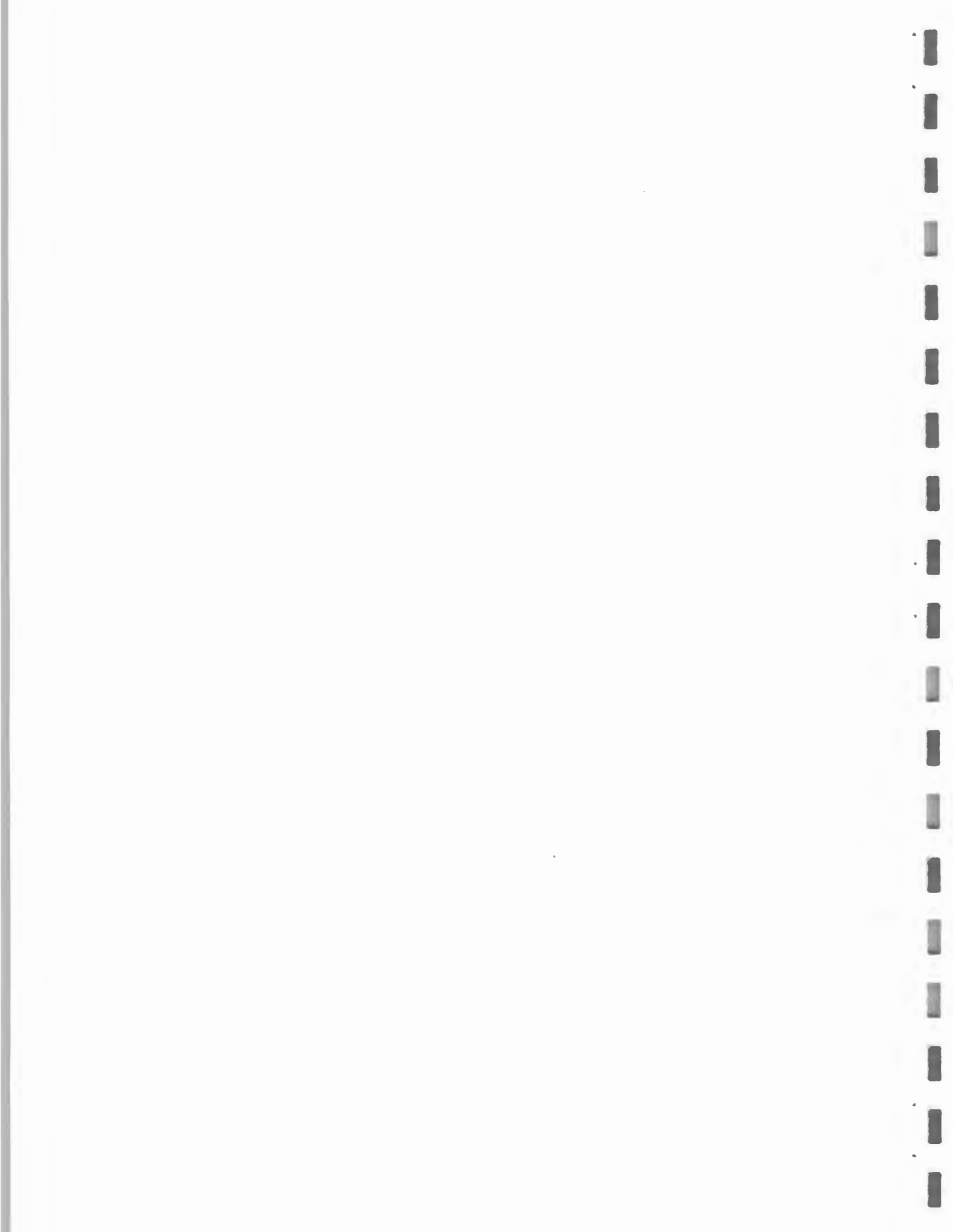
In planning and performing our audit of the financial statement, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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 a 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 preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses that we consider to be a material weakness, finding 2015-001.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town's financial statements are free from 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*.



### **Town of Walls, Mississippi's Response to Findings**

Town of Walls, Mississippi's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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 results 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.

*Williams, Pitts & Beard, PLLC*

Williams, Pitts & Beard, PLLC  
Hernando, Mississippi  
July 28, 2017







WILLIAMS · PITTS · BEARD PLLC  
CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
WITH STATE LAWS AND REGULATIONS**

Mayor and Board of Aldermen  
Town of Walls  
Walls, Mississippi

We have audited the statement of cash receipts and disbursements of the Town of Walls, Mississippi (the "Town") as of and for the year ended September 30, 2015 and have issued our report dated July 28, 2017. We have conducted our audit 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*.

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, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with state laws and regulations was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our procedures disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the Town's management and the Office of 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.

*Williams, Pitts & Beard, PLLC*

Williams, Pitts & Beard, PLLC  
Hernando, Mississippi  
July 28, 2017



**SCHEDULE OF FINDINGS AND RESPONSES**

**TOWN OF WALLS, MISSISSIPPI**  
**Schedule of Findings and Responses**  
**For the Year Ended September 30, 2015**

Section 1: Summary of Auditors' Results

- |  |                      |
|--|----------------------|
| 1. Type of auditor's report issued on the financial statements:                                | <u>Unmodified</u>    |
| 2. Internal Control over financial reporting:  |                      |
| (a) Material weakness (es) identified?   | <u>Yes</u>           |
| (b) Significant deficiency (ies) identified that are not considered to be material weaknesses? | <u>None Reported</u> |
| 3. Noncompliance material to the financial statements:   | <u>None Reported</u> |

Section 2: Financial Statement Findings

Material Weakness

2015-001     Criteria: The Town is responsible for establishing and maintaining effective internal control over financial reporting.

Condition: During the audit, material adjustments to the financial statement were discovered and reported by the external auditors. The Town also relies on external auditors in assisting in the preparation of external financial statement and related disclosures. Under auditing standards generally accepted in the United States of America, outside auditors cannot be considered part of the entity's internal control structure. The Town does not have documented procedures in place that prevent or detect material misstatements in the external financial statement. However, Town management reviewed and approved all adjustments.

Cause: The Town has not developed procedures or provided staffing to prepare external financial statements and, consequently, relies on its external auditors for this function.

Effect: The Town must incur the expense of outsourcing the preparation of its financial statements or train or hire someone who is capable of preparation of its financial statements, related notes and required supplemental information.

Recommendation: The Town should develop internal control procedures to ensure that all material adjustments are reflected in the financial statement. Also, the Town should evaluate the costs and benefits of providing for preparation of external financial statement and related disclosures by its personnel.

Response: The town will look at the costs and benefits of having personnel trained in preparing financial statements as opposed to outsourcing and move forward with training personnel if cost beneficial.