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Town of Walnut
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P.O. Box 540
Walnut, MS 38683
danacrowell.townofwalnut@gmail.com

Vicki Skinner
Mayor

Phone:
662)223-4405

Fax (662)223-4374

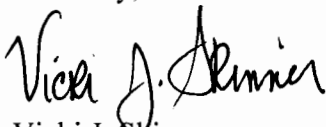
February 9, 2017

Office of the State Auditor
P.O. Box 956
Jackson, Mississippi 39205

Re: Annual Audit

Accompanying this letter are copies of the financial report of The Town of Walnut, Mississippi, for the fiscal year ended September 30, 2016. A separate management letter was not written to the town in connection with this audit.

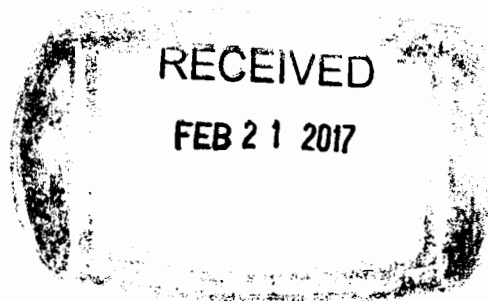
Sincerely,



Vicki J. Skinner
Mayor

Aldermen:

Greg James
David Nabors
Scott Pulliam
Kevin Winter
Michael G. (Skip) Wyse

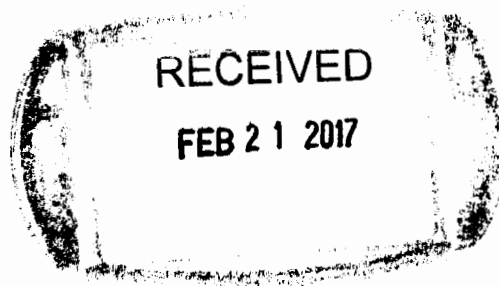


FINANCIAL STATEMENT

TOWN OF WALNUT

WALNUT, MISSISSIPPI

SEPTEMBER 30, 2016





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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 statement of cash receipts and disbursements - (all funds) cash basis of the Town of Walnut for the year ended September 30, 2016.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 opinions.

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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash receipts and disbursements - (all funds) cash basis of the Town of Walnut for the year ended September 30, 2016, on the basis of accounting described in Note A.

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 purposes 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 statements 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 January 30, 2017, 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 + Associates

Lindsey, Davis and Associates
Certified Public Accountants

Ripley, Mississippi
January 30, 2017

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TOWN OF WALNUT
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (ALL FUNDS) - CASH BASIS
YEAR ENDED SEPTEMBER 30, 2016

	GOVERNMENTAL	PROPRIETARY	TOTALS	
	FUND TYPE	FUND TYPE	(MEMORANDUM ONLY)	
	GENERAL	ENTERPRISE	2016	2015
CASH OPERATING RECEIPTS				
Privilege License	\$ 9,211	\$	\$ 9,211	\$ 6,369
General Property Taxes	52,109		52,109	41,140
Prior Year Taxes	204		204	309
Penalties and Interest on Delinquent Taxes	313		313	416
Intergovernmental Receipts				
State Shared Receipts:				
Sales Tax	259,576		259,576	246,382
Gasoline Tax	2,361		2,361	2,575
Fire Protection	4,945		4,945	4,195
Homestead Exemption	2,989		2,989	2,876
TVA in Lieu of Taxes	6,652		6,652	11,738
General Municipal Aid	384		384	384
County Shared Receipts:				
Road Tax	24,197		24,197	26,920
Fire Protection	16,000		16,000	16,000
Charges for Services:				
Gas & Water Utilities		843,692	843,692	1,088,284
Garbage Collection Fees	24,755		24,755	20,536
Fines	26,683		26,683	34,231
Park - Fees	40,015		40,015	37,952
Gross Receipts Tax	28,181		28,181	10,884
Miscellaneous	70,898	37,511	108,409	77,342
TOTAL OPERATING RECEIPTS	569,473	881,203	1,450,676	1,628,533
OTHER CASH RECEIPTS				
Interest	709	3,967	4,676	3,516
Transfer	15,430		15,430	22,171
Grant Proceeds	297,713	15,430	313,143	531,476
TOTAL OTHER RECEIPTS	313,852	19,397	333,249	557,163
TOTAL CASH RECEIPTS	883,325	900,600	1,783,925	2,185,696

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TOWN OF WALNUT
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (ALL FUNDS) - CASH BASIS
YEAR ENDED SEPTEMBER 30, 2016

	GOVERNMENTAL FUND TYPE	PROPRIETARY FUND TYPE	TOTALS (MEMORANDUM ONLY)	
	GENERAL	ENTERPRISE	2016	2015
CASH OPERATING DISBURSEMENTS				
General Government	94,976		94,976	174,980
Public Safety:				
Police	161,943		161,943	152,787
Fire	25,910		25,910	29,134
Highways and Streets:				
Repairs & Maintenance	24,723		24,723	19,039
Enterprise:				
Gas & Water Utilities		777,617	777,617	716,567
Sanitation	20,077		20,077	19,739
Park & Recreation	57,704		57,704	62,340
TOTAL OPERATING DISBURSEMENTS	385,333	777,617	1,162,950	1,174,586
OTHER CASH DISBURSEMENTS				
Interest		28,122	28,122	29,805
Transfer		15,430	15,430	10,825
Principal Payments		40,292	40,292	38,611
Capital Expenditures	22,520	46,137	68,657	174,815
Capital Expenditures - Grants	278,178		278,178	518,192
TOTAL OTHER DISBURSEMENTS	300,698	129,981	430,679	772,248
TOTAL CASH DISBURSEMENTS	686,031	907,598	1,593,629	1,946,834
EXCESS OF CASH RECEIPTS OVER (UNDER) CASH DISBURSEMENTS	197,294	(6,998)	190,296	238,862
Cash Balances - Beginning of Year	100,290	786,782	887,072	648,210
Cash Balances - End of Year	<u>\$ 297,584</u>	<u>\$ 779,784</u>	<u>\$ 1,077,368</u>	<u>\$ 887,072</u>

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TOWN OF WALNUT
NOTES TO THE FINANCIAL STATEMENT
YEAR ENDED SEPTEMBER 30, 2016

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.

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.

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, 2016

	<u>Definition and Purpose</u>	<u>Balance Outstanding Oct. 1, 2015</u>	<u>Transactions During Fiscal Year</u>		<u>Balance Outstanding Sept. 30, 2016</u>
			<u>Issued</u>	<u>Redeemed</u>	
GMAC	Water System	\$ 18,971	\$	\$ 8,976	\$ 9,995
Rural Development	Water System	199,310		3,510	195,800
MS Dept of Environmental Quality	Water System	94,800		5,541	89,259
MS Dept of Environmental Quality	Water System	102,864		5,242	97,622
Rural Development	Gas System	304,641		17,023	287,618
Total		<u>\$ 720,586</u>	<u>\$</u>	<u>\$ 40,292</u>	<u>\$ 680,294</u>

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TOWN OF WALNUT
SCHEDULE OF SURETY BONDS FOR TOWN OFFICIALS
 SEPTEMBER 30, 2016

<u>Name</u>	<u>Position</u>	<u>Surety</u>	<u>Amount</u>
Vickie Skinner	Mayor	Western Surety Company	\$ 50,000
Dana Hopkins	Town Clerk	Western Surety Company	250,000
Dana Hopkins	Court Clerk	Western Surety Company	25,000
Amy Butler	Deputy Clerk	Western Surety Company	25,000
Wanda Pannell	Collector	Western Surety Company	25,000
Blanket Bond	Police Chief	Western Surety Company	50,000
Tim James	Part-Time Policeman	Western Surety Company	25,000
Tim Wilbanks	Part-Time Policeman	Western Surety Company	25,000
Ted Dollar	Part-Time Policeman	Western Surety Company	25,000
Tommy Garrett	Part-Time Policeman	Western Surety Company	25,000
Kevin Pannell	Part-Time Policeman	Western Surety Company	25,000
Greglon C. James	Alderman	Western Surety Company	25,000
Kevin Winter	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

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TOWN OF WALNUT
SCHEDULE OF INVESTMENTS (ALL FUNDS) - CASH BASIS
YEAR ENDED SEPTEMBER 30, 2016

The Town of Walnut owned no securities held for investment at September 30, 2016.

See Independent Auditor's Report

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

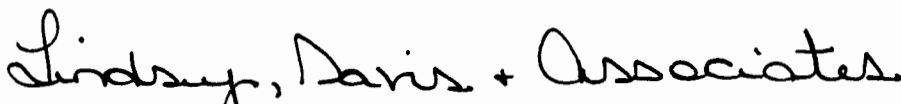
To the Mayor and Board of Aldermen
Town of Walnut
Walnut, Mississippi 38683

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, 2016 and have issued our report dated January 30, 2017. 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 statements 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
January 30, 2017

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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 financial statements of the governmental activities and the business-type activities of the Town of Walnut, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the Town of Walnut basic financial statements, and have issued our report thereon dated January 30, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Walnut's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, 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.

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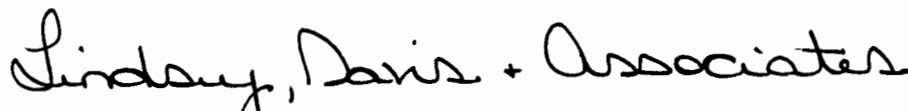
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not 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 statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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 + Associates
Certified Public Accountants

Ripley, Mississippi
January 30, 2017

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