

OFFICE OF THE STATE AUDITOR REPORT NOTE:

Section 7-7-211, Mississippi Code Annotated (1972) gives the Office of the State Auditor the authority to audit, with the exception of municipalities, any governmental entity in the state. In the case of municipalities, *Section 21-35-31, Mississippi Code Annotated (1972)* requires municipalities to obtain an annual audit performed by a private CPA firm and submit that audit report to the Office of the State Auditor. The Office of the State Auditor files these audit reports for review in case questions arise related to the municipality.

As a result, the following document was not prepared by the Office of the State Auditor. Instead, it was prepared by a private CPA firm and submitted to the Office of the State Auditor. The document was placed on this web page as it was submitted and no review of the report was performed by the Office of the State Auditor prior to finalization of the report. The Office of the State Auditor assumes no responsibility for its content or for any errors located in the document. Any questions of accuracy or authenticity concerning this document should be submitted to the CPA firm that prepared the document. The name and address of the CPA firm appears in the document.

Town of Walls, Mississippi
Audited Financial Statements
For the Year Ended September 30, 2021

Fortenberry & Ballard, P.C.
Certified Public Accountants

Town of Walls, Mississippi

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FINANCIAL AUDIT REPORT

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Honorable 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, 2021, and the related notes to the financial statements, 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 these financial statements 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.

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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, 2021, 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 that the Town of Walls, Mississippi, prepares its financial statement 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 Schedule of Surety Bonds for Town Officials are presented for the purpose of additional analysis and are not a required part of the basic financial statement. Such information has not been subject 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 December 6, 2023, 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 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
December 6, 2023

Certified Public Accountants

FINANCIAL STATEMENTS

TOWN OF WALLS, MISSISSIPPI
Statement of Cash Receipts and Disbursements
For the Year Ended September 30, 2021

	Governmental Activities	Business-type Activities	
	General Fund	Utility Fund	Total
RECEIPTS			
Taxes			
General property taxes	\$ 534,924	\$	534,924
Licenses and permits	32,019		32,019
Intergovernmental revenues:			
American Rescue Plan Act	174,550		174,550
Coronavirus Relief Act	27,216		27,216
General municipal aid	579		579
State shared revenues:			
Sales tax	142,883		142,883
Internet modernization tax	45,282		45,282
Gasoline tax	3,559		3,559
Grand Gulf in lieu	8,288		8,288
Rail car tax			-
Homestead Reimbursement	342		342
Other Shared Revenues	4,516		4,516
Charges for services			
Sewer Receipts		509,911	509,911
Fines and forfeitures	173,416		173,416
Franchise Tax - Utilities	59,885		59,885
Interest Income	9,447		9,447
Insurance Proceeds Received	22,963		22,963
Donations Received	775		775
Total Receipts	<u>1,240,644</u>	<u>509,911</u>	<u>1,750,555</u>
DISBURSEMENTS			
General Government	329,288		329,288
Public Safety			
Police	271,961		271,961
Fire	155,786		155,786
Culture and Recreation			
Parks	300		300
Enterprise			
Sewer		404,808	404,808
Debt Service Payments	28,026		28,026
Total Disbursements	<u>785,361</u>	<u>404,808</u>	<u>1,190,169</u>
Excess (Deficiency) of Receipts Over (Under) Disbursements	<u>455,283</u>	<u>105,103</u>	<u>560,386</u>
Cash Basis Fund Balance - Beginning	266,960	756,560	1,023,520
Prior Period Adjustment	<u>(28,644)</u>	<u>(36,762)</u>	<u>(65,406)</u>
Cash Basis Fund Balance - Beginning - Restated	238,316	719,798	958,114
Cash Basis Fund Balance - Ending	\$ <u>693,599</u>	\$ <u>824,901</u>	\$ <u>1,518,500</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, 2021

Town of Walls, Mississippi

Notes to the Financial Statement
For the Year Ended September 30, 2021

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 1,351. 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

The financial statement of the Town consists of 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.

Fund 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 funds 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 expenditures, fixed charges and capital improvement costs not paid through other funds are paid from this fund.
- Enterprise Fund – is used to account for the provision of sewer services to the residents of the Town. Activities of this 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 the integrity of the fund. This fund is also used to account for financial resources to be used for the acquisition and/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, 2021

C. MEASUREMENT FOCUS / BASIS OF ACCOUNTING

Measurement focus refers to what is being measured; 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 with 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 four years.

Town of Walls, Mississippi

Notes to the Financial Statement
For the Year Ended September 30, 2021

3. PRIOR PERIOD ADJUSTMENT

The prior period adjustment in the General Fund and the Utility Fund were made to balance cash to reconciled bank statements.

