



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 WALNUT GROVE, MISSISSIPPI

FINANCIAL STATEMENTS

SEPTEMBER 30, 2018



TOWN OF WALNUT GROVE

TABLE OF CONTENTS

FINANCIAL SECTION..... 1

INDEPENDENT AUDITOR'S REPORT..... 2-4

FINANCIAL STATEMENTS..... 5

 Statement of Activities and Net Position – Cash Basis 6-7

 Statement of Cash Basis Assets and Fund Balances and
 Cash Receipts, Disbursements and Changes in Cash Basis
 Fund Balances – Governmental and Business-type Funds 8-9

 Notes to Financial Statements 10-12

REQUIRED SUPPLEMENTARY INFORMATION 13

 Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis)
 General Fund..... 14

 Notes to the Required Supplementary Information 15

OTHER REQUIRED SUPPLEMENTARY INFORMATION 16

 Schedule of Changes in Long-term Debt 17

 Schedule of Investments – All Funds..... 18

 Schedule of Surety Bonds for Municipal Officials and Employees 19

 Schedule of Capital Assets..... 20

SUPPLEMENTAL INFORMATION 21

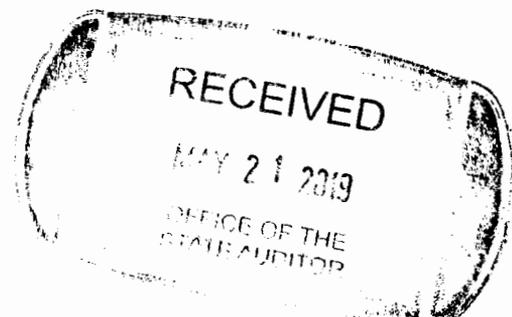
 Statement of Cash Receipts and Disbursements –
 Water, Sewer and Gas Utility Funds..... 22

SPECIAL REPORTS 23

 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* 24-25

 Independent Auditor's Report on Compliance with State Laws and Regulations..... 26

SCHEDULE OF FINDINGS AND RESPONSES 27-28



TOWN OF WALNUT GROVE

FINANCIAL SECTION

Windham and Lacey, PLLC

Certified Public Accountants

2708 Old Brandon Road
Pearl, MS 39208
(601)939-8676 Fax (601)939-8761
windhamandlacey.com

P. O. Box 759
Crystal Springs, MS 39059
(601)892-4001 Fax (601)892-5978

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, 2018, and the related notes to the financial statements, 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, 2018, 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 Changes in 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, have 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 April 30, 2019, 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 effectiveness of the Town of Walnut Grove, Mississippi's 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
April 30, 2019



TOWN OF WALNUT GROVE

FINANCIAL STATEMENTS

TOWN OF WALNUT GROVE
Statement of Activities and Net Position - Cash Basis
As of and For the Year Ended September 30, 2018

Functions/Programs	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Position		
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General government	\$ 113,110	20,475	11,843		(80,792)		(80,792)
Public safety	229,875	79,639	43,422		(106,814)		(106,814)
Public works	110,912	41,647	320		(68,945)		(68,945)
Culture and recreation	40,741				(40,741)		(40,741)
Economic development	14,782				(14,782)		(14,782)
Principal and interest on long-term debt	44,121				(44,121)		(44,121)
Total Governmental Activities	<u>553,541</u>	<u>141,761</u>	<u>55,585</u>	<u>0</u>	<u>(356,195)</u>	<u>0</u>	<u>(356,195)</u>
Business-type Activities:							
Water/sewer utility	312,211	306,741	30,000			24,530	24,530
Gas utility	548,680	527,441		0		(21,239)	(21,239)
Total Business-type Activities	<u>860,891</u>	<u>834,182</u>	<u>30,000</u>	<u>0</u>	<u>0</u>	<u>3,291</u>	<u>3,291</u>
Total Government	<u>\$ 1,414,432</u>	<u>975,943</u>	<u>85,585</u>	<u>0</u>	<u>(356,195)</u>	<u>3,291</u>	<u>(352,904)</u>
General Receipts and Transfers							
Taxes:							
Property taxes					\$ 26,077		26,077
In lieu of taxes					10,002		10,002
Sales tax					57,816		57,816
Franchise taxes					21,353		21,353
Grants and contributions not restricted to specific programs					3,377		3,377
Unrestricted investment income					10,332	214	10,546
Miscellaneous					93,041	8,514	101,555
Proceeds from sales of fixed assets					100,236		100,236
Transfers					84,000	(84,000)	
Total General Receipts and Transfers					<u>406,234</u>	<u>(75,272)</u>	<u>330,962</u>
Change in Net Position					50,039	(71,981)	(21,942)
Net Position - Beginning					249,831	329,568	579,399
Net Position - Ending					<u>\$ 299,870</u>	<u>257,587</u>	<u>557,457</u>



