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**Town of Walls, Mississippi**  
Audited Financial Statements  
For the Year Ended September 30, 2019

**Fortenberry & Ballard, P.C.**  
Certified Public Accountants

# Town of Walls, Mississippi

## Table of Contents

### FINANCIAL SECTION

	<u>Page #</u>
Independent Auditor's Report .....	4

### FINANCIAL STATEMENT

Statement of Cash Receipts and Disbursements .....	7
Notes to the Financial Statements .....	9

### OTHER INFORMATION

Schedule of Capital Assets .....	13
Schedule of Changes of Long-term Debt .....	14
Schedule of Surety Bonds for Municipal Officials .....	15

### REPORTS ON INTERNAL CONTROL AND COMPLIANCE

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 <i>Government Auditing Standards</i> .....	17
Independent Auditor's Report on Compliance with State Laws and Regulations .....	20

### SCHEDULE OF FINDINGS AND RESPONSES

Schedule of Findings and Responses .....	22
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## FINANCIAL AUDIT REPORT

FORTENBERRY & BALLARD, PC  
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Mayor and Board of Aldermen  
Town of Walls, Mississippi

**Report on the Financial Statements**

We have audited the accompanying statement of cash receipts and disbursements of the governmental activities and business-type activities of the Town of Walls, Mississippi, (the Town) as of and for the year ended September 30, 2019, and the related notes to the financial statement, which collectively comprise the basic financial statement as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express opinions on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental 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 statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

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

## **Opinions**

In our opinion, the financial statement referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities and the business-type activities of the Town of Walls, Mississippi, as of September 30, 2019, and the respective changes in cash basis financial position thereof for the year then ended, in accordance with the basis of accounting described in Note 1.

## **Basis of Accounting**

We draw attention to Note 1 of the financial statement, which describes the basis of accounting. The financial statement is prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

## **Other Matters**

### *Other Information*

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

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 11, 2021 on our consideration of Town of Walls, 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 Town of Walls, Mississippi 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 Walls, Mississippi's internal control over financial reporting and compliance.

*Fortenberry & Ballard, PC*

Fortenberry & Ballard, PC  
May 11, 2021

Certified Public Accountants

## FINANCIAL STATEMENT



**TOWN OF WALLS, MISSISSIPPI**  
Statement of Cash Receipts and Disbursements  
For the Year Ended September 30, 2019

	Governmental Activities	Business-type Activities	
	General Fund	Utility Fund	Total
<b>RECEIPTS</b>			
Taxes			
General property taxes	\$ 405,938	\$	\$ 405,938
Licenses and permits	7,128		7,128
Intergovernmental revenues:			
General municipal aid	579		579
State shared revenues:			
Sales tax	97,118		97,118
Gasoline tax	3,445		3,445
Grand Gulf in lieu	8,159		8,159
Rail car tax	2,052		2,052
Homestead Reimbursement	317		317
State Fire Rebate and Fire Protection	6,858		6,858
Police Training Reimbursement	3,941		3,941
Charges for services			
Sewer Receipts		421,689	421,689
Fines and forfeitures	169,305		169,305
Franchise Tax - Utilities	61,470		61,470
Interest Income	12,338		12,338
Insurance Proceeds Received	14,157		14,157
Donations Received	2,100		2,100
Proceeds of Long-term Debt	50,956		50,956
Miscellaneous Revenue	4,445		4,445
Total Receipts	<u>850,306</u>	<u>421,689</u>	<u>1,271,995</u>
<b>DISBURSEMENTS</b>			
General Government	333,522		333,522
Public Safety			
Police	390,230		390,230
Fire	150,996		150,996
Culture and Recreation			
Parks	1,081		1,081
Enterprise			
Sewer		353,465	353,465
Debt Service Payments	26,882		26,882
Total Disbursements	<u>902,711</u>	<u>353,465</u>	<u>1,256,176</u>
Excess (Deficiency) of Receipts Over (Under) Disbursements	<u>(52,405)</u>	<u>68,224</u>	<u>15,819</u>
Cash Basis Fund Balance - Beginning	<u>160,855</u>	<u>693,470</u>	<u>854,325</u>
Cash Basis Fund Balance - Ending	\$ <u>108,450</u>	\$ <u>761,694</u>	\$ <u>870,144</u>

