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FINANCIAL STATEMENT

TOWN OF WALNUT

WALNUT, MISSISSIPPI

SEPTEMBER 30, 2020

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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 cash basis statement of cash receipts and disbursements of the governmental activities and business-type activities of the Town of Walnut, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's 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 the cash basis of accounting described in Note A; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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 opinion.

### **Opinion**

In our opinion, the financial statement referred to above presents fairly, in all material respects, the respective cash receipts and disbursements of the governmental and business-type activities of the Town of Walnut for the year ended September 30, 2020, on the basis of accounting described in Note A.

### **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.

### **Other Matters**

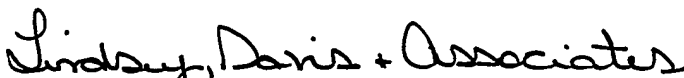
#### *Required Supplementary Information*

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 statement 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 July 30, 2021, 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  
July 30, 2021

TOWN OF WALNUT  
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (ALL FUNDS) - CASH BASIS  
YEAR ENDED SEPTEMBER 30, 2020

	GOVERNMENTAL FUND TYPE	PROPRIETARY FUND TYPE	TOTALS (MEMORANDUM ONLY)	
	GENERAL	ENTERPRISE	2020	2019
CASH OPERATING RECEIPTS				
Privilege License	\$ 7,399	\$	\$ 7,399	\$ 5,775
General Property Taxes	66,004		66,004	65,952
Prior Year Taxes	65		65	243
Penalties and Interest on Delinquent Taxes	299		299	810
Intergovernmental Receipts				
State Shared Receipts:				
Sales Tax	275,728		275,728	256,344
Gasoline Tax	2,361		2,361	2,361
Fire Protection	4,651		4,651	4,551
Homestead Exemption	3,284		3,284	3,153
TVA in Lieu of Taxes	15,301		15,301	11,181
General Municipal Aid	384		384	384
County Shared Receipts:				
Road Tax	22,439		22,439	20,395
Fire Protection	14,800		14,800	16,000
Charges for Services:				
Gas & Water Utilities		1,012,663	1,012,663	1,227,576
Garbage Collection Fees	5,271		5,271	21,045
Fines	36,717		36,717	22,040
Park - Fees	11,767		11,767	54,420
Gross Receipts Tax	39,087		39,087	35,606
Wellness Center Memberships	28,678		28,678	46,935
Miscellaneous	110,259	15,042	125,301	81,176
TOTAL OPERATING RECEIPTS	644,494	1,027,705	1,672,199	1,875,947
OTHER CASH RECEIPTS				
Interest	1,131	5,294	6,425	6,801
Transfer	26,000		26,000	107,809
Grant Proceeds	128,712	28,400	157,112	100,000
TOTAL OTHER RECEIPTS	155,843	33,694	189,537	214,610
TOTAL CASH RECEIPTS	800,337	1,061,399	1,861,736	2,090,557

See Independent Auditor's Report

TOWN OF WALNUT  
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (ALL FUNDS) - CASH BASIS  
YEAR ENDED SEPTEMBER 30, 2020

	GOVERNMENTAL FUND TYPE	PROPRIETARY FUND TYPE	TOTALS (MEMORANDUM ONLY)	
	GENERAL	ENTERPRISE	2020	2019
CASH OPERATING DISBURSEMENTS				
General Government	154,117		154,117	186,942
Public Safety:				
Police	291,657		291,657	151,121
Fire	20,282		20,282	25,971
Highways and Streets:				
Repairs & Maintenance	27,238		27,238	19,403
Enterprise:				
Gas & Water Utilities		848,640	848,640	770,135
Sanitation	1,673		1,673	20,956
Park & Recreation	76,021		76,021	71,211
TOTAL OPERATING DISBURSEMENTS	570,988	848,640	1,419,628	1,245,739
OTHER CASH DISBURSEMENTS				
Interest	5,487	22,059	27,546	28,843
Transfer		26,000	26,000	107,809
Principal Payments	34,686	36,442	71,128	68,286
Capital Expenditures	258,323	205,450	463,773	420,235
Grant Expenditures	128,712	28,400	157,112	100,000
TOTAL OTHER DISBURSEMENTS	427,208	318,351	745,559	725,173
TOTAL CASH DISBURSEMENTS	998,196	1,166,991	2,165,187	1,970,912
EXCESS OF CASH RECEIPTS OVER (UNDER) CASH DISBURSEMENTS	(197,859)	(105,592)	(303,451)	119,645
Cash Balances - Beginning of Year	295,127	1,127,358	1,422,485	1,302,840
Cash Balances - End of Year	\$ 97,268	\$ 1,021,766	\$ 1,119,034	\$ 1,422,485

See Independent Auditor's Report



TOWN OF WALNUT  
NOTES TO THE FINANCIAL STATEMENT  
YEAR ENDED SEPTEMBER 30, 2020

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, 2020

	<u>Definition and Purpose</u>	<u>Balance Outstanding Oct. 1, 2019</u>	<u>Transactions During Fiscal Year</u>		<u>Balance Outstanding Sept. 30, 2020</u>
			<u>Issued</u>	<u>Redeemed</u>	
Rural Development	Water System	\$ 178,973	\$	\$ 5,753	\$ 173,220
MS Dept of Environmental Quality	Water System	72,043		5,942	66,101
MS Dept of Environmental Quality	Water System	81,336		5,621	75,715
Rural Development	Gas System	237,003		19,126	217,877
Northeast Mississippi Planning and Development District	General Fund	<u>180,361</u>		<u>34,686</u>	<u>145,675</u>
Total		<u>\$ 749,716</u>	<u>\$</u>	<u>\$ 71,128</u>	<u>\$ 678,588</u>

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TOWN OF WALNUT  
SCHEDULE OF SURETY BONDS FOR TOWN OFFICIALS  
 SEPTEMBER 30, 2020

<u>Name</u>	<u>Position</u>	<u>Surety</u>	<u>Amount</u>
Vicki 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 Court Clerk	Western Surety Company	25,000
Meghan Burchfield	Deputy Clerk	Western Surety Company	25,000
Mary Beth Parker	Deputy Clerk	Western Surety Company	25,000
Michael Anglin	Police Chief	Western Surety Company	50,000
John Anderson	Policeman	Western Surety Company	25,000
Donald E. Austin	Policeman	Western Surety Company	25,000
Michael B. Brooks	Policeman	Western Surety Company	25,000
Kevin Jeffcoat	Policeman	Western Surety Company	25,000
Kelley A. Zellner	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, 2020

The Town of Walnut owned no securities held for investment at September 30, 2020.

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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, 2020 and have issued our report dated July 30, 2021. 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 statement 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  
July 30, 2021

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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 cash basis statement of cash receipts and disbursements of the governmental activities and the business-type activities of the Town of Walnut, as of and for the year ended September 30, 2020, and the related notes to the financial statement, which collectively comprise the Town of Walnut's basic financial statement, and have issued our report thereon dated July 30, 2021.

## **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statement, we considered the Town of Walnut's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, 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.

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 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 financial statement. 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  
July 30, 2021