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Town of Walnut

P. O. Box 540
Walnut, Mississippi 38683
Phone (662) 223-4405

Office of the State Auditor
P.O. Box 956
Jackson, Mississippi 39205

Re: Annual Audit

Accompanying this letter is a copy of the financial report of The Town of Walnut, Mississippi, for the fiscal year ended September 30, 2015. A separate management letter was not written to the town in connection with this audit.

Sincerely,

Vicki J. Skinner
Mayor

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JUN 30 2016

FINANCIAL REPORT

TOWN OF WALNUT

WALNUT, MISSISSIPPI

SEPTEMBER 30, 2015

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JUN 30 2016

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LINDSEY, DAVIS AND ASSOCIATES

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INDEPENDENT AUDITOR'S REPORT

To the Mayor and Board of Aldermen
Town of Walnut
Walnut, Mississippi 38683

Report on the Financial Statements

We have audited the accompanying statement of cash receipts and disbursements - (all funds) cash basis of the Town of Walnut for the year ended September 30, 2015.

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 the standards applicable to financial audits contained in *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 opinions.

As described in Note A, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash receipts and disbursements - (all funds) cash basis of the Town of Walnut for the year ended September 30, 2015, on the basis of accounting described in Note A.

Other Matters

Required Supplementary Information

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

The supplementary information contained on pages 9, 10 and 11 is presented for the purposes of additional analysis and is not a required part of the financial statements. The supplementary information has not been subjected to the auditing procedures applied in the audit of the statements of cash receipts and disbursements - (all funds) cash basis and, accordingly, we do not express an opinion or provide any assurance on them.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Walnut's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 2, 2016, on our consideration of the Town of Walnut'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 of Walnut's internal control over financial reporting and compliance.


Lindsey Davis and Associates
Certified Public Accountants

Ripley, Mississippi
March 2, 2016

TOWN OF WALNUT
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (ALL FUNDS) - CASH BASIS
YEAR ENDED SEPTEMBER 30, 2015

	GOVERNMENTAL FUND TYPE	PROPRIETARY FUND TYPE	TOTALS (MEMORANDUM ONLY)	
	GENERAL	ENTERPRISE	2015	2014
CASH OPERATING RECEIPTS				
Privilege License	\$ 6,369	\$	\$ 6,369	\$ 5,239
General Property Taxes	41,140		41,140	33,466
Prior Year Taxes	309		309	70
Penalties and Interest on Delinquent Taxes	416		416	251
Intergovernmental Receipts				
State Shared Receipts:				
Sales Tax	246,382		246,382	199,454
Gasoline Tax	2,575		2,575	2,157
Fire Protection	4,195		4,195	4,202
Homestead Exemption	2,876		2,876	2,606
TVA in Lieu of Taxes	11,738		11,738	12,964
General Municipal Aid	384		384	384
County Shared Receipts:				
Road Tax	26,920		26,920	23,719
Fire Protection	16,000		16,000	16,000
Charges for Services:				
Gas & Water Utilities		1,088,284	1,088,284	2,100,218
Garbage Collection Fees	20,536		20,536	21,015
Fines	34,231		34,231	31,761
Park - Fees	37,952		37,952	34,005
Gross Receipts Tax	10,884		10,884	18,998
Miscellaneous	17,456	59,886	77,342	40,200
TOTAL OPERATING RECEIPTS	480,363	1,148,170	1,628,533	2,546,709
OTHER CASH RECEIPTS				
Interest	477	3,039	3,516	5,392
Decrease in Meter Deposits				(930)
Transfer		22,171	22,171	175,434
Grant Proceeds	347,980	183,496	531,476	465,427
TOTAL OTHER RECEIPTS	348,457	208,706	557,163	645,323
TOTAL CASH RECEIPTS	828,820	1,356,876	2,185,696	3,192,032

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See Independent Auditor's Report

TOWN OF WALNUT
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (ALL FUNDS) - CASH BASIS
YEAR ENDED SEPTEMBER 30, 2015