TOWN OF WALNUT GROVE
Statement of Activities and Net Position - Cash Basis
As of and For the Year Ended September 30, 2018

(Continued)

ASSETS	
Cash and cash equivalents	\$ 368,373
Restricted cash	<u>189,084</u>
Total Assets	<u>\$ 557,457</u>
NET POSITION	
Restricted:	
Restricted for fire protection	\$ 79,051
Restricted for meter deposits	83,972
Restricted for contingency and depreciation	26,061
Unrestricted	<u>368,373</u>
Total Net Position	<u>\$ 557,457</u>

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



TOWN OF WALNUT GROVE
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, 2018

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
	<u>Major Fund</u>	
	<u>General Fund</u>	<u>Water/Sewer and Gas Funds</u>
RECEIPTS		
Ad valorem taxes	\$ 26,077	
In lieu of taxes	10,002	
License and permits	2,475	
Franchise taxes on utilities	21,353	
Intergovernmental revenues:		
Federal revenues:		
Grants		30,000
State shared revenues:		
Sales taxes	57,816	
Grants	2,000	
Homestead exemption reimbursement	2,555	
Fire insurance premium tax distribution	43,742	
General municipal aid	9,843	
Charges for services:		
Garbage	41,647	
Water and sewer utility		306,741
Gas utility		527,441
Fines and forfeits	79,639	
Rental income	18,000	
Interest income	354	214
Proceeds from sales of fixed assets	100,236	
Miscellaneous revenue	103,841	8,514
Total Receipts	<u>519,580</u>	<u>872,910</u>
DISBURSEMENTS		
General government	113,110	
Public safety	226,434	
Public works	90,629	
Culture and recreation	40,741	
Economic development	14,782	
Water, sewer and gas utility:		
Personnel services		295,962
Supplies		304,779
Utilities		35,948
Other services and charges		23,343
Gas purchases		166,828
Total Disbursements	<u>485,696</u>	<u>826,860</u>
Excess of Receipts Over (Under) Disbursements	<u>33,884</u>	<u>46,050</u>

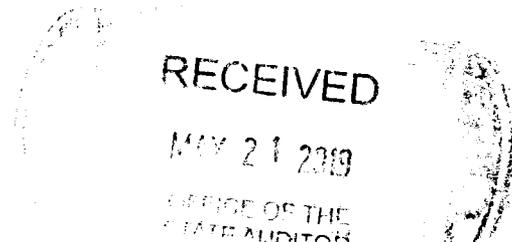
RECEIVED
MAY 21 2019
OFFICE OF THE
STATE AUDITOR

TOWN OF WALNUT GROVE
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, 2018

(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>
OTHER CASH SOURCES (USES)		
Capital outlay	(23,724)	(2,436)
Principal paid on long-term debt	(30,249)	(30,060)
Interest paid on long-term debt	(13,872)	(1,535)
Transfers in (out) to other funds	84,000	(84,000)
Total Other Cash Sources and (Uses)	<u>16,155</u>	<u>(118,031)</u>
Excess (Deficiency) of Receipts and Other Cash Sources Over Disbursements and Other Cash Uses	50,039	(71,981)
CASH BASIS FUND BALANCE - Beginning of Year	<u>249,831</u>	<u>329,568</u>
CASH BASIS FUND BALANCE - End of Year	<u>\$ 299,870</u>	<u>257,587</u>
CASH BASIS ASSETS - End of Year		
Cash and cash equivalents	\$ 220,819	147,554
Restricted cash	<u>79,051</u>	<u>110,033</u>
Total Cash Basis Assets	<u>\$ 299,870</u>	<u>257,587</u>
CASH BASIS FUND BALANCES - End of Year		
Restricted:		
Restricted for fire protection	\$ 79,051	
Restricted for meter deposits		83,972
Restricted for contingency and depreciation		26,061
Unassigned	<u>220,819</u>	<u>147,554</u>
Total Cash Basis Fund Balances	<u>\$ 299,870</u>	<u>257,587</u>

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



TOWN OF WALNUT GROVE
Notes to Financial Statements
For the Year Ended September 30, 2018

(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.

