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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 WALNUT GROVE, MISSISSIPPI

FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

TOWN OF WALNUT GROVE, MISSISSIPPI

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TOWN OF WALNUT GROVE, MISSISSIPPI

FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and
Members of the Board of Aldermen
Town of Walnut Grove, Mississippi

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Walnut Grove, Mississippi, as of and for the year ended September 30, 2022, and the related Notes to the Financial Statements, which collectively comprise the Town of Walnut Grove, Mississippi's cash basis financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Walnut Grove, Mississippi, as of September 30, 2022, and the respective changes in cash basis financial position thereof for the year then ended in accordance with cash basis of accounting.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Walnut Grove, Mississippi, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with cash basis of accounting, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Walnut Grove, Mississippi's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Town of Walnut Grove, Mississippi's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Walnut Grove, Mississippi's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

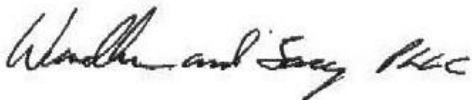
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Walnut Grove, Mississippi's cash basis financial statements. The combining and individual non-major fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the cash basis financial statements. The information has been subjected to the auditing procedures applied in the audit of the cash basis financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the cash basis financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the cash basis financial statements and our auditors' report thereon. Our opinions on the cash basis financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the cash basis financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

A handwritten signature in dark ink, appearing to read "Windham and Lacey, PLLC". The signature is written in a cursive, flowing style.

Windham and Lacey, PLLC
April 26, 2023

TOWN OF WALNUT GROVE, MISSISSIPPI

FINANCIAL STATEMENTS

TOWN OF WALNUT GROVE, MISSISSIPPI
Statement of Activities and Net Position - Cash Basis
As of and for the Year Ended September 30, 2022

	Cash Disbursements	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs							
Governmental Activities:							
General government	\$ 85,818	20,902	52,219		(12,697)		(12,697)
Public safety	258,456	44,472	296,502		82,518		82,518
Public works	113,960	49,396	85	29,472	(35,007)		(35,007)
Culture and recreation	92,089				(92,089)		(92,089)
Economic development	56,893				(56,893)		(56,893)
Principal and interest on long-term debt	62,436				(62,436)		(62,436)
Total Governmental Activities	669,652	114,770	348,806	29,472	(176,604)	0	(176,604)
Business-type Activities:							
Water/Sewer Utility	2,043,081	627,030		1,081,063		(334,988)	(334,988)
Gas Utility	575,997	576,392				395	395
Total Business-type Activities	2,619,078	1,203,422	0	1,081,063	0	(334,593)	(334,593)
Total Government	\$ 3,288,730	1,318,192	348,806	1,110,535	(176,604)	(334,593)	(511,197)
General Receipts and Transfers							
Taxes:							
Property taxes					\$ 90,199		90,199
In lieu of taxes					85,177		85,177
Sales tax					66,870		66,870
Franchise taxes					23,574		23,574
Grants and contributions not restricted to specific programs					2,743		2,743
Unrestricted investment income					9,523	968	10,491
Miscellaneous					58,292	5,566	63,858
Proceeds from debt						560,041	560,041
Transfers					81,000	(81,000)	
Total General Receipts and Transfers					417,378	485,575	902,953
Change in Net Position					240,774	150,982	391,756
Net Position - Beginning					306,916	448,069	754,985
Net Position - Ending					\$ 547,690	599,051	1,146,741

TOWN OF WALNUT GROVE, MISSISSIPPI
Statement of Activities and Net Position - Cash Basis
As of and for the Year Ended September 30, 2022

(Continued)

ASSETS

Cash and cash equivalents	\$ 525,614
Restricted cash	<u>621,127</u>
Total Assets	\$ <u><u>1,146,741</u></u>

NET POSITION

Restricted:	
Restricted for fire protection	\$ 103,558
Restricted for meter deposits	106,267
Restricted for contingency and depreciation	27,019
Restricted for public works	384,283
Unrestricted	<u>525,614</u>
Total Net Position	\$ <u><u>1,146,741</u></u>

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

TOWN OF WALNUT GROVE, MISSISSIPPI
Statement of Cash Basis Assets and Fund Balances and
Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental and Business-type Funds
As of and for the Year Ended September 30, 2022