	GOVERNMENTAL FUND TYPE	PROPRIETARY FUND TYPE	TOTALS (MEMORANDUM ONLY)	
	GENERAL	ENTERPRISE	2015	2014
CASH OPERATING DISBURSEMENTS				
General Government	174,980		174,980	160,471
Public Safety:				
Police	152,787		152,787	140,102
Fire	29,134		29,134	26,999
Highways and Streets:				
Repairs & Maintenance	19,039		19,039	17,485
Enterprise:				
Gas & Water Utilities		716,567	716,567	2,026,301
Sanitation	19,739		19,739	19,266
Park & Recreation	62,340		62,340	51,766
TOTAL OPERATING DISBURSEMENTS	458,019	716,567	1,174,586	2,442,390
OTHER CASH DISBURSEMENTS				
Interest		29,805	29,805	31,165
Transfer	10,825		10,825	175,434
Principal Payments		38,611	38,611	37,249
Capital Expenditures	26,652	148,163	174,815	91,981
Capital Expenditures - Grants	334,696	183,496	518,192	453,985
TOTAL OTHER DISBURSEMENTS	372,173	400,075	772,248	789,814
TOTAL CASH DISBURSEMENTS	830,192	1,116,642	1,946,834	3,232,204
EXCESS OF CASH RECEIPTS OVER (UNDER) CASH DISBURSEMENTS	(1,372)	240,234	238,862	(40,172)
Cash Balances - Beginning of Year	101,662	546,548	648,210	688,382
Cash Balances - End of Year	\$ 100,290	\$ 786,782	\$ 887,072	\$ 648,210

See Independent Auditor's Report

TOWN OF WALNUT
NOTES TO THE FINANCIAL STATEMENT
YEAR ENDED SEPTEMBER 30, 2015

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Information

The Town operates under the Mayor - Board of Aldermen form of government and provides services as authorized by law.

Reporting Entity

The financial statement of the Town consists of all the funds of the Town.

Fund Accounting

The accounts of the Town are organized on the basis of funds, each of which is considered a separate accounting entity.

Basis of Accounting

The financial statement is prepared on a cash receipts and disbursements basis, as prescribed by the Office of the State Auditor. Consequently, certain revenues are recognized when received, and certain expenses are recognized when paid rather than when the obligation is incurred.

NOTE B. REPORT CLASSIFICATIONS

Receipts and disbursements were classified according to requirements for small towns in the State of Mississippi as prescribed by the Office of the State Auditor.

TOWN OF WALNUT
SCHEDULE OF LONG-TERM DEBT
 YEAR ENDED SEPTEMBER 30, 2015

		Balance	Transactions		Balance
		Outstanding	During Fiscal Year		Outstanding
		Oct. 1, 2014	Issued	Redeemed	Sept. 30, 2015
Definition	Purpose				
GMAC	Water System	\$ 27,501	\$	\$ 8,530	\$ 18,971
Rural Development	Water System	203,891		4,581	199,310
MS Dept of Environmental Quality	Water System	100,244		5,444	94,800
MS Dept of Environmental Quality	Water System	108,015		5,151	102,864
Rural Development	Gas System	319,546		14,905	304,641
Total		<u>\$ 759,197</u>	<u>\$</u>	<u>\$ 38,611</u>	<u>\$ 720,586</u>

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TOWN OF WALNUT
SCHEDULE OF SURETY BONDS FOR TOWN OFFICIALS
SEPTEMBER 30, 2015

