

## 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, 2022

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# LINDSEY, DAVIS AND ASSOCIATES

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## STOCKHOLDERS

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SHONDA DAVIS

## INDEPENDENT AUDITOR'S REPORT

To the Mayor and Board of Aldermen  
Town of Walnut  
Walnut, Mississippi 38683

### **Opinion**

We have audited the accompanying cash basis financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Walnut, 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, Mississippi's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respect, the respective cash basis financial position of the governmental activities, the business-type activities, and each major fund of the Town of Walnut, Mississippi, as of September 30, 2022, and the respective changes in cash basis financial position, and where applicable, cash flows thereof for the year then ended in accordance with the cash basis of accounting described in Note A.

### **Basis for Opinion**

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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Walnut, 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 opinion.

### **Emphasis of Matter - Basis of Accounting**

We draw attention to Note A of the financial statements, which describes the basis of accounting. The financial statements are 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 this matter.

### **Responsibilities of Management 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, and for 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 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 auditor's report that includes our opinion. 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, 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, 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.

### **Other Matters**

#### *Omission of Required Supplementary Information*

Management has omitted the Management's Discussion and Analysis, the Schedule of the Town's Proportionate Share of the Net Pension Liability, the Schedule of the Town's Contributions, and budgetary comparison information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statement. Such missing information, although not a part of the basic financial statement, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statement in appropriate operational, economic, or historical context. Our opinion on the basic financial statement is

not affected by this missing information.

#### *Other Information*

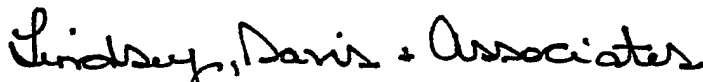
The Schedule of Long Term Debt, Schedule of Surety Bonds for Town Officials and Schedule of Investments are presented for purposes of additional analysis and are not a required part of the financial statement. This information has not been subjected to the auditing standards applied in the audit of the basic financial statement, and accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with Government Auditing Standards, we have also issued our report dated May 9, 2023, on our consideration of the Town of Walnut, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Walnut, Mississippi's 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, Mississippi's internal control over financial reporting and compliance.

#### **Other Reporting Requirements required by the Office of State Auditor**

In accordance with requirements set forth by the Office of State Auditor of Mississippi, we have issued our report dated May 9, 2023, on our consideration of the Town of Walnut, Mississippi's compliance with the state laws and regulations. The purpose of this report is to describe the scope of our testing of compliance with certain laws and regulations and the result of that testing, and not provide an opinion on compliance.

A handwritten signature in black ink that reads "Lindsey, Davis + Associates". The signature is written in a cursive, flowing style.

Lindsey, Davis and Associates  
Certified Public Accountants  
Ripley, Mississippi  
May 9, 2023

TOWN OF WALNUT  
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES  
YEAR ENDED SEPTEMBER 30, 2022

	Governmental Activities	Business-Type Activities		Totals Memorandum Only	
	General	Gas	Water & Sewer	2022	2021
Receipts					
Privilege License	\$ 6,558	\$	\$	\$ 6,558	\$ 10,685
General Property Taxes	82,076			82,076	60,913
Prior Year Taxes	251			251	66
Penalties and Interest on Delinquent Taxes	43			43	63
Intergovernmental Receipts					
State Shared Receipts:					
Sales Tax	371,098			371,098	310,353
Modernization Use Tax	69,239			69,239	46,383
Gasoline Tax	2,177			2,177	2,361
Fire Protection	8,898			8,898	
Homestead Exemption	3,441			3,441	3,101
TVA in Lieu of Taxes	20,994			20,994	19,838
General Municipal Aid	384			384	384
ARPA Funds	92,684			92,684	92,684
Other Grants	596,540		451,525	1,048,065	388,790
County Shared Receipts:					
Road Tax	28,205			28,205	16,301
Fire Protection	32,000			32,000	
Charges for Services:					
Gas Utilities		931,739		931,739	841,010
Sewer Utilities			72,261	72,261	73,273
Water Utilities			184,301	184,301	194,057
Fines	30,007			30,007	41,785
Park and Recreation	79,205			79,205	71,670
Rents	46,561			46,561	45,837
Insurance Proceeds	312,874			312,874	
Interest	1,266	1,625	488	3,379	4,341
Wellness Center Memberships	36,308			36,308	36,357
Contributions from Businesses and Individuals	53,000			53,000	50,000
Miscellaneous	25,989	29,249	4,100	59,338	113,394
Total Receipts	1,899,798	962,613	712,675	3,575,086	2,423,646