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

Town of Walls, Mississippi

**Notes to the Financial Statement**  
For the Year Ended September 30, 2019

## **Town of Walls, Mississippi**

Notes to the Financial Statement  
For the Year Ended September 30, 2019

### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **INTRODUCTION**

The Town of Walls, Mississippi (the Town operates under a Mayor-Board of Aldermen form of government and provides services as authorized by law such as public safety (police and fire protection), sanitation, public improvements, and general administrative services. The Town's population as of the 2020 census was 1,639. The accounting policies of the Town of Walls, Mississippi conform to the laws of Mississippi for a municipality with a population of less than 3,000. The following is a summary of the more significant accounting policies.

#### **A. FINANCIAL REPORTING ENTITY**

This financial statement presents all the funds of the Town. There are no outside organizations that should be included as component units of the Town's reporting entity.

#### **B. BASIS OF PRESENTATION**

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.

##### **Financial Statements**

The Town segregated transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate columns are presented for governmental and proprietary activities.

Governmental activities are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The Town has presented the following funds:

**General Fund** - is the general operating fund of the Town. General tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenses, fixed charges, and capital improvement costs not paid through other funds are paid from this fund.

**Enterprise Funds** - is used to account for the provision of sewer services to the residents of the Town. Activities of the fund include administration, operations and maintenance of the sewer system. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the fund. This fund is also used to account for financial resources to be used for the acquisition or construction of major capital facilities. Such resources are derived principally from proceeds of general obligation bond issues and federal grants.

## **Town of Walls, Mississippi**

Notes to the Financial Statement  
For the Year Ended September 30, 2019

### **C. MEASUREMENT FOCUS / BASIS OF ACCOUNTING**

Measurement focus refers to what is being measure; basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made regardless of the measurement focus applied. The financial statement is prepared on the cash basis, as prescribed by the Mississippi Office of the State Auditor. Consequently, certain receipts are recognized when received rather than earned, and certain disbursements are recognized when paid rather than when the obligation is incurred. This is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (OCBOA). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

### **D. BUDGETS AND BUDGETARY INFORMATION**

The Town follows these procedures in establishing its budgetary data:

The Town Charter establishes the fiscal year as the twelve-month period beginning October 1. The departments submit to the City Clerk a budget of estimated expenditures for the ensuing fiscal year after which the City Clerk submits a budget of estimated expenditures and revenues to the Mayor and Board of Aldermen by August 1.

Upon receipt of the budget estimates, the Board of Aldermen holds a public hearing on the proposed budget. Information about the budget ordinance is then published in the official newspaper of the Town.

At the September board meeting, the budget is legally enacted through passage of ordinance. The City Clerk is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Aldermen.

The actual receipts and disbursements are accumulated each month and compared to the budgeted amounts and reviewed by the Mayor and Board of Aldermen. Any revisions on the budget during the year are approved by the Board of Aldermen.

## **2. RISK MANAGEMENT**

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town carries commercial insurance for these risks. Settled claims resulting from these insured risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

## **Town of Walls, Mississippi**

Notes to the Financial Statement  
For the Year Ended September 30, 2019

### **3. SUBSEQUENT EVENT**

Events that occur after the date but before the financial statement is available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed are recognized in the accompanying financial statement. Subsequent events which provide evidence about conditions that existed after the financial statement date require disclosure in the accompanying notes. Management of the Town of Walls, Mississippi evaluated the activity of the Town through the date the financial statement was available to be issued, and determined that the following subsequent event has occurred requiring disclosure in the notes to the financial statement:

On January 8, 2020, the Town of Walls approved a tax anticipation note for the amount of \$50,000 at an interest rate of 4.50% payable at March 12, 2020.

## OTHER INFORMATION

**Town of Walls, Mississippi**  
Schedule of Capital Assets  
For the Year Ended September 30, 2019  
UNAUDITED

**Schedule 1**

**Governmental activities:**

	Balance Oct. 1, 2018	Additions	Deletions	Adjustments	Balance Sept. 30, 2019
Land	\$ 20,000				20,000
Mobile equipment				62,550	62,550
Furniture and equipment	49,461				49,461
Leased property under capital leases	131,847	50,956	69,297	(62,550)	50,956
Total governmental activities capital assets	\$ 201,308	50,956	69,297	0	182,967

Adjustments for payoff of lease purchase and moved to appropriate classification.  
Two vehicles were wrecked and removed from inventory.

