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FINANCIAL STATEMENT

TOWN OF WALNUT

WALNUT, MISSISSIPPI

SEPTEMBER 30, 2017

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JUL 26 2018

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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, 2017.

### **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.

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## **Basis of Accounting**

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

## **Opinion**

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, 2017, 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 8, 9 and 10 is presented for the purpose 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 Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 3, 2018, 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 & Associates*

Lindsey, Davis and Associates  
Certified Public Accountants

Ripley, Mississippi  
March 3, 2018

**TOWN OF WALNUT**  
**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (ALL FUNDS) - CASH BASIS**  
**YEAR ENDED SEPTEMBER 30, 2017**

	GOVERNMENTAL FUND TYPE	PROPRIETARY FUND TYPE	TOTALS (MEMORANDUM ONLY)	
	GENERAL	ENTERPRISE	2017	2016
<b>CASH OPERATING RECEIPTS</b>				
Privilege License	\$ 5,892		\$ 5,892	\$ 9,211
General Property Taxes	53,604		53,604	52,109
Prior Year Taxes	94		94	204
Penalties and Interest on Delinquent Taxes	436		436	313
Intergovernmental Receipts				
State Shared Receipts:				
Sales Tax	230,895		230,895	259,576
Gasoline Tax	2,361		2,361	2,361
Fire Protection	4,317		4,317	4,945
Homestead Exemption	2,906		2,906	2,989
TVA in Lieu of Taxes	12,144		12,144	6,652
General Municipal Aid	384		384	384
County Shared Receipts:				
Road Tax	15,523		15,523	24,197
Fire Protection	16,000		16,000	16,000
Charges for Services:				
Gas & Water Utilities		847,005	847,005	843,692
Garbage Collection Fees	19,221		19,221	24,755
Fines	15,182		15,182	26,683
Park - Fees	40,248		40,248	40,015
Gross Receipts Tax	12,224		12,224	28,181
Miscellaneous	3,947		3,947	108,409
<b>TOTAL OPERATING RECEIPTS</b>	<b>435,378</b>	<b>847,005</b>	<b>1,282,383</b>	<b>1,450,676</b>
<b>OTHER CASH RECEIPTS</b>				
Interest	1,084	3,912	4,996	4,676
Transfer		20,574	20,574	15,430
Loan Proceeds	247,500		247,500	
Grant Proceeds	187,148		187,148	313,143
<b>TOTAL OTHER RECEIPTS</b>	<b>435,732</b>	<b>24,486</b>	<b>460,218</b>	<b>333,249</b>
<b>TOTAL CASH RECEIPTS</b>	<b>871,110</b>	<b>871,491</b>	<b>1,742,601</b>	<b>1,783,925</b>

See Independent Auditor's Report

**TOWN OF WALNUT**  
**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (ALL FUNDS) - CASH BASIS**  
**YEAR ENDED SEPTEMBER 30, 2016**

	GOVERNMENTAL FUND TYPE	PROPRIETARY FUND TYPE	TOTALS (MEMORANDUM ONLY)	
	GENERAL	ENTERPRISE	2017	2016
<b>CASH OPERATING DISBURSEMENTS</b>				
General Government	111,347		111,347	94,976
Public Safety:				
Police	148,686		148,686	161,943
Fire	24,701		24,701	25,910
Highways and Streets:				
Repairs & Maintenance	23,329		23,329	24,723
Enterprise:				
Gas & Water Utilities		635,674	635,674	777,617
Sanitation	20,435		20,435	20,077
Park & Recreation	63,115		63,115	57,704
<b>TOTAL OPERATING DISBURSEMENTS</b>	<b>391,613</b>	<b>635,674</b>	<b>1,027,287</b>	<b>1,162,950</b>
<b>OTHER CASH DISBURSEMENTS</b>				
Interest		25,429	25,429	28,122
Transfer	20,574		20,574	15,430
Principal Payments		43,608	43,608	40,292
Capital Expenditures	8,507	90,604	99,111	68,657
Capital Expenditures - Grants	494,049		494,049	278,178
<b>TOTAL OTHER DISBURSEMENTS</b>	<b>523,130</b>	<b>159,641</b>	<b>682,771</b>	<b>430,679</b>
<b>TOTAL CASH DISBURSEMENTS</b>	<b>914,743</b>	<b>795,315</b>	<b>1,710,058</b>	<b>1,593,629</b>
<b>EXCESS OF CASH RECEIPTS OVER (UNDER) CASH DISBURSEMENTS</b>	<b>(43,633)</b>	<b>76,176</b>	<b>32,543</b>	<b>190,296</b>
Cash Balances - Beginning of Year	300,944	779,784	1,080,728	890,432
Cash Balances - End of Year	<u>\$ 257,311</u>	<u>\$ 855,960</u>	<u>\$ 1,113,271</u>	<u>\$ 1,080,728</u>

See Independent Auditor's Report

TOWN OF WALNUT  
NOTES TO THE FINANCIAL STATEMENT  
YEAR ENDED SEPTEMBER 30, 2017

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, 2017

	Definition and Purpose	Balance Outstanding Oct. 1, 2016	Transactions During Fiscal Year		Balance Outstanding Sept. 30, 2017
			Issued	Redeemed	
GMAC	Water System	\$ 9,995	\$	\$ 9,995	\$
Rural Development	Water System	195,800		6,106	189,694
MS Dept of Environmental Quality	Water System	89,259		5,639	83,620
MS Dept of Environmental Quality	Water System	97,622		5,334	92,288
Rural Development	Gas System	287,618		16,535	271,083
Northeast Mississippi Planning and Development District	General Fund		247,500		247,500
Total		<u>\$ 680,294</u>	<u>\$ 247,500</u>	<u>\$ 43,609</u>	<u>\$ 884,185</u>

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TOWN OF WALNUT  
SCHEDULE OF SURETY BONDS FOR TOWN OFFICIALS  
SEPTEMBER 30, 2017

<u>Name</u>	<u>Position</u>	<u>Surety</u>	<u>Amount</u>
Vickie Skinner	Mayor	Western Surety Company	\$ 50,000
Dana Hopkins	Town Clerk	Western Surety Company	250,000
Dana Hopkins	Court Clerk	Western Surety Company	25,000
Meghan Burchfield	Deputy Clerk	Western Surety Company	25,000
Wanda Pannell	Collector	Western Surety Company	25,000
Laura Hines	Police Chief	Western Surety Company	50,000
Adam Zellener	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
Tommy Garrett	Part-Time Policeman	Western Surety Company	25,000
Kevin Pannell	Part-Time Policeman	Western Surety Company	25,000
Johnny Cole	Part-Time Policeman	Western Surety Company	25,000
Michael Anglin	Part-Time Policeman	Western Surety Company	25,000
Chad Bateman	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
Larry Dollar	Alderman	Western Surety Company	25,000

See Independent Auditor's Report

TOWN OF WALNUT  
SCHEDULE OF INVESTMENTS (ALL FUNDS) - CASH BASIS  
YEAR ENDED SEPTEMBER 30, 2017

The Town of Walnut owned no securities held for investment at September 30, 2017.

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SHONDA DAVIS

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, 2017 and have issued our report dated March 3, 2018. 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 & Associates*

Lindsey, Davis and Associates  
Certified Public Accountants

Ripley, Mississippi  
March 3, 2018

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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, 2017, and the related notes to the financial statements, which collectively comprise the Town of Walnut basic financial statements, and have issued our report thereon dated March 3, 2018.

### 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 & Associates*

Lindsey, Davis and Associates  
Certified Public Accountants

Ripley, Mississippi  
March 3, 2018

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