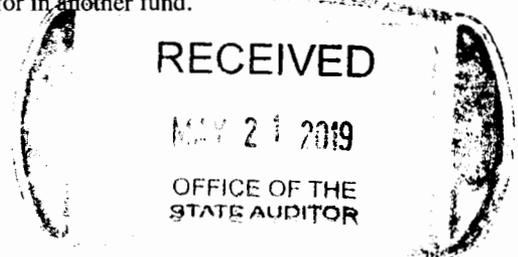
C. Measurement Focus, Basis of Accounting and Financial Statement Presentation.

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
Notes to Financial Statements
For the Year Ended September 30, 2018

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:

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.

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 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.

(2) **Cash and Cash Equivalents.**

At year-end, the Town's carrying amount of deposits was \$557,457 and the bank balance was \$576,449. 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 Town'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.

TOWN OF WALNUT GROVE

**Notes to Financial Statements
For the Year Ended September 30, 2018**

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, 2018, none of the Town's bank balance of \$576,449 was exposed to custodial risk.

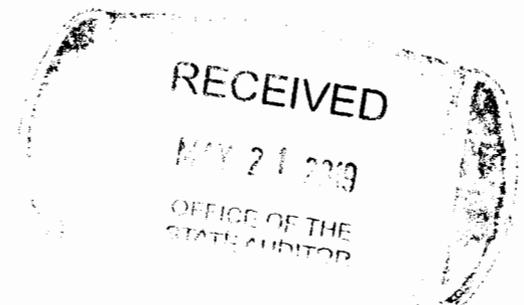
Interest Rate Risk: The Town does not have a formal investment policy that limits investments maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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, 2018, 2017 and 2016, were \$48,926, \$57,985 and \$77,229, respectively, which is equal to the required contributions for each year.



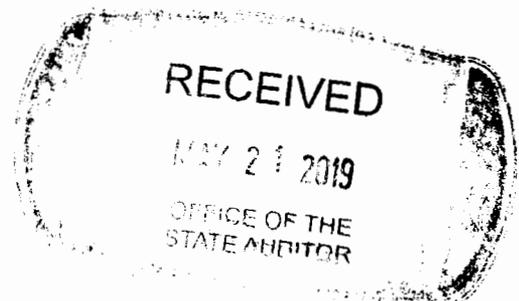
TOWN OF WALNUT GROVE

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF WALNUT GROVE
Budgetary Comparison Schedule -
Budget and Actual
General Fund
For the Year Ended September 30, 2018

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Ad valorem taxes	\$ 74,000	74,000	26,077	(47,923)
In lieu of taxes	82,000	82,000	67,818	(14,182)
License and permits	650	650	2,475	1,825
Franchise tax	26,250	26,250	21,353	(4,897)
Intergovernmental revenues	23,800	23,800	55,585	31,785
Charges for services	39,500	39,500	41,689	2,189
Fines and forfeits	47,000	47,000	79,639	32,639
Interest income			354	354
Leases	24,600	24,600	117,610	93,010
Miscellaneous	50	50	11,130	11,080
Total Receipts	<u>317,850</u>	<u>317,850</u>	<u>423,730</u>	<u>105,880</u>
EXPENDITURES				
General government	90,890	90,890	113,110	(22,220)
Public safety	216,300	216,300	248,267	(31,967)
Public works	94,035	94,035	111,280	(17,245)
Culture and recreation	69,300	69,300	70,894	(1,594)
Economic development	8,500	8,500	14,782	(6,282)
Debt service:				
Principal and interest			38,131	(38,131)
Total Expenditures	<u>479,025</u>	<u>479,025</u>	<u>596,464</u>	<u>(117,439)</u>
Excess of Receipts Over (Under) Expenditures	<u>(161,175)</u>	<u>(161,175)</u>	<u>(172,734)</u>	<u>(11,559)</u>
OTHER CASH SOURCES (USES)				
Capital outlay			(23,724)	(23,724)
Transfers in	77,000	77,000	114,000	37,000
Total Other Cash Sources and Uses	<u>77,000</u>	<u>77,000</u>	<u>90,276</u>	<u>13,276</u>
Net Change in Cash Basis Fund Balance	(84,175)	(84,175)	(82,458)	1,717
Cash Basis Fund Balances - Beginning	<u>43,764</u>	<u>43,764</u>	<u>249,831</u>	<u>23,033</u>
Cash Basis Fund Balances - Ending	\$ <u>(40,411)</u>	\$ <u>(40,411)</u>	\$ <u>167,373</u>	\$ <u>24,750</u>

The accompanying notes to the required supplementary information are an integral part of this schedule.