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
	<u>General Fund</u>	<u>Water/Sewer and Gas Funds</u>
RECEIPTS		
Ad valorem taxes	\$ 90,199	
In lieu of taxes	85,177	
License and permits	4,814	
Franchise taxes on utilities	23,574	
Intergovernmental revenues:		
Federal revenues:		
Grants	29,472	1,081,063
State shared revenues:		
Sales taxes	66,870	
Grants	261,261	
Homestead exemption reimbursement	2,743	
Fire insurance premium tax distribution	41,587	
General municipal aid	2,919	
Modernization	43,039	
Charges for services:		
Garbage	49,396	
Water and sewer utility		627,030
Gas utility		576,392
Fines and forfeits	44,472	
Rental income	16,088	
Interest income	9,523	968
Proceeds from sales of fixed assets		
Miscellaneous revenue	58,292	5,566
Total Receipts	<u>829,426</u>	<u>2,291,019</u>
DISBURSEMENTS		
General government	85,818	
Public safety	223,954	
Public works	113,960	
Culture and recreation	53,654	
Economic development	56,893	
Water, sewer and gas utility:		
Personnel services		302,921
Supplies		294,937
Utilities		34,163
Other services and charges		15,505
Gas purchases		274,604
Total Disbursements	<u>534,279</u>	<u>922,130</u>
Excess of Receipts Over (Under) Disbursements	<u>295,147</u>	<u>1,368,889</u>

TOWN OF WALNUT GROVE, MISSISSIPPI
Statement of Cash Basis Assets and Fund Balances and
Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental and Business-type Funds
As of and for the Year Ended September 30, 2022

(Continued)

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
	<u>General Fund</u>	<u>Water/Sewer and Gas Funds</u>
OTHER CASH SOURCES (USES)		
Capital outlay	(72,937)	(1,641,105)
Principal paid on long-term debt	(48,035)	(55,296)
Interest paid on long-term debt	(14,401)	(547)
Debt proceeds		560,041
Transfers in (out) to other funds	81,000	(81,000)
Total Other Cash Sources and (Uses)	<u>(54,373)</u>	<u>(1,217,907)</u>
Excess (Deficiency) of Receipts and Other Cash Sources Over Disbursements and Other Cash Uses	240,774	150,982
CASH BASIS FUND BALANCE - Beginning of Year	<u>306,916</u>	<u>448,069</u>
CASH BASIS FUND BALANCE - End of Year	\$ <u>547,690</u>	<u>599,051</u>
CASH BASIS ASSETS - End of Year		
Cash and cash equivalents	\$ 444,132	81,482
Restricted cash	<u>103,558</u>	<u>517,569</u>
Total Cash Basis Assets	\$ <u>547,690</u>	<u>599,051</u>
CASH BASIS FUND BALANCES - End of Year		
Restricted:		
Restricted for fire protection	\$ 103,558	
Restricted for meter deposits		106,267
Restricted for contingency and depreciation		27,019
Restricted for public works		384,283
Unassigned	<u>444,132</u>	<u>81,482</u>
Total Cash Basis Fund Balances	\$ <u>547,690</u>	<u>599,051</u>

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

TOWN OF WALNUT GROVE, MISSISSIPPI

Notes to Financial Statements For the Year Ended September 30, 2022

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

The Town of Walnut Grove, Mississippi, (Town) situated in Leake County, operates under a Mayor-Board form of government. The following services are provided by the town: Public Safety (Police, Fire and Protection/Inspection), Street Maintenance, Garbage Collection, Water and Sewer, Culture and Recreation, Public Improvements, Planning and Zoning, and General Administrative Services.

The financial statements of the Town have been prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

B. Government-wide and Fund Financial Statements.

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Changes in Net Position) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *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.

The Town combines the Statement of Activities and Statement of Net Position.

The Statement of Activities demonstrates the degree to which the direct disbursements of a given function or segment are offset by program receipts. *Direct disbursements* are those that are clearly identifiable with a specific function or segment. *Program receipts* include (1) receipts from customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program receipts are reported instead as *general receipts*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation.

The government-wide financial statements are reported using the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when cash is collected and disbursements are recorded when cash is spent.

Governmental fund financial statements are reported using the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when cash is collected. Disbursements generally are recorded when cash is spent.

