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FINANCIAL REPORT

TOWN OF WALNUT

WALNUT, MISSISSIPPI

SEPTEMBER 30, 2009

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CONTENTS

	<u>PAGE</u>
INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES	3,4,5
INDEPENDENT ACCOUNTANT'S COMPILATION REPORT	6
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (ALL FUNDS) - CASH BASIS	7,8
SCHEDULE OF LONG-TERM DEBT	9
SCHEDULE OF SURETY BONDS FOR TOWN OFFICIALS	10
SCHEDULE OF INVESTMENTS (ALL FUNDS) - CASH BASIS	11

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Honorable Mayor and Board of Aldermen
Town of Walnut
Walnut, MS 38683

We have performed the procedures enumerated below, which were agreed to by the Office of the State Auditor, to the accounting records of the Town of Walnut, Mississippi, solely to assist the Office of the State Auditor to evaluate the Town of Walnut's compliance with certain laws and regulations as of September 30, 2009, and for the year then ended. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Office of the State Auditor, State of Mississippi. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

- A. We reconciled cash on deposit with the following bank to balances in the respective general ledger accounts and obtained confirmation of the related balances from the bank:

<u>Bank</u>	<u>Fund</u>	<u>Balance per General Ledger</u>
The Peoples Bank	General	\$ 229,109
	Water	85,138
	Gas	199,976

- B. We physically examined securities held for investment. Securities held in trust were confirmed directly with respective trustees. All investment transactions during the year were examined for compliance with investments authorized by Section 21-33-323, Miss. Code Ann. (1972).

The Town of Walnut owned no securities held for investment at September 30, 2009.

- C. We performed the following procedures with respect to taxes on real and personal property (including motor vehicles) levied during the fiscal year:

1. Verified use of certified county assessment rolls and traced levies to governing body minutes;
2. Examined uncollected taxes for proper handling, including tax sales;
3. Traced distribution of taxes collected to proper funds; and

4. Analyzed increase in taxes for most recent period for compliance with increase limitations of Sections 27-39-320 to 27-39-323, Miss. Code Ann. (1972).

The distribution of taxes to funds was found to be in accordance with prescribed tax levies, and uncollected taxes were determined to be properly handled.

Ad valorem tax collections were found to be within the limitations of Sections 27-39-320 to 27-39-323, Miss. Code Ann. (1972).

Ad valorem tax collections for retirement of general obligation debt was found to be sufficient for payment of current principal and interest in accordance with limitations imposed by Sections 21-33-87 and 21-33-303, Miss. Code Ann. (1972).

- D. We obtained a statement of payments made by the Department of Finance and Administration to the municipality. Payments indicated were traced to deposits in the respective bank accounts and recorded in the general ledger without exception. Payments traced were as follows:

<u>Payment Purpose</u>	<u>Receiving Funds</u>	<u>General Ledger Amount</u>
Sales Tax Allocation	General	\$ 212,252
Fire Protection Allocation	General	3,984
Gasoline Tax	General	2,120
Homestead Exemption	General	2,179
TVA in Lieu of Taxes	General	13,150
Municipal Aid	General	393
CDBG	Water	244,399

- E. We selected a sample of purchases made by the municipality during the fiscal year. Each sample item was evaluated for compliance with purchasing requirements set forth in Sections 31-7-1, 31-7-13, 31-7-49 and 31-7-57, Miss. Code Ann. (1972), as applicable.

The sample consisted of the following:

Number of sample items	54
Dollar value of sample	\$ 324,170

We found the municipality's purchasing procedures to be in agreement with the requirements of the above-mentioned sections.

- F. We have read the Municipal Compliance Questionnaire completed by the municipality. The completed survey indicated no instances of non compliance with state requirements.

Because the above procedures do not constitute an audit conducted in accordance with generally accepted auditing standards, we do not express an opinion on any of the accounts or items referred to above. In connection with the procedures referred to above, no matters came to our attention that caused us to believe that the specified accounts or items should be adjusted. Had we performed additional procedures or had we conducted an audit of the financial statements in accordance with generally accepted auditing standards, matters might have come to our attention that would have been reported to you. This report relates only to the accounts and items specified above and does not extend to any financial statements of the Town of Walnut, taken as a whole.

