

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.

FINANCIAL STATEMENT

TOWN OF WALNUT

WALNUT, MISSISSIPPI

SEPTEMBER 30, 2021

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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, 2021, 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, 2021, 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 September 29, 2022, 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
September 29, 2022

TOWN OF WALNUT
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (ALL FUNDS) - CASH BASIS
YEAR ENDED SEPTEMBER 30, 2021

	GOVERNMENTAL FUND TYPE	PROPRIETARY FUND TYPE	TOTALS (MEMORANDUM ONLY)	
	GENERAL	ENTERPRISE	2021	2020
CASH OPERATING RECEIPTS				
Privilege License	\$ 10,685	\$	\$ 10,685	\$ 7,399
General Property Taxes	60,913		60,913	66,004
Prior Year Taxes	66		66	65
Penalties and Interest on Delinquent Taxes	63		63	299
Intergovernmental Receipts				
State Shared Receipts:				
Sales Tax	310,353		310,353	275,728
Modernization Use Tax	46,383		46,383	
Gasoline Tax	2,361		2,361	2,361
Fire Protection				4,651
Homestead Exemption	3,101		3,101	3,284
TVA in Lieu of Taxes	19,838		19,838	15,301
General Municipal Aid	384		384	384
County Shared Receipts:				
Road Tax	16,301		16,301	22,439
Fire Protection				14,800
Charges for Services:				
Gas & Water Utilities		1,108,340	1,108,340	1,012,663
Garbage Collection Fees				5,271
Fines	41,785		41,785	36,717
Park - Fees	71,670		71,670	11,767
Gross Receipts Tax	36,837		36,837	39,087
Wellness Center Memberships	36,357		36,357	28,678
Miscellaneous	79,755	92,639	172,394	125,301
TOTAL OPERATING RECEIPTS	736,852	1,200,979	1,937,831	1,672,199
OTHER CASH RECEIPTS				
Interest	635	3,706	4,341	6,425
Transfer	7,368		7,368	26,000
Grant Proceeds	403,685	77,789	481,474	157,112
TOTAL OTHER RECEIPTS	411,688	81,495	493,183	189,537
TOTAL CASH RECEIPTS	1,148,540	1,282,474	2,431,014	1,861,736

See Independent Auditor's Report

TOWN OF WALNUT
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (ALL FUNDS) - CASH BASIS
YEAR ENDED SEPTEMBER 30, 2021

	GOVERNMENTAL FUND TYPE	PROPRIETARY FUND TYPE	TOTALS (MEMORANDUM ONLY)	
	GENERAL	ENTERPRISE	2021	2020
CASH OPERATING DISBURSEMENTS				
General Government	149,722		149,722	154,117
Public Safety:				
Police	329,926		329,926	291,657
Fire	27,086		27,086	20,282
Highways and Streets:				
Repairs & Maintenance	18,656		18,656	27,238
Enterprise:				
Gas & Water Utilities		915,648	915,648	848,640
Sanitation				1,673
Park & Recreation	111,372		111,372	76,021
TOTAL OPERATING DISBURSEMENTS	636,762	915,648	1,552,410	1,419,628
OTHER CASH DISBURSEMENTS				
Interest	2,675	20,617	23,292	27,546
Transfer		7,368	7,368	26,000
Principal Payments	35,953	37,884	73,837	71,128
Capital Expenditures	257,649	411,755	669,404	620,885
TOTAL OTHER DISBURSEMENTS	296,277	477,624	773,901	745,559
TOTAL CASH DISBURSEMENTS	933,039	1,393,272	2,326,311	2,165,187
EXCESS OF CASH RECEIPTS OVER (UNDER) CASH DISBURSEMENTS	215,501	(110,798)	104,703	(303,451)
Cash Balances - Beginning of Year	97,268	1,021,766	1,119,034	1,422,485
Cash Balances - End of Year	\$ 312,769	\$ 910,968	\$ 1,223,737	\$ 1,119,034

See Independent Auditor's Report

TOWN OF WALNUT
NOTES TO THE FINANCIAL STATEMENT
YEAR ENDED SEPTEMBER 30, 2021

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 such as public safety (police and fire protection), public works parks and recreations, gas, sanitation, sewer, water and general administrative services.

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. The Town's resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The Town reports the following major governmental fund:

General Fund - This fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

The Town reports the following major proprietary funds:

Gas Fund - This fund is used to account for the operations of the Town's gas system which is intended to be self-supporting from user charges.

Sewer Fund - This fund is used to account for the operations of the Town's sewer system which is intended to be self-supporting from user charges.

Water Fund - This fund is used to account for the operations of the Town's water system which is intended to be self-supporting from user charges.

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, 2021

		Balance	Transactions		Balance
		Outstanding	During Fiscal Year		Outstanding
		Oct. 1, 2020	Issued	Redeemed	Sept. 30, 2021
Definition	Purpose				
Rural Development	Water System	\$ 173,220	\$ 6,011		\$ 167,209
MS Dept of Environmental Quality	Water System	66,101		6,047	60,054
MS Dept of Environmental Quality	Water System	75,715		5,721	69,994
Rural Development	Gas System	217,877		20,105	197,772
Northeast Mississippi Planning and Development District	General Fund	145,675		35,953	109,722
Total		<u>\$ 678,588</u>	<u>\$ 73,837</u>		<u>\$ 604,751</u>

See Independent Auditor's Report

TOWN OF WALNUT
SCHEDULE OF SURETY BONDS FOR TOWN OFFICIALS
 SEPTEMBER 30, 2021

<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	Deputy Court Clerk	Western Surety Company	25,000
Meghan Burchfield	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
Joshua James	Alderman	Western Surety Company	25,000
Austin Pulliam	Alderman	Western Surety Company	25,000
David Allen Crum	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, 2021

The Town of Walnut owned no securities held for investment at September 30, 2021.

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, 2021 and have issued our report dated September 29, 2022. 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
September 29, 2022

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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, 2021, 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 September 29, 2022.

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.

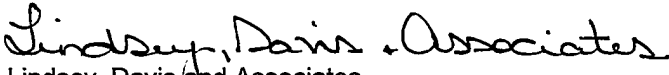
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not 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
September 29, 2022