The government reports the following major Governmental Fund:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

TOWN OF WALNUT GROVE, MISSISSIPPI

Notes to Financial Statements For the Year Ended September 30, 2022

Amounts reported as *program cash receipts* include (1) fines and receipts from customers or applicants for goods, services or privileges provided, (2) operating grants and contributions and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general receipts* rather than as program receipts.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets and Net Assets or Equity.

1. *Cash and Investments.*

The government's cash and cash equivalents are considered to be cash on hand or invested in certificates of deposit.

2. *Net Assets.*

Restricted net assets - Consists of cash with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or law through constitutional provisions or enabling legislation.

Unrestricted net assets - All other net assets not meeting the definition of "restricted".

3. *Fund Balances.*

In accordance with Government Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the Town classifies governmental fund balances as follows:

Restricted - Includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Unassigned - Includes positive fund balance with the General Fund which has not been classified within the abovementioned categories and negative fund balances in other governmental funds.

The Town uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the Town would first use committed, then assigned, and lastly, unassigned amounts of unrestricted fund balance when expenditures are made.

(2) **Cash and Cash Equivalents.**

At year-end, the Town's carrying amount of deposits was \$1,146,741 and the bank balance was \$1,168,479. The collateral for public entities' deposits in financial institutions are held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the Town's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation.

TOWN OF WALNUT GROVE, MISSISSIPPI

Notes to Financial Statements For the Year Ended September 30, 2022

Custodial Credit Risk - Deposits and Investments: Custodial credit risk is defined as the risk that, in the event of a failure of a financial institution, the Town will not be able to recover deposits or collateral securities that are in the possession of an outside party. The Town does not have a formal policy for custodial credit risk. However, the Mississippi State Treasury manages the risk on behalf of the Town. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on the behalf of the Town.

Interest Rate Risk: The Town does not have a formal investment policy that limits investments maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk: State law limits investments to those prescribed in Sections 27-105-33(d) and 27-105-33(e), Miss. Code Ann. (1972). The Town does not have a formal investment policy that would further limit its investment choices or one that addresses credit risk.

(3) Defined Benefit Pension Plan.

Plan Description: The Town of Walnut Grove, Mississippi, contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, at 429 Mississippi Street, Jackson, MS 39201-1005 or by calling (601) 359-3589 or 1-800-444-PERS.

Funding Policy: PERS members are required to contribute 9.00% of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The rate through June 30, 2019 was 15.75% of annual covered payroll. Effective July 1, 2019, the rate was increased to 17.40%. The contribution requirements of PERS' members are established and may be amended only by the State of Mississippi Legislature. The Town's contributions to PERS for the years ended September 30, 2022, 2021, and 2020 were \$56,815, \$54,145, and \$55,484, respectively, which is equal to the required contributions for each year.

TOWN OF WALNUT GROVE, MISSISSIPPI

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF WALNUT GROVE, MISSISSIPPI
Budgetary Comparison Schedule -
Budget and Actual
General Fund - UNAUDITED
For the Year Ended September 30, 2022

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Ad valorem taxes	\$ 160,000	90,199	90,199	
In lieu of taxes	116,500	85,177	85,177	
License and permits	1,000	4,814	4,814	
Franchise tax	21,500	23,574	23,574	
Intergovernmental revenues	113,500	447,891	447,891	
Charges for services	90,250	49,396	49,396	
Fines and forfeits	40,000	44,472	44,472	
Interest income		9,523	9,523	
Leases	21,000			
Miscellaneous		74,380	74,380	
Total Receipts	<u>563,750</u>	<u>829,426</u>	<u>829,426</u>	<u>0</u>
EXPENDITURES				
General government	69,700	85,818	85,818	
Public safety	260,650	223,954	223,954	
Public works	150,750	113,960	113,960	
Culture and recreation	88,250	53,654	53,654	
Economic development	19,000	56,893	56,893	
Total Expenditures	<u>588,350</u>	<u>534,279</u>	<u>534,279</u>	<u>0</u>
Excess of Receipts Over (Under) Expenditures	<u>(24,600)</u>	<u>295,147</u>	<u>295,147</u>	<u>0</u>
OTHER CASH SOURCES (USES)				
Capital outlay		(72,937)	(72,937)	
Principal paid on long-term debt		(48,035)	(48,035)	
Interest paid on long-term debt		(14,401)	(14,401)	
Transfers in	55,000	81,000	81,000	
Total Other Cash Sources and Uses	<u>55,000</u>	<u>(54,373)</u>	<u>(54,373)</u>	<u>0</u>
Net Change in Cash Basis Fund Balance	30,400	240,774	240,774	0
Cash Basis Fund Balances - Beginning	<u>(505,541)</u>	<u>306,916</u>	<u>306,916</u>	<u>0</u>
Cash Basis Fund Balances - Ending	<u>\$ (475,141)</u>	<u>547,690</u>	<u>547,690</u>	<u>0</u>