This report is intended solely for the use of the Office of the State Auditor, State of Mississippi, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

Lindsey, Davis and Associates
Lindsey, Davis and Associates
Certified Public Accountants

Ripley, Mississippi
January 28, 2010

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INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

Honorable Mayor and Board of Aldermen
Town of Walnut
Walnut, MS 38683

We have compiled the accompanying statement of cash receipts and disbursements (all funds) - cash basis of the Town of Walnut, Mississippi, for the year ended September 30, 2009, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying statement of cash receipts and disbursements (all funds) - cash basis and, accordingly, do not express an opinion or any other form of assurance on it.

The Town's policy is to prepare its financial statement on the basis of cash receipts and disbursements; consequently, certain revenue is recognized when received rather than when measurable and available, and certain expenditures are recognized when paid rather than when the obligation is incurred. Accordingly, the statement of cash receipts and disbursements (all funds) - cash basis is not intended to present results of operations, in conformity with accounting principles generally accepted in the United States of America.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements. If the omitted disclosures were included, they might influence the user's conclusions about the Town's cash receipts and disbursements. Accordingly, the financial statement is not designed for those who are not informed about such matters.

The supplementary information contained on pages 9, 10 and 11 is presented for purposes of additional analysis and has been compiled by us from information that is the representation of management of the Town of Walnut, Mississippi, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on such supplementary information.


Lindsey, Davis and Associates
Certified Public Accountants

Ripley, Mississippi
January 28, 2010

TOWN OF WALNUT
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (ALL FUNDS) - CASH BASIS
 YEAR ENDED SEPTEMBER 30, 2009

	GOVERNMENTAL	PROPRIETARY	TOTALS	
	FUND TYPE	FUND TYPE	(MEMORANDUM ONLY)	
	GENERAL	ENTERPRISE	2009	2008
CASH OPERATING RECEIPTS				
Privilege License	\$ 4,029	\$	\$ 4,029	\$ 3,133
General Property Taxes	34,412		34,412	36,683
Prior Year Taxes	832		832	345
Railcar Tax				1,881
Penalties and Interest on Delinquent Taxes	133		133	140
Intergovernmental Receipts				
State Shared Receipts:				
Sales Tax	212,252		212,252	218,087
Gasoline Tax	2,120		2,120	2,120
Fire Protection	3,984		3,984	3,905
Homestead Exemption	2,179		2,179	2,055
TVA in Lieu of Taxes	13,150		13,150	13,386
General Municipal Aid	393		393	393
County Shared Receipts:				
Road Tax	26,164		26,164	29,255
Fire Protection	16,000		16,000	16,000
Charges for Services:				
Gas & Water Utilities		798,812	798,812	838,792
Garbage Collection Fees	17,573		17,573	17,816
TVRHA in Lieu of Taxes	1,503		1,503	1,485
Fines	29,356		29,356	24,354
Park - Fees	36,377		36,377	34,657
Gross Receipts Tax	29,079		29,079	26,504
Miscellaneous	2,533	13,697	16,230	20,617
TOTAL OPERATING RECEIPTS	432,069	812,509	1,244,578	1,291,608
OTHER CASH RECEIPTS				
Interest	3,953	8,533	12,486	15,833
Increase in Meter Deposits		269	269	917
Transfer		48,880	48,880	98,625
Debt Proceeds	70,000		70,000	
Capital Contributions	235,523	244,399	479,922	178,147
TOTAL OTHER RECEIPTS	309,476	302,081	611,557	293,522
TOTAL CASH RECEIPTS	741,545	1,114,590	1,856,135	1,585,130

See Accountant's Compilation Report

TOWN OF WALNUT
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (ALL FUNDS) - CASH BASIS
YEAR ENDED SEPTEMBER 30, 2009