**Business-type activities:**

	Balance Oct. 1, 2018	Additions	Deletions	Adjustments	Balance Sept. 30, 2019
Infrastructure	\$ 85,000				85,000
Total business-type activities capital assets	\$ 85,000	0	0	0	85,000

**Town of Walls, Mississippi**  
Schedule of Changes in Long-term Debt  
For the Year Ended September 30, 2019  
UNAUDITED

**Schedule 2**

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2019:

Description and Purpose	Issue Date	Maturity Date	Interest Rate	Balance	Issued	Principal Payments	Balance
				Oct. 1, 2018			Sept. 30, 2019
First Security Bank - Loan for Police Vehicles	2/18/2014	2/18/2019	3.20%	\$ 10,980		10,980	-
First Security Bank - Loan for Town Car	2/18/2014	2/18/2019	3.20%	3,014		3,014	-
First Security Bank - Loan for Police Vehicles	10/26/2018	10/26/2022	4.20%	-	50,956	10,923	40,033
Total				\$ 13,994	50,956	24,917	\$ 40,033



**Town of Walls, Mississippi****Schedule 3**

## Schedule of Surety Bonds for Municipal Officials

For the Year Ended September 30, 2019

UNAUDITED

Name	Position	Company	Amount
Patricia Denison	Mayor	MS Municipal Bond Program	\$ 50,000
Jimmy Doyle	Alderman	MS Municipal Bond Program	\$ 50,000
Beverly Work	Alderman	MS Municipal Bond Program	\$ 50,000
Jennifer Henson	Alderman	MS Municipal Bond Program	\$ 50,000
Calvin Farmer	Alderman	MS Municipal Bond Program	\$ 50,000
Leslie Burl McLemore	Alderman	MS Municipal Bond Program	\$ 50,000
Herb Brewer	Chief of Police	Travelers	\$ 50,000
Billy Uselton	Chief of Police	Travelers	\$ 50,000
Kathy Gordon	City Clerk	Old Republic Surety Company	\$ 50,000
Ashley Paige	Court Clerk	Travelers	\$ 50,000
Billy Uselton	Court Clerk	Travelers	\$ 50,000
Individual Police Officer(s)	Police Officer	Travelers	\$ 25,000

## SPECIAL REPORTS

FORTENBERRY & BALLARD, PC  
CERTIFIED PUBLIC ACCOUNTANTS

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

Mayor and Board of Aldermen  
Town of Walls, 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 statement of cash receipts and disbursements of the governmental activities and business-type activities of the Town of Walls, Mississippi, (the Town), as of and for the year ended September 30, 2019, and the related notes to the financial statement and have issued our report thereon dated May 11, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statement, we considered the Town of Walls, Mississippi's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Town of Walls, Mississippi'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.

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## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Walls, Mississippi's financial statement is 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 result 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. However, this report is a matter of public record and its distribution is not limited.

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC  
May 11, 2021

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT  
ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

FORTENBERRY & BALLARD, PC  
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT  
ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

Mayor and Board of Aldermen  
Town of Walls, Mississippi

We have audited the statement of cash receipts and disbursements of the Town of Walls, Mississippi (the Town) as of and for the year ended September 30, 2019 and have issued our report dated May 11, 2021. 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 of America.

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 procedures performed to test compliance with certain other state laws and regulations and our audit of the financial statements did not disclose any instances of noncompliance with other state laws or regulations.

This report is intended solely for the information and use 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.

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC  
May 11, 2021

Certified Public Accountants

## SCHEDULE OF FINDINGS AND RESPONSES

**Town of Walls, Mississippi**  
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:                      | Unmodified.    |
| 2. | Internal control over financial reporting:            |                |
|    | a. Material weakness(es) identified?                  | No.            |
|    | b. Significant deficiency(ies) identified?            | None reported. |
| 3. | Noncompliance material to financial statements noted? | No.            |

Section 2: Financial Statements Findings

The results of our tests did not disclose any findings related to the financial statement that are required to be reported by *Government Auditing Standards*.