The accompanying notes to the required supplementary information are an integral part of this schedule.

TOWN OF WALNUT GROVE, MISSISSIPPI

**Notes to the Required Supplementary Information
For the Year Ended September 30, 2022
UNAUDITED**

A. Budgetary Information.

Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the Board of Aldermen of the Town, using historical and anticipated fiscal data, prepares an original budget for the General Fund for said fiscal year. The completed budget for the fiscal year includes every source of revenue, each general item of expenditure, and the unencumbered cash and investment balances. When during the fiscal year it appears to the Board of Aldermen that budgetary estimates will not be met, it may make revisions to the budget.

The Town's budget is prepared on the cash basis of accounting. All appropriations lapse at year-end, and there are no encumbrances to budget because state law does not require that funds be available when goods or services are ordered, only when payment is made.

B. Basis of Presentation.

The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) presents the original adopted budget, the final adopted budget, actual amounts on a budgetary (Non-GAAP) basis and variances between the final budget and the actual amounts. The schedule is presented for the General Fund.

C. Budget Reconciliation.

As discussed in Note 1, the financial statements are prepared on the basis of cash receipts and disbursements which is the same as the basis used for budget preparation.

TOWN OF WALNUT GROVE, MISSISSIPPI

OTHER REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF WALNUT GROVE, MISSISSIPPI
Schedule of Changes in Long-term Debt - UNAUDITED
For the Year Ended September 30, 2022

Description	Outstanding Balance Oct. 1, 2021	Issued	Redeemed	Outstanding Balance Sept. 30, 2022
Governmental Activities:				
CAP loan	\$ 255,877		30,823	225,054
CAP loan	93,822		5,088	88,734
Trustmark loan	250,000		66,442	183,558
Total Governmental Activities	<u>599,699</u>	<u>0</u>	<u>102,353</u>	<u>497,346</u>
Business-type Activities:				
Sewer improvement MDEQ	121,951	125,689	978	246,662
Water improvement MSDH	28,529	434,352		462,881
Total Business-type Activities	<u>150,480</u>	<u>560,041</u>	<u>978</u>	<u>709,543</u>
Total Long-term Debt	<u>\$ 750,179</u>	<u>560,041</u>	<u>103,331</u>	<u>1,206,889</u>

TOWN OF WALNUT GROVE, MISSISSIPPI
Schedule of Investments-All Funds - UNAUDITED
September 30, 2022

	<u>Deposit Amount</u>
Certificate of Deposit with Bank of Walnut Grove, maturing September 10, 2023; interest rate of 0.25%	\$ 3,000
Certificate of Deposit with Bank of Walnut Grove, maturing August 29, 2023; interest rate of 0.25%	20,000
Certificate of Deposit with Bank of Walnut Grove, maturing September 12, 2023; interest rate of 0.25%	<u>27,019</u>
	\$ <u><u>50,019</u></u>
Fund Recap:	
Water and Sewer Fund	\$ 3,000
Gas Fund	<u>47,019</u>
Total	\$ <u><u>50,019</u></u>

TOWN OF WALNUT GROVE, MISSISSIPPI
Schedule of Surety Bonds for Municipal Officials and Employees - UNAUDITED
September 30, 2022

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Coverage</u>
Shantell Edwards	Alderwoman	Clyde C. Scott Insurance Company	\$25,000
Michael P. Johnson	Alderman	Clyde C. Scott Insurance Company	\$25,000
Cindy Lois Jones	Alderwoman	Clyde C. Scott Insurance Company	\$25,000
Teresa Darby	Alderwoman	Clyde C. Scott Insurance Company	\$25,000
Jerry Darby	Alderman	Clyde C. Scott Insurance Company	\$25,000
James Brian Gomillion	Mayor	Brierfield Insurance Company	\$50,000
Nekki Stiles	Municipal Clerk	Travelers Casualty & Surety Co.	\$50,000
Lee Shoemaker	WG Utilities Operation Manager	Travelers Casualty & Surety Co.	\$50,000
Kevin Polk	Police Chief	Travelers Casualty & Surety Co.	\$50,000
Various	Policeman	RLI Insurance Company	\$25,000
Nelvia Lynne Freeny	Assistant Deputy Clerk	RLI Insurance Company	\$50,000

TOWN OF WALNUT GROVE, MISSISSIPPI
Schedule of Capital Assets - UNAUDITED
For the Fiscal Year Ended September 30, 2022

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets:				
Land	\$ 124,907			124,907
Construction in progress	12,698	38,435		51,133
Buildings	1,807,678			1,807,678
Improvements other than buildings	1,353,631			1,353,631
Machinery and equipment	<u>926,596</u>	<u>34,502</u>		<u>961,098</u>
Total Governmental Activities Capital Assets	<u>\$ 4,225,510</u>	<u>72,937</u>	<u>0</u>	<u>4,298,447</u>
Business-type Activities				
Capital Assets:				
Land	\$ 320,536			320,536
Construction in progress	150,480	1,641,105		1,791,585
Buildings	85,349			85,349
Machinery and equipment	563,518			563,518
Water and sewer system	4,703,255			4,703,255
Gas system	<u>703,398</u>			<u>703,398</u>
Total Business-type Activities Capital Assets	<u>\$ 6,526,536</u>	<u>1,641,105</u>	<u>0</u>	<u>8,167,641</u>

TOWN OF WALNUT GROVE, MISSISSIPPI

SUPPLEMENTAL INFORMATION

TOWN OF WALNUT GROVE, MISSISSIPPI
Statement of Cash Receipts and Disbursements - UNAUDITED
Water, Sewer and Gas Utility Funds
For the Year Ended September 30, 2022

	<u>Water</u>	<u>Sewer</u>	<u>Gas</u>	<u>Total</u>
RECEIPTS				
Water	\$ 206,534			206,534
Sewer		214,847		214,847
Gas utility			576,392	576,392
Interest income	623		345	968
Grant	1,286,712			1,286,712
Miscellaneous revenue	2,110		3,456	5,566
Total Receipts	<u>1,495,979</u>	<u>214,847</u>	<u>580,193</u>	<u>2,291,019</u>
DISBURSEMENTS				
Personnel services	83,487	86,848	132,586	302,921
Supplies	111,964	116,470	112,192	340,626
Utilities	7,461	7,762	18,940	34,163
Other services and charges	798,475	830,614	37,675	1,666,764
Gas purchases			274,604	274,604
Total Disbursements	<u>1,001,388</u>	<u>1,041,693</u>	<u>575,997</u>	<u>2,619,078</u>
Excess of Receipts Over (Under) Disbursements	<u>494,591</u>	<u>(826,846)</u>	<u>4,196</u>	<u>(328,059)</u>
OTHER CASH SOURCES (USES)				
Debt proceeds	434,352	125,689		560,041
Transfers in (out) to other funds	(43,000)		(38,000)	(81,000)
Total Other Cash Sources and (Uses)	<u>391,352</u>	<u>125,689</u>	<u>(38,000)</u>	<u>479,041</u>
Excess (Deficiency) of Receipts and Other Cash Sources Over Disbursements and Other Cash Uses	<u>\$ 885,943</u>	<u>(701,157)</u>	<u>(33,804)</u>	<u>150,982</u>

TOWN OF WALNUT GROVE, MISSISSIPPI
Schedule of Expenditures of Federal Awards
September 30, 2022