	GOVERNMENTAL FUND TYPE	PROPRIETARY FUND TYPE	TOTALS (MEMORANDUM ONLY)	
	GENERAL	ENTERPRISE	2009	2008
CASH OPERATING DISBURSEMENTS				
General Government	140,866		140,866	128,751
Public Safety:				
Police	131,471		131,471	123,803
Fire	40,330		40,330	42,161
Highways and Streets:				
Repairs & Maintenance	23,202		23,202	20,442
Enterprise:				
Gas & Water Utilities		690,203	690,203	725,456
Sanitation	15,543		15,543	14,229
Park & Recreation	57,925		57,925	59,599
TOTAL OPERATING DISBURSEMENTS	409,337	690,203	1,099,540	1,114,441
OTHER CASH DISBURSEMENTS				
Interest	253	58,148	58,401	61,634
Transfer	24,440	24,440	48,880	98,625
Investment in Fixed Assets	30,745		30,745	118,149
Principal Payments	10,847	46,299	57,146	82,349
Capital Expenditures	238,550	244,399	482,949	215,807
TOTAL OTHER DISBURSEMENTS	304,835	373,286	678,121	576,564
TOTAL CASH DISBURSEMENTS	714,172	1,063,489	1,777,661	1,691,005
EXCESS OF CASH RECEIPTS OVER (UNDER) CASH DISBURSEMENTS	27,373	51,101	78,474	(105,875)
Cash Balances - Beginning of Year	201,736	234,013	435,749	541,624
Cash Balances - End of Year	\$ 229,109	\$ 285,114	\$ 514,223	\$ 435,749

See Accountant's Compilation Report

TOWN OF WALNUT
SCHEDULE OF LONG-TERM DEBT
YEAR ENDED SEPTEMBER 30, 2009

	<u>Definition and Purpose</u>	<u>Balance Outstanding Oct. 1, 2008</u>	<u>Transactions During Fiscal Year</u>		<u>Balance Outstanding Sept. 30, 2009</u>
			<u>Issued</u>	<u>Redeemed</u>	
GMAC	Water System	\$ 70,800	\$	\$ 6,416	\$ 64,384
Rural Development	Water System	227,177		3,835	223,342
Rural Development	Gas System	394,908		11,048	383,860
The Peoples Bank	Gas System	400,000		25,000	375,000
MS Dept of Economic & Community Development	Fire Truck	13,960		10,845	3,115
The Peoples Bank	Fire Truck		<u>70,000</u>		<u>70,000</u>
Total		<u>\$ 1,106,845</u>	<u>\$ 70,000</u>	<u>\$ 57,144</u>	<u>\$ 1,119,701</u>

See Accountant's Compilation Report.

TOWN OF WALNUT
SCHEDULE OF SURETY BONDS FOR TOWN OFFICIALS
September 30, 2009

<u>Name</u>	<u>Position</u>	<u>Surety</u>	<u>Amount</u>
Vickie Skinner	Mayor	Western Surety Company	\$ 50,000
Dana Crowell	Town Clerk	Western Surety Company	250,000
Dana Crowell	Court Clerk	Western Surety Company	25,000
Cheryl Voyles	Deputy Clerk	Western Surety Company	25,000
Tommy Garrett	Police Chief	Western Surety Company	50,000
Randy Smith	Part-Time Policeman	Western Surety Company	25,000
Tim James	Part-Time Policeman	Western Surety Company	25,000
Tim Wilbanks	Part-Time Policeman	Western Surety Company	25,000
Greglon C. James	Alderman	Western Surety Company	25,000
Edward M. Martindale	Alderman	Western Surety Company	25,000
William D. Nabors	Alderman	Western Surety Company	25,000
Scott Pulliam	Alderman	Western Surety Company	25,000
Michael S. Wyse	Alderman	Western Surety Company	25,000

See Accountant's Compilation Report.

TOWN OF WALNUT
SCHEDULE OF INVESTMENTS (ALL FUNDS) - CASH BASIS
September 30, 2009

GOVERNMENTAL FUNDS:

General Fund:

1.40% Certificate of Deposit, dated February 28, 2009 maturing on February 24, 2010	\$ 114,143
1.50% Certificate of Deposit, dated January 3, 2009 maturing on December 31, 2009	19,374

PROPRIETARY FUNDS:

Water Fund:

1.50% Certificate of Deposit, dated December 17, 2008 maturing on December 14, 2009	<u>35,516</u>
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TOTAL INVESTMENTS	<u>\$ 169,033</u>
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