See Independent Auditor's Report

TOWN OF WALNUT  
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES - CONTINUED  
YEAR ENDED SEPTEMBER 30, 2022

	Governmental Activities	Business-Type Activities		Totals Memorandum Only	
	General	Gas	Water & Sewer	2022	2021
Disbursements					
General Government	190,362			190,362	149,722
Public Safety					
Police	364,369			364,369	329,926
Fire	25,122			25,122	27,086
Public Works	28,125			28,125	18,656
Parks and Recreation	131,160			131,160	111,372
Enterprise:					
Gas		902,101		902,101	732,216
Sewer			55,488	55,488	28,361
Water			182,960	182,960	155,071
Interest Expense	2,556	9,409	9,704	21,669	23,292
Total Disbursements	741,694	911,510	248,152	1,901,356	1,575,702
Excess (Deficiency) of Receipts over Disbursements	1,158,104	51,103	464,523	1,673,730	847,944
Other Sources (Uses)					
Principal Payments	(36,072)	(21,131)	(18,257)	(75,460)	(73,837)
Capital Outlay	(286,882)	(264,477)	(436,073)	(987,432)	(669,404)
Transfers In			6,000	6,000	7,368
Transfers Out	(6,000)			(6,000)	(7,368)
Total Other Sources (Uses)	(328,954)	(285,608)	(448,330)	(1,062,892)	(743,241)
Excess (Deficiency) of Receipts and Other Financing Sources over Disbursements and Other Financing Uses	829,150	(234,505)	16,193	610,838	104,703
Cash Balances - Beginning of Year	312,769	760,753	150,215	1,223,737	1,119,034
Cash Balances - End of Year	\$ 1,141,919	\$ 526,248	\$ 166,408	\$ 1,834,575	\$ 1,223,737

See Independent Auditor's Report



TOWN OF WALNUT  
NOTES TO THE FINANCIAL STATEMENT  
YEAR ENDED SEPTEMBER 30, 2022

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.

Water & Sewer Fund - This fund is used to account for the operations of the Town's water and sewer 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, 2022

	Definition and Purpose	Balance Outstanding Oct. 1, 2021	Transactions During Fiscal Year Issued	Redeemed	Balance Outstanding Sept. 30, 2022
Rural Development	Water System	\$ 167,209	\$	\$ 6,282	\$ 160,927
MS Dept of Environmental Quality	Water System	60,054		6,154	53,900
MS Dept of Environmental Quality	Water System	69,994		5,821	64,173
Rural Development	Gas System	197,772		21,131	176,641
Northeast Mississippi Planning and Development District	General Fund	112,222		36,072	76,150
Total		<u>\$ 607,251</u>	<u>\$</u>	<u>\$ 75,460</u>	<u>\$ 531,791</u>

See Independent Auditor's Report

TOWN OF WALNUT  
SCHEDULE OF SURETY BONDS FOR TOWN OFFICIALS  
SEPTEMBER 30, 2022

<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, 2022

The Town of Walnut owned no securities held for investment at September 30, 2022.

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See Independent Auditor's Report

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
WITH STATE LAWS AND REGULATIONS

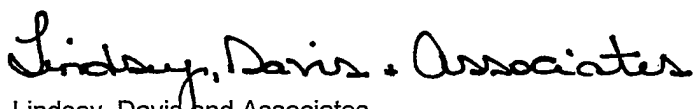
To the Mayor and Board of Aldermen  
Town of Walnut  
Walnut, Mississippi 38683

We have audited the cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Walnut, Mississippi, as of and for the year ended September 30, 2022, which collectively comprise the Town of Walnut, Mississippi's basic financial statements and have issued our report thereon dated May 9, 2023. 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*.

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

May 9, 2023

# LINDSEY, DAVIS AND ASSOCIATES

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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 Statement of Cash Receipts and Disbursements of the governmental activities, business-type activities, and the major funds of the Town of Walnut, 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, Mississippi's basic financial statements, and have issued our report thereon dated May 9, 2023.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town of Walnut, Mississippi'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 statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Walnut, Mississippi's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Walnut, Mississippi'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.

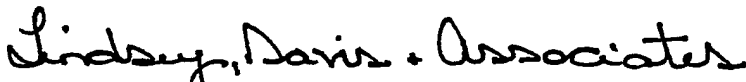
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Walnut, 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 financial statements. 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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Lindsey, Davis + Associates". The signature is written in a cursive, flowing style.

Lindsey, Davis and Associates  
Certified Public Accountants  
Ripley, Mississippi  
May 9, 2023