TOWN OF WALNUT GROVE

**Notes to the Required Supplementary Information
For the Year Ended September 30, 2018**

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.

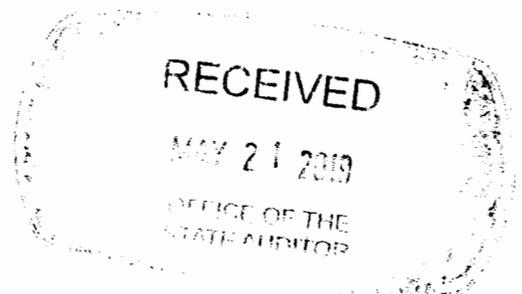
C. Budget Reconciliation.

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

OTHER REQUIRED SUPPLEMENTARY INFORMATION



TOWN OF WALNUT GROVE
Schedule of Changes in Long-term Debt - UNAUDITED
For the Year Ended September 30, 2018

<u>Description</u>	<u>Outstanding Balance Oct. 1, 2017</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Outstanding Balance Sept. 30, 2018</u>
Governmental Activities:				
CAP loan	\$ 342,396		20,152	322,244
CAP loan	113,720		4,641	109,079
Capital lease	25,575		5,456	20,119
Total Governmental Activities	<u>481,691</u>	<u>0</u>	<u>30,249</u>	<u>451,442</u>
Business-type Activities:				
Gas:				
Revenue loan	91,183	0	30,060	61,123
Total Business-type Activities	<u>91,183</u>	<u>0</u>	<u>30,060</u>	<u>61,123</u>
Total Long-term Debt	<u>\$ 572,874</u>	<u>0</u>	<u>60,309</u>	<u>512,565</u>

TOWN OF WALNUT GROVE
Schedule of Investments-All Funds - UNAUDITED
September 30, 2018

	<u>Deposit Amount</u>
Certificate of Deposit with Bank of Walnut Grove, maturing September 10, 2019; interest rate of 0.65%.	\$ 3,000
Certificate of Deposit with Bank of Walnut Grove, maturing August 29, 2019; interest rate of 0.65%.	20,000
Certificate of Deposit with Bank of Walnut Grove, maturing September 12, 2019; interest rate of 0.65%.	<u>26,399</u>
	<u>\$ 49,399</u>
Fund Recap:	
Water and Sewer Fund	\$ 3,000
Gas Fund	<u>46,399</u>
Total	<u>\$ 49,399</u>



TOWN OF WALNUT GROVE
Schedule of Surety Bonds for Municipal Officials and Employees - UNAUDITED
September 30, 2018

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Coverage</u>
Marvin Daniel Jones, III	Alderman	Clyde C. Scott Insurance Company	\$ 25,000
Michael P. Johnson	Alderman	Clyde C. Scott Insurance Company	25,000
Cindy Lois Jones	Alderwoman	Clyde C. Scott Insurance Company	25,000
Teresa Darby	Alderwoman	Clyde C. Scott Insurance Company	25,000
Jerry Darby	Alderman	Clyde C. Scott Insurance Company	25,000
James Brian Gomillion	Mayor	Brierfield Insurance Company	50,000
Nekki Stiles	Municipal Clerk WG Utilities Operations	Travelers Casualty & Surety Co.	50,000
Anthony Babb	Manager	Travelers Casualty & Surety Co.	50,000
Kevin Polk	Police Chief	Travelers Casualty & Surety Co.	50,000
Kenny Chipley	Policeman	RLI Insurance Company	25,000
Michelle Anderson	Court Clerk	RLI Insurance Company	50,000
Teresa Breedlove	Assistant Deputy Clerk	RLI Insurance Company	50,000



TOWN OF WALNUT GROVE
Schedule of Capital Assets - UNAUDITED
For the Fiscal Year Ended September 30, 2018