<u>Name</u>	<u>Position</u>	<u>Surety</u>	<u>Amount</u>
Vickie Skinner	Mayor	Western Surety Company	\$ 50,000
Dana Crowell	Town Clerk	Western Surety Company	250,000
Dana Crowell	Court Clerk	Western Surety Company	25,000
Amy Butler	Deputy Clerk	Western Surety Company	25,000
Tommy Garrett	Police Chief	Western Surety Company	50,000
Tim James	Part-Time Policeman	Western Surety Company	25,000
Tim Wilbanks	Part-Time Policeman	Western Surety Company	25,000
Ted Dollar	Part-Time Policeman	Western Surety Company	25,000
Greglon C. James	Alderman	Western Surety Company	25,000
Kevin Winter	Alderman	Western Surety Company	25,000
William D. Nabors	Alderman	Western Surety Company	25,000
Scott Pulliam	Alderman	Western Surety Company	25,000
Michael S. Wyse	Alderman	Western Surety Company	25,000

See Independent Auditor's Report

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

To the Mayor and Board of Aldermen
Town of Walnut
Walnut, Mississippi 38683

We have audited the statement of cash receipts and disbursements - (all funds) cash basis of the Town of Walnut as of and for the year ended September 30, 2015 and have issued our report dated March 2, 2016. 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. 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 those procedures and our audit of the general purpose financial statements disclosed no material instances of noncompliance with state laws and regulations.

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


Lindsey, Davis and Associates
Certified Public Accountants

Ripley, Mississippi
March 2, 2016

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TOWN OF WALNUT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED SEPTEMBER 30, 2015

<u>Federal Grantor/ Pass-through Grantor/ Program or Cluster Title</u>	<u>Catalog of Fed. Domestic Assistance Number</u>	<u>Pass-through Grantor's Number</u>	<u>Federal Expenditures</u>
<u>Department of Homeland Security</u>			
Disaster Grants - Public Assistance	97.036	FEMA-1916-DR-MS	\$ 124,040
Homeland Security Grant Program	97.067	DHS-15-GPD-067-000-01	10,439
<u>Department of Housing and Urban Development</u>			
Home Investment Partnerships Program	14.239	1225-M13-SG-280-452	180,216
<u>Appalachian Regional Commission</u>			
Appalachian Area Development	23.002	ARC # MS-17795-R1	183,147
<u>Department of Justice</u>			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2013-MU-BX-0062	<u>5,000</u>
Total Federal Financial Assistance			<u>\$ 502,842</u>

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TOWN OF WALNUT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

A. Summary of Significant Accounting Policies

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Town of Walnut and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

LINDSEY, DAVIS AND ASSOCIATES

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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 FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Mayor and Board of Aldermen
Town of Walnut
Walnut, MS 38683

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 financial statements of the governmental activities and the business-type activities of the Town of Walnut, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Town of Walnut Water and Gas System's basic financial statements, and have issued our report thereon dated March 2, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Walnut'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 statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Walnut's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Walnut'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.

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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'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*.

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.


Lindsey, Davis and Associates
Certified Public Accountants

Ripley, Mississippi
March 2, 2016

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Mayor and Board of Aldermen
Town of Walnut
Walnut, MS 38683

Report on Compliance for Each Major Federal Program

We have audited the Town of Walnut's compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of the Town of Walnut's major federal programs for the year ended September 30, 2015. The Town of Walnut's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Walnut's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Walnut's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town of Walnut's compliance.

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Opinion on Each Major Federal Program

In our opinion, the Town of Walnut complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2015.

Report on Internal Control Over Compliance

Management of the Town of Walnut is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Walnut's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Walnut's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.


Lindsey, Davis and Associates
Certified Public Accountants

Ripley, Mississippi
March 2, 2016

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TOWN OF WALNUT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2015

SCHEDULE A - SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Reportable condition(s) identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards:

Internal control over major programs:	
Material weakness(es) identified?	No
Reportable condition(s) identified that are not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	No

Major Programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
97.036	Disaster Grants - Public Assistance
23.002	Appalachian Area Development

Dollar threshold used to distinguish between Type A and Type B programs:	\$ 300,000
Auditee qualified as low-risk auditee?	Yes

SCHEDULE B - FINANCIAL STATEMENT FINDINGS

No matters were reported

SCHEDULE C - FINDINGS AND QUESTIONED COSTS

No matters were reported