<u>Federal Grantor/Pass-through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Identification Number</u>	<u>Agency or Pass-through Number</u>	<u>Federal Disbursements/ Expenditures</u>
Major Program:				
U.S. Environmental Protection Agency/ Mississippi Department of Environmental Quality/ Water Pollution Control Revolving Loan Fund	66.458		SRF-C280932-01	\$ <u>647,958</u>
Total Major Program				<u>647,958</u>
Non-Major Programs:				
U.S. Environmental Protection Agency/ Mississippi Department of Health/ Drinking Water State Revolving Loan Program	66.468		DWI-L700011-01	139,522
U.S. Department of Housing and Urban Development/ Mississippi Development Authority/ CDBG Senior Center	14.228	CDBG-PF-20	1137-20-376-PF-01	38,435
U.S. Department of Treasury/Corona Virus State and Local Fiscal Recovery Fund	21.027			<u>4,108</u>
Total Non-Major Programs				<u>182,065</u>
Total Major and Non-Major Programs				\$ <u><u>830,023</u></u>

(Continued)

TOWN OF WALNUT GROVE, MISSISSIPPI
Schedule of Expenditures of Federal Awards
September 30, 2022

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note A - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the Town of Walnut Grove under programs of the federal government for the year ended September 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U. S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, *Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town of Walnut Grove, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Town of Walnut Grove.

Note B - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represents adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note C - Indirect Cost Rate

The Town of Walnut Grove has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

TOWN OF WALNUT GROVE, MISSISSIPPI

SPECIAL REPORTS

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY *UNIFORM GUIDANCE*

Honorable Mayor and
Members of the Board of Aldermen
Town of Walnut Grove, Mississippi

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Town of Walnut Grove's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Town of Walnut Grove's major federal programs for the year ended September 30, 2022. The Town of Walnut Grove's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, Town of Walnut Grove, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2022

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Town of Walnut Grove and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Town of Walnut Grove's compliance with the compliance requirements referred to above.

Responsibility of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Town of Walnut Grove's federal programs.

Auditors' Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town of Walnut Grove's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town of Walnut Grove's compliance with the requirements of each major program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Town of Walnut Grove's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Town of Walnut Grove's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Town of Walnut Grove's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures did not disclose any instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items. Our opinion on each major federal program is not modified with respects to these matters.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

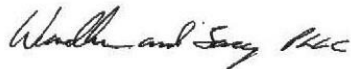
Our consideration of the internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we considered to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the Town of Walnut Grove as of and for the year ended September 30, 2022, and have issued our report thereon dated April 26, 2023, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



Windham and Lacey, PLLC
April 26, 2023

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

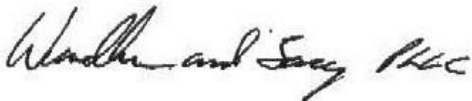
Honorable Mayor and
Members of the Board of Aldermen
Town of Walnut Grove, Mississippi

We have audited the financial statements of the governmental activities, the business-type activities and the major fund of the Town of Walnut Grove, Mississippi, as of and for the year ended September 30, 2022, and have issued our report thereon dated April 26, 2023. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the procedures prescribed by the Office of the State Auditor, and accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

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. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Town's compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures and our audit of the financial statements disclosed no instances of noncompliance with state laws and regulations.

This report is intended solely for the information and use of 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.



Windham and Lacey, PLLC
April 26, 2023

TOWN OF WALNUT GROVE, MISSISSIPPI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

TOWN OF WALNUT GROVE, MISSISSIPPI

Schedule of Findings and Questioned Costs For the Year Ended September 30, 2022

Section 1: Summary of Auditors' Results

Financial Statements:

- | | | |
|----|--|---------------|
| 1. | Type of auditors' report issued on the primary government financial statements: | Unmodified |
| 2. | Internal control over financial reporting: | |
| a. | Material weaknesses identified? | No |
| b. | Significant deficiencies identified that are not considered to be material weaknesses? | None Reported |
| 3. | Noncompliance material to the financial statements? | No |

Federal Awards:

- | | | |
|----|--|---------------|
| 4. | Internal control over major programs: | |
| a. | Material weaknesses identified? | No |
| b. | Significant deficiencies identified that are not considered to be material weaknesses? | None Reported |
| 5. | Type of auditors' report issued on compliance for major federal programs: | Unmodified |
| 6. | Any audit findings reported as required by Section ___.510(a) of Circular A-133? | No |
| 7. | Federal program identified as a major program: | |

U. S. Environmental Protection Agency/Mississippi Department of
Environmental Quality/Water Pollution Control Revolving Loan, CFDA #66.458

Section 2: Financial Statement Findings

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

Section 3: Federal Award Findings and Questioned Costs

The results of our tests did not disclose any findings and questioned costs related to federal awards.