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Adjustments **</u>	<u>Ending Balance</u>
Governmental Activities:					
Capital Assets:					
Land	\$ 114,300				114,300
Construction in progress	153,416	20,283			173,699
Buildings	1,807,678				1,807,678
Improvements other than buildings	1,029,932				1,029,932
Machinery and equipment	758,077	3,441			761,518
Leased equipment	27,188				27,188
Total Governmental Activities Capital Assets	<u>\$ 3,890,591</u>	<u>23,724</u>	<u>0</u>	<u>0</u>	<u>3,914,315</u>
Business-type Activities					
Capital Assets:					
Land	\$ 320,536				320,536
Construction in progress	51,361				51,361
Buildings	85,349				85,349
Machinery and equipment	545,188	2,436			547,624
Water and sewer system	4,201,894				4,201,894
Gas system	703,398				703,398
Total Business-type Activities Capital Assets	<u>\$ 5,907,726</u>	<u>2,436</u>	<u>0</u>	<u>0</u>	<u>5,910,162</u>

** Donation of transition centers to Town of Walnut Grove.

TOWN OF WALNUT GROVE

SUPPLEMENTAL INFORMATION

TOWN OF WALNUT GROVE
Statement of Cash Receipts and Disbursements -
Water, Sewer and Gas Utility Funds - UNAUDITED
For the Year Ended September 30, 2018

	<u>Water</u>	<u>Sewer</u>	<u>Gas</u>	<u>Total</u>
RECEIPTS				
Water	\$ 175,567			175,567
Sewer		131,174		131,174
Gas utility			527,441	527,441
Interest income	108		106	214
Grant	30,000			30,000
Miscellaneous revenue	3,535		4,979	8,514
Total Receipts	<u>209,210</u>	<u>131,174</u>	<u>532,526</u>	<u>872,910</u>
DISBURSEMENTS				
Personnel services	62,142	46,429	187,391	295,962
Supplies	108,422	81,007	115,350	304,779
Utilities	5,311	3,968	26,669	35,948
Other services and charges	1,560	1,165	20,618	23,343
Gas purchases			166,828	166,828
Total Disbursements	<u>177,435</u>	<u>132,569</u>	<u>516,856</u>	<u>826,860</u>
Excess of Receipts Over (Under) Disbursements	<u>31,775</u>	<u>(1,395)</u>	<u>15,670</u>	<u>46,050</u>
OTHER CASH SOURCES (USES)				
Capital outlay			(2,436)	(2,436)
Principal paid on long-term debt	(30,060)			(30,060)
Interest paid on long-term debt	(1,535)			(1,535)
Transfers in (out) to other funds	(39,000)		(45,000)	(84,000)
Total Other Cash Sources and (Uses)	<u>(70,595)</u>	<u>0</u>	<u>(47,436)</u>	<u>(118,031)</u>
Excess (Deficiency) of Receipts and Other Cash Sources Over Disbursements and Other Cash Uses	<u>\$ (38,820)</u>	<u>(1,395)</u>	<u>(31,766)</u>	<u>(71,981)</u>



TOWN OF WALNUT GROVE

SPECIAL REPORTS

Windham and Lacey, PLLC

Certified Public Accountants

2708 Old Brandon Road
Pearl, MS 39208
(601)939-8676 Fax (601)939-8761
windhamandlacey.com

P. O. Box 759
Crystal Springs, MS 39059
(601)892-4001 Fax (601)892-5978

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

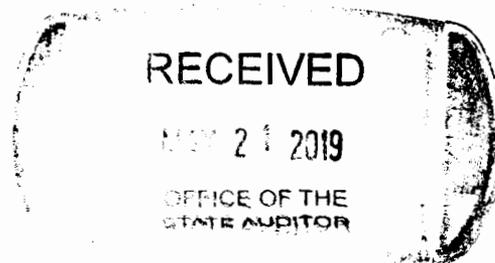
We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental 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, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated April 30, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Walnut Grove, Mississippi's internal control over financial reporting (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 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 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.

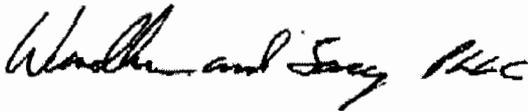


Compliance and Other Matters

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 Town'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 Town'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
April 30, 2019

Windham and Lacey, PLLC

Certified Public Accountants

2708 Old Brandon Road
Pearl, MS 39208
(601)939-8676 Fax (601)939-8761
windhamandlacey.com

P. O. Box 759
Crystal Springs, MS 39059
(601)892-4001 Fax (601)892-5978

Members:
American Institute of CPAs
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, 2018, and have issued our report thereon dated April 30, 2019. 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
April 30, 2019



TOWN OF WALNUT GROVE

SCHEDULE OF FINDINGS AND RESPONSES

TOWN OF WALNUT GROVE
Schedule of Findings and Responses
For the Year Ended September 30, 2018

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*.

