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**TOWN OF WALNUT GROVE,  
MISSISSIPPI**

**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2019  
TOWN OF WALNUT GROVE**

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**TOWN OF WALNUT GROVE**

**FINANCIAL  
SECTION**

# Windham and Lacey, PLLC

*Certified Public Accountants*

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## **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, 2019, 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 <sup>audit</sup> 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, 2019 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 June 2, 2020, 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.

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  
June 2, 2020





**FINANCIAL STATEMENTS**

**TOWN OF WALNUT GROVE Statement of Activities and Net Position - Cash Basis As of and for the Year Ended September 30, 2019**

**Net (Disbursements) Receipts and Changes Program Cash Receipts in Net Position**

**Operating Capital Cash Charges for Grants and Grants and Governmental Business-type Disbursements**

**Services Contributions Contributions Activities Activities Total Functions/Programs** Governmental Activities:

General government	\$ 116,066	19,039	6,686	(90,341)	(90,341)	Public safety	189,500	69,276	10,959	(109,265)
(109,265)	Public works	93,648	33,114	(60,534)	(60,534)	Culture and recreation	49,085	(49,085)	(49,085)	Economic development
17,161	(17,161)	(17,161)	Principal and interest on long-term debt	46,775	(46,775)	(46,775)	Total Governmental Activities	512,235	121,429	17,645
0	(373,161)	0	(373,161)							

Business-type Activities:

Water/sewer utility	765,551	282,838	449,956	(32,757)	(32,757)	Gas utility	569,264	566,802	0	(2,462)
(2,462)	Total Business-type Activities	1,334,815	849,640	449,956	0	0	(35,219)	(35,219)		

Total Government \$ 1,847,050 971,069 467,601 0 (373,161) (35,219) (408,380)

General Receipts and Transfers

Taxes:

Property taxes	\$ 75,319	75,319	In lieu of taxes	9,572	9,572	Sales tax	58,591	58,591	Franchise taxes	22,140
22,140	Grants and contributions not restricted to specific programs	2,602	2,602	Unrestricted investment income	661	963				

1,624	Miscellaneous	36,814	31,452	68,266	Proceeds from debt	20,550	20,550	Proceeds from sales of fixed assets	110,000	110,000	Transfers	64,000	(64,000)
Total General Receipts and Transfers 400,249 (31,585) 368,664													
Change in Net Position 27,088 (66,804) (39,716) Net Position - Beginning 299,870 257,587 557,457													
Net Position - Ending \$ 326,958 190,783 517,741													

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**TOWN OF WALNUT GROVE (Continued) Statement of Activities and Net Position - Cash Basis As of and for the Year Ended September 30, 2019**

**ASSETS** Cash and cash equivalents \$ 332,400 Restricted cash 185,341

Total Assets \$ 517,741

**NET POSITION** Restricted:

Restricted for fire protection	\$ 74,694	Restricted for meter deposits	83,806	Restricted for contingency and depreciation	26,841	Unrestricted	332,400
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Total Net Position \$ 517,741

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

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**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, 2019**

**Governmental Business-type  
Activities Activities Major Fund  
General Water/Sewer Fund and Gas Funds RECEIPTS**

Ad valorem taxes \$ 75,319 In lieu of taxes 9,572 License and permits 2,539 Franchise taxes on  
utilities 22,140 Intergovernmental revenues:  
Federal revenues:  
Grants 449,956 State shared revenues:  
Sales taxes 58,591 Homestead exemption reimbursement 2,602 Fire insurance premium tax  
distribution 10,959 General municipal aid 6,686 Charges for services:  
Garbage 33,114 Water and sewer utility 282,838 Gas utility 566,802 Fines and forfeits 69,276 Rental income 16,500  
Interest income 661 963 Proceeds from sales of fixed assets 110,000 Miscellaneous revenue 36,814 31,452 Total  
Receipts 454,773 1,332,011

**DISBURSEMENTS**

General government 116,066 Public safety 135,913 Public works 84,024 Culture and  
recreation 49,085 Economic development 17,161 Water, sewer and gas utility:  
Personnel services 333,684 Supplies 276,285 Utilities 29,900 Other services and charges 32,146 Gas purchases  
165,311 Total Disbursements 402,249 837,326

Excess of Receipts Over (Under) Disbursements 52,524 494,685

**TOWN OF WALNUT GROVE (Continued) 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, 2019**

**Governmental Business-type  
Activities Activities Major Fund  
General Water/Sewer Fund and Gas Funds OTHER CASH SOURCES (USES)**

Capital outlay (63,211) (465,894) Principal paid on long-term debt (33,290) (30,466) Interest paid on long-term debt  
(13,485) (1,129) Debt proceeds 20,550 Transfers in (out) to other funds 64,000 (64,000) Total Other Cash Sources and  
(Uses) (25,436) (561,489)

Excess (Deficiency) of Receipts and Other Cash  
Sources Over Disbursements and Other Cash Uses 27,088 (66,804)

**CASH BASIS FUND BALANCE - Beginning of Year** 299,870 257,587

**CASH BASIS FUND BALANCE - End of Year** \$ 326,958 190,783

**CASH BASIS ASSETS - End of Year**

Cash and cash equivalents \$ 252,264 80,136 Restricted cash 74,694 110,647

Total Cash Basis Assets \$ 326,958 190,783

**CASH BASIS FUND BALANCES - End of Year**

Restricted:

Restricted for fire protection \$ 74,694 Restricted for meter deposits 83,806 Restricted for contingency and depreciation 26,841 Unassigned 252,264 80,136

Total Cash Basis Fund Balances \$ 326,958 190,783

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, 2019**

**(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, 2019

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 \$517,741 and the bank balance was \$540,307. 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, 2019**

**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, 2019, none of the Town's bank balance of \$540,307 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 rate through June 30, 2019 was 15.75% of annual covered payroll. Effective July 1, 2019, the rate was increased to 17.40%. 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, 2019, 2018, and 2017 were \$53,065, \$48,926 and \$57,985, respectively, which is equal to the required contributions for each year.

**TOWN OF WALNUT GROVE  
 Budgetary Comparison Schedule -  
 Budget and Actual General Fund -  
 UNAUDITED For the Year Ended  
 September 30, 2019**

**Variance with Actual Final Budget Original Final (Budgetary Positive Budget Budget Basis) (Negative)**

**RECEIPTS**

Ad valorem taxes \$ 84,000	84,000	75,319	(8,681)	In lieu of taxes 84,000	84,000	68,163	(15,837)	License and permits 1,650	1,650	2,539	889	Franchise tax 22,000	22,000	22,140	140	Intergovernmental revenues 19,900	19,900	20,115	215	Charges for services 41,100	41,100	33,114	(7,986)	Fines and forfeits 60,000	60,000	69,276	9,276	Interest income 661	661	Leases 18,000	18,000	126,500	108,500	Miscellaneous 800	800	22,506	21,706	Total Receipts 331,450	331,450	440,333	108,883
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**EXPENDITURES**

General government 108,550	108,550	116,066	(7,516)	Public safety 233,800	233,800	185,297	48,503	Public works 108,200	108,200	93,648	14,552	Culture and recreation 71,980	71,980	79,033	(7,053)	Economic development 10,750	10,750	17,161	(6,411)	Debt service: Principal and interest 46,776	(46,776)	Total Expenditures 533,280	533,280	537,981	(4,701)
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Excess of Receipts

Over (Under) Expenditures (201,830) (201,830) (97,648) 104,182

**OTHER CASH SOURCES (USES)**

Capital outlay (63,211) (63,211) Transfers in 75,000 75,000 114,000 39,000 Total Other Cash Sources and Uses  
75,000 75,000 50,789 (24,211)

Net Change in Cash Basis Fund Balance (126,830) (126,830) (46,859) 79,971 Cash Basis Fund Balances -  
Beginning (40,411) (40,411) 167,373 24,750

Cash Basis Fund Balances - Ending \$ (167,241) (167,241) 120,514 104,721

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

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**TOWN OF WALNUT GROVE**

**Notes to the Required Supplementary Information  
For the Year Ended September 30, 2019  
UNAUDITED**

**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.

**OTHER REQUIRED SUPPLEMENTARY INFORMATION**

**TOWN OF WALNUT GROVE Schedule of Changes in  
Long-term Debt - UNAUDITED For the Year Ended  
September 30, 2019**

**Outstanding Outstanding Balance Balance Description Oct. 1, 2018 Issued Redeemed Sept. 30, 2019**

Governmental Activities:

CAP loan \$ 323,588 20,308 303,280 CAP loan 109,080 4,631 104,449 Capital lease 20,119 7,284 12,835 Capital lease 0  
20,550 1,067 19,483

Total Governmental Activities 452,787 20,550 33,290 440,047

Business-type Activities:

Gas

:

Revenue loan 61,123 0 30,466 30,657

Total Business-type Activities 61,123 0 30,466 30,657

Total Long-term Debt \$ 513,910 20,550 63,756 470,704

**TOWN OF WALNUT GROVE Schedule of  
Investments - All Funds - UNAUDITED September  
30, 2019**

**Deposit Amount**

Certificate of Deposit with Bank of Walnut Grove, maturing September 10, 2020;  
interest rate of 0.65%. \$ 3,000

Certificate of Deposit with Bank of Walnut Grove, maturing August 29, 2020;  
interest rate of 0.65%. 20,000

Certificate of Deposit with Bank of Walnut Grove, maturing September 12, 2020;  
interest rate of 0.65%. 26,671

\$ 49,671

Fund Recap:

Water and Sewer Fund \$ 3,000 Gas Fund 46,671

Total \$ 49,671

**TOWN OF WALNUT GROVE Schedule of Surety Bonds for Municipal Officials  
and Employees - UNAUDITED September 30, 2019**

**Name Position Company Coverage**

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 Travelers Casualty & Surety Company \$ 50,000 Anthony Babb WG Utilities Operations



Manager Travelers Casualty & Surety Company \$ 50,000 Kevin Polk Police Chief  
Travelers Casualty & Surety Company \$ 50,000 Kenny Chipley Policeman RLI Insurance Company \$ 25,000 Michelle  
Anderson Court Clerk RLI Insurance Company \$ 50,000 Nelvia Lynne Freeny Assistant Deputy Clerk RLI Insurance  
Company \$ 50,000

**TOWN OF WALNUT GROVE Schedule of  
Capital Assets - UNAUDITED For the Fiscal  
Year Ended September 30, 2019**

**Beginning Ending Balance Increases Decreases Adjustments Balance Governmental Activities Capital Assets:**  
Land \$ 114,300 20,890 135,190 Construction in progress 173,699 (173,699) Buildings 1,807,678 1,807,678 Improvements  
other than buildings 1,029,932 173,699 1,203,631 Machinery and equipment 761,518 42,661 804,179 Leased equipment  
27,188 20,550 47,738

Total Governmental Activities

Capital Assets \$ 3,914,315 63,211 20,890 0 3,998,416

**Business-type Activities**

Capital Assets:

Land \$ 320,536 320,536 Construction in progress 51,361 450,000 (501,361) Buildings 85,349 85,349 Machinery and equipment 547,624 15,894 563,518 Water and sewer system 4,201,894 501,361 4,703,255 Gas system 703,398 703,398

Total Business-type Activities

Capital Assets \$ 5,910,162 465,894 0 0 6,376,056

**SUPPLEMENTAL INFORMATION**

**TOWN OF WALNUT GROVE Statement of Cash Receipts  
and Disbursements - UNAUDITED Water, Sewer and Gas  
Utility Funds For the Year Ended September 30, 2019**

**Water Sewer Gas Total RECEIPTS**

Water \$ 140,722 140,722 Sewer 142,116 142,116 Gas utility 566,802 566,802 Interest income 134 829 963 Grant  
449,956 449,956 Miscellaneous revenue 25,805 5,647 31,452 Total Receipts 616,617 142,116 573,278 1,332,011

**DISBURSEMENTS**

Personnel services 64,928 65,572 203,184 333,684 Supplies 79,452 80,240 116,593 276,285 Utilities 5,313 5,365  
19,222 29,900 Other services and charges 927 933 30,286 32,146 Gas purchases 165,311 165,311 Total Disbursements  
150,620 152,110 534,596 837,326

Excess of Receipts Over (Under) Disbursements 465,997 (9,994) 38,682 494,685

**OTHER CASH SOURCES (USES)**

Capital outlay (465,894) (465,894) Principal paid on long-term debt (30,466) (30,466) Interest paid on long-term debt  
(1,129) (1,129) Transfers in (out) to other funds (64,000) (64,000) Total Other Cash Sources and (Uses) (561,489) 0 0

(561,489)

Excess (Deficiency) of Receipts and Other Cash

Sources Over Disbursements and Other Cash Uses \$ (95,492) (9,994) 38,682 (66,804)

**SPECIAL REPORTS**

# **Windham and Lacey, PLLC**

*Certified Public Accountants*

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**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, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated June 2, 2020.

### **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  
June 2, 2020

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## **Windham and Lacey, PLLC**

*Certified Public Accountants*

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**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, 2019, and have issued our report thereon dated June 2, 2020. 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  
June 2, 2020

**TOWN OF WALNUT GROVE**

**SCHEDULE OF FINDINGS AND RESPONSES**

**TOWN OF WALNUT GROVE**

**Schedule of Findings and Responses For  
the Year Ended September 30, 2019**

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*.