4. 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 of the financial statement was available to be issued, and noted a subsequent event as follows:

- On July 27, 2022, the Town received the second and final installment of American Rescue Plan Act (ARPA) funding totaling \$174,550.07.

OTHER INFORMATION

Town of Walls, Mississippi
Schedule of Capital Assets
For the Year Ended September 30, 2021
UNAUDITED

Schedule 1

Governmental activities:

	Balance Oct. 1, 2020	Additions	Deletions	Balance Sept. 30, 2021
Land	\$ 20,000			20,000
Mobile equipment	62,550		25,478	37,072
Furniture and equipment	49,461			49,461
Leased property under capital leases	50,956			50,956
Total governmental activities capital assets	<u>\$ 182,967</u>	<u>0</u>	<u>25,478</u>	<u>157,489</u>

Business-type activities:

	Balance Oct. 1, 2020	Additions	Deletions	Balance Sept. 30, 2021
Infrastructure	\$ 85,000			85,000
Total business-type activities capital assets	<u>\$ 85,000</u>	<u>0</u>	<u>0</u>	<u>85,000</u>

Town of Walls, Mississippi
Schedule of Changes in Long-term Debt
For the Year Ended September 30, 2021
UNAUDITED

Schedule 2

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2021:

Description and Purpose	Issue Date	Maturity Date	Interest Rate	Balance	Principal	Balance
				Oct. 1, 2020	Payments	Sept. 30, 2021
First Security Bank - Loan for Police Vehicles	10/26/2018	10/26/2022	4.20%	\$ 27,622	27,622	\$ -
Total				\$ 27,622	27,622	\$ -

Town of Walls, Mississippi**Schedule 3**

Schedule of Surety Bonds for Municipal Officials

For the Year Ended September 30, 2021

UNAUDITED

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Amount</u>
Keidron Henderson	Mayor	MS Municipal Bond Program	\$ 50,000
Jimmy Doyle	Alderman	MS Municipal Bond Program	\$ 50,000
Bruno Lauer	Alderman	MS Municipal Bond Program	\$ 50,000
Beverly Work	Alderman	MS Municipal Bond Program	\$ 50,000
Regina Barnes-Young	Alderman	MS Municipal Bond Program	\$ 50,000
Jennifer Henson	Alderman	MS Municipal Bond Program	\$ 50,000
Keith White	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
Danny Bridges	Chief of Police	Travelers	\$ 50,000
Kathy Gordon	City Clerk	Old Republic Surety Company	\$ 50,000
Ashley Paige	Court Clerk	Travelers	\$ 50,000
Individual Police Officer(s)	Police Officer	Travelers	\$ 25,000

SPECIAL REPORTS

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Honorable Mayor and 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, 2021, and the related notes to the financial statement and have issued our report thereon dated December 6, 2023.

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 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 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
December 6, 2023

Certified Public Accountants

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Honorable Mayor and Aldermen
Town of Walls, Mississippi

In planning and performing our audit of the cash basis financial statements of Town of Walls, Mississippi (the Town) for the year ended September 30, 2021, we considered Town of Walls, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Town of Walls, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the County's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated December 6, 2023, on the financial statements of Town of Walls, Mississippi.

Although no findings came to our attention as a result of these review procedures and compliance tests, these procedures and tests cannot and do not provide absolute assurance that all state legal requirements have been complied with. Also, our consideration of the internal control would not necessarily disclose all matters within the internal control that might be weaknesses. In accordance with Section 7-7-211, *Mississippi Code of 1972 Annotated*, the Office of the State Auditor, when deemed necessary, may conduct additional procedures and tests of transactions for this or other fiscal years to ensure compliance with legal requirements.

This report is intended solely for the information and use of management, the Board of Aldermen, and others within the entity and is not intended to be and should not be used by anyone other than these parties. However, this report is a matter of public record and its distribution is not limited.

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
December 6, 2023

Certified Public Accountants

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SCHEDULE OF FINDINGS AND RESPONSES

Town of Walls, Mississippi
Schedule of Findings and Responses
For the Year Ended September 30, 2021

Section 1: Summary of Auditor's Results

Financial Statements:

- | | |
|---|----------------|
| 1. Type of auditor's report issued on the financial statements: | Unmodified. |
| 2. Internal control over financial reporting: | |
| a. Material weakness(es) identified? | No. |
| b. Significant deficiency(ies) identified? | None reported. |
| 3. Noncompliance material to the financial statements noted? | No. |

Section 2: Financial Statement 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*.