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Town of Walnut

P. O. Box 540
Walnut, Mississippi 38683
Phone (662) 223-4405

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

Re: Annual Audit

Accompanying this letter is a copy of the financial report of The Town of Walnut, Mississippi, for the fiscal year ended September 30, 2014. A separate management letter was not written to the town in connection with this audit.

Sincerely,

Vicki J. Skinner
Mayor

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SEP 22 2015

FINANCIAL REPORT

TOWN OF WALNUT

WALNUT, MISSISSIPPI

SEPTEMBER 30, 2014

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SEP 22 2015

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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, 2014.

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.

SEP 22 2015

As described in Note A, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

Opinions

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, 2014, on the basis of accounting described in Note A.

Other Matters

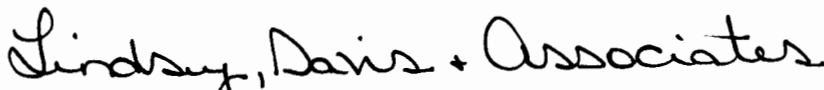
Other Information

Our audit was conducted for the purpose of forming an opinion on the statement of cash receipts and disbursements - (all funds) cash basis of the Town of Walnut. 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 contained on pages 8, 9 and 10 has not been subjected to the auditing procedures applied in the audit of the statement of cash receipts and disbursements - (all funds) cash basis and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Governmental Auditing Standards*, we have also issued our report dated March 2, 2015, on our consideration of the Town of Walnut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Walnut's internal control over financial reporting and compliance.


Lindsey, Davis and Associates
Certified Public Accountants

Ripley, Mississippi
March 2, 2015

TOWN OF WALNUT
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (ALL FUNDS) - CASH BASIS
YEAR ENDED SEPTEMBER 30, 2014

	GOVERNMENTAL	PROPRIETARY	TOTALS	
	FUND TYPE	FUND TYPE	(MEMORANDUM ONLY)	
	GENERAL	ENTERPRISE	2014	2013
CASH OPERATING RECEIPTS				
Privilege License	\$ 5,239	\$	\$ 5,239	\$ 2,083
General Property Taxes	33,466		33,466	36,095
Prior Year Taxes	70		70	(93)
Penalties and Interest on Delinquent Taxes	251		251	254
Intergovernmental Receipts				
State Shared Receipts:				
Sales Tax	199,454		199,454	199,741
Gasoline Tax	2,157		2,157	2,157
Fire Protection	4,202		4,202	4,109
Homestead Exemption	2,606		2,606	2,477
TVA in Lieu of Taxes	12,964		12,964	15,419
General Municipal Aid	384		384	384
County Shared Receipts:				
Road Tax	23,719		23,719	28,743
Fire Protection	16,000		16,000	16,000
Charges for Services:				
Gas & Water Utilities		2,100,218	2,100,218	2,609,393
Garbage Collection Fees	21,015		21,015	21,472
TVRHA in Lieu of Taxes				1,624
Fines	31,761		31,761	25,880
Park - Fees	34,005		34,005	30,469
Gross Receipts Tax	18,998		18,998	16,870
Miscellaneous	6,130	34,070	40,200	37,914
TOTAL OPERATING RECEIPTS	412,421	2,134,288	2,546,709	3,050,991
OTHER CASH RECEIPTS				
Interest	605	4,787	5,392	7,999
Decrease in Meter Deposits		(930)	(930)	(33,623)
Transfer	75,434	100,000	175,434	103,627
Debt Proceeds				6,923
Grant Proceeds	124,988	340,439	465,427	671,194
TOTAL OTHER RECEIPTS	201,027	444,296	645,323	756,120
TOTAL CASH RECEIPTS	613,448	2,578,584	3,192,032	3,807,111

See Independent Auditor's Report

TOWN OF WALNUT
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (ALL FUNDS) - CASH BASIS
YEAR ENDED SEPTEMBER 30, 2014

	GOVERNMENTAL FUND TYPE	PROPRIETARY FUND TYPE	TOTALS (MEMORANDUM ONLY)	
	GENERAL	ENTERPRISE	2014	2013
CASH OPERATING DISBURSEMENTS				
General Government	160,471		160,471	144,272
Public Safety:				
Police	140,102		140,102	121,100
Fire	26,999		26,999	34,975
Highways and Streets:				
Repairs & Maintenance	17,485		17,485	30,512
Enterprise:				
Gas & Water Utilities		2,026,301	2,026,301	2,323,877
Sanitation	19,266		19,266	17,703
Park & Recreation	51,766		51,766	54,906
TOTAL OPERATING DISBURSEMENTS	416,089	2,026,301	2,442,390	2,727,345
OTHER CASH DISBURSEMENTS				
Interest		31,165	31,165	32,896
Transfer		175,434	175,434	103,627
Investment in Fixed Assets	53,599	38,382	91,981	138,975
Principal Payments		37,249	37,249	33,767
Capital Expenditures	113,546	340,439	453,985	674,199
TOTAL OTHER DISBURSEMENTS	167,145	622,669	789,814	983,464
TOTAL CASH DISBURSEMENTS	583,234	2,648,970	3,232,204	3,710,809
EXCESS OF CASH RECEIPTS OVER (UNDER) CASH DISBURSEMENTS	30,214	(70,386)	(40,172)	96,302
Cash Balances - Beginning of Year	71,448	616,934	688,382	592,080
Cash Balances - End of Year	<u>\$ 101,662</u>	<u>\$ 546,548</u>	<u>\$ 648,210</u>	<u>\$ 688,382</u>

See Independent Auditor's Report

TOWN OF WALNUT
NOTES TO THE FINANCIAL STATEMENT
YEAR ENDED SEPTEMBER 30, 2014

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, 2014

	<u>Definition and Purpose</u>	<u>Balance Outstanding Oct. 1, 2013</u>	<u>Transactions During Fiscal Year</u>		<u>Balance Outstanding Sept. 30, 2014</u>
			<u>Issued</u>	<u>Redeemed</u>	
GMAC	Water System	\$ 35,607	\$	\$ 8,106	\$ 27,501
Rural Development	Water System	208,446		4,555	203,891
MS Dept of Environmental Quality	Water System	105,595		5,351	100,244
MS Dept of Environmental Quality	Water System	113,077		5,062	108,015
Rural Development	Gas System	333,721		14,175	319,546
Total		<u>\$ 796,446</u>	<u>\$</u>	<u>\$ 37,249</u>	<u>\$ 759,197</u>

See Independent Auditor's Report

TOWN OF WALNUT
SCHEDULE OF SURETY BONDS FOR TOWN OFFICIALS
SEPTEMBER 30, 2014

<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
Amy Butler	Deputy Clerk	Western Surety Company	25,000
Tommy Garrett	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
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

See Independent Auditor's Report

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

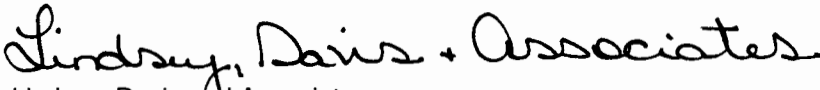
To the Mayor and Board of Aldermen
Town of Walnut
Walnut, Mississippi 38683

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, 2014 and have issued our report dated March 2, 2015. 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
March 2, 2015

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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 Water and Gas System, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Town of Walnut Water and Gas System's basic financial statements, and have issued our report thereon dated March 2, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Walnut Water and Gas System'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 Water and Gas System's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Walnut Water and Gas System's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Walnut Water and Gas System'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

Lindsey, Davis and Associates
Certified Public Accountants

Ripley, Mississippi
March 2, 2015