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**TOWN OF LEAKESVILLE
FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

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TOWN OF LEAKESVILLE

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TOWN OF LEAKESVILLE

FINANCIAL SECTION

Windham and Lacey, PLLC

Certified Public Accountants

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Pearl, MS 39208
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American Institute of CPAs
Mississippi Society of CPAs

INDEPENDENT AUDITOR'S REPORT ON BASIC FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

Honorable Mayor and
Members of the Board of Aldermen
Town of Leakesville, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Leakesville, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements on the basis of cash receipts and disbursements; 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 *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 opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Leakesville as of September 30, 2013, and the respective changes in cash basis financial position thereof for the year then ended in accordance with the basis of accounting described in Note 1.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedules be presented to supplement the basic financial statements. Such information, 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 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.

Omission of Required Supplementary Information

The Town of Leakesville, Mississippi, has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, 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 the financial reporting for placing the basic financial statements in appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Required Supplementary Information

The Schedule of Changes in Long-term Debt, the Schedule of Surety Bonds, and the Schedule of Capital Assets for the Town of Leakesville have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Supplemental Information

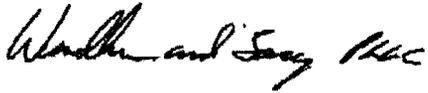
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Town of Leakesville, Mississippi's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is 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 basic financial statements. The Schedule of Expenditures of Federal Awards has been subjected to the auditing procedures applied in the audit of the basic 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us. In our opinion, based on our audit, the procedures performed as described above the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Requirements Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 29, 2014, on our consideration of the Town of Leakesville, 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 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 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 Leakesville' internal control over financial reporting and compliance.

Emphasis of Matter

As discussed in Note 1, the Town of Leakesville prepares its financial statements 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.



Windham and Lacey, PLLC
August 29, 2014

TOWN OF LEAKESVILLE

FINANCIAL STATEMENTS

Town of Leakesville
Statement of Activities and Net Position - Cash Basis
As of and For the Year Ended September 30, 2013

| Functions/Programs | Cash Disbursements | Program Cash Receipts | | | Net (Disbursements) Receipts and Changes in Net Position | | |
|----------------------------------|---------------------|------------------------------------|------------------------------------|----------------------------------|--|--------------------------|--------------------|
| | | Fees, Fines & Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | Total |
| Governmental Activities: | | | | | | | |
| General government | \$ 294,262 | 5,235 | 14,692 | | (274,335) | | (274,335) |
| Public safety | 328,190 | 15,009 | 12,523 | | (300,658) | | (300,658) |
| Public works | 252,509 | 66,375 | | | (186,134) | | (186,134) |
| Culture and recreation | 723,427 | | | | (723,427) | | (723,427) |
| Interest on long-term debt | 11,000 | | | | (11,000) | | (11,000) |
| Total Governmental Activities | <u>1,609,388</u> | <u>86,619</u> | <u>27,215</u> | <u>0</u> | <u>(1,495,554)</u> | <u>0</u> | <u>(1,495,554)</u> |
| Business-type Activities: | | | | | | | |
| Water/Sewer | 946,867 | 872,366 | | 8,000 | | (66,501) | (66,501) |
| Total Business-type Activities | <u>946,867</u> | <u>872,366</u> | <u>0</u> | <u>8,000</u> | <u>0</u> | <u>(66,501)</u> | <u>(66,501)</u> |
| Total Government | \$ <u>2,556,255</u> | <u>958,985</u> | <u>27,215</u> | <u>8,000</u> | <u>(1,495,554)</u> | <u>(66,501)</u> | <u>(1,562,055)</u> |
| General Receipts | | | | | | | |
| Taxes: | | | | | | | |
| Property taxes | | | | | \$ 140,711 | | 140,711 |
| Road & bridge privilege taxes | | | | | 56,842 | | 56,842 |
| Sales tax | | | | | 300,860 | | 300,860 |
| Franchise taxes | | | | | 50,358 | | 50,358 |
| Unrestricted investment income | | | | | 252 | 248 | 500 |
| Loan proceeds | | | | | 871,131 | | 871,131 |
| Insurance proceeds | | | | | | 12,929 | 12,929 |
| Miscellaneous | | | | | 14,099 | | 14,099 |
| Transfers | | | | | 21,329 | (21,329) | 0 |
| Total General Receipts | | | | | <u>1,455,582</u> | <u>(8,152)</u> | <u>1,447,430</u> |
| Change in net position | | | | | (39,972) | (74,653) | (114,625) |
| Net Position - Beginning | | | | | <u>71,230</u> | <u>147,260</u> | <u>218,490</u> |
| Net Position - Ending | | | | | \$ <u>31,258</u> | <u>72,607</u> | <u>103,865</u> |

Town of Leakesville
Statement of Activities and Net Position - Cash Basis
As of and For the Year Ended September 30, 2013

(Continued)

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| ASSETS | | |
| Cash and cash equivalents | | \$ (25,377) |
| Restricted cash | | 129,242 |
| Total Assets | | <u>\$ 103,865</u> |
| NET POSITION | | |
| Restricted: | | |
| Restricted for debt service | | \$ 59,221 |
| Restricted for public safety | | 31,258 |
| Restricted for meter deposits | | 38,763 |
| Unrestricted | | <u>(25,377)</u> |
| Total Net Position | | <u>\$ 103,865</u> |

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

Town of Leakesville
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, 2013

| | <u>Governmental Activities</u> | | | | | <u>Business-type Activities</u> | | |
|---------------------------------|--------------------------------|-------------------------|------------------------|-----------------------|----------------|---------------------------------|-----------------------|----------------|
| | <u>Major Funds</u> | | | | | <u>Major Fund</u> | | |
| | <u>General Fund</u> | <u>Fire Rebate Fund</u> | <u>Ball Field Fund</u> | <u>Non-Major Fund</u> | <u>Total</u> | <u>Water/Sewer Fund</u> | <u>Non-Major Fund</u> | <u>Total</u> |
| RECEIPTS | | | | | | | | |
| Ad valorem taxes | \$ 140,711 | | | | 140,711 | | | |
| Road and bridge tax | 56,842 | | | | 56,842 | | | |
| License and permits | 5,235 | | | | 5,235 | | | |
| Franchise taxes on utilities | 50,358 | | | | 50,358 | | | |
| Intergovernmental revenues: | | | | | | | | |
| Federal revenues: | | | | | | | | |
| FEMA -Disaster Grants | 10,056 | | | | 10,056 | | | |
| ARRA - Justice Assistance Grant | 443 | | | | 443 | | | |
| CDBG Water Expansion Project | | | | | | | 8,000 | 8,000 |
| State shared revenues: | | | | | | | | |
| Sales taxes | 300,860 | | | | 300,860 | | | |
| Gasoline tax | 2,960 | | | | 2,960 | | | |
| Fire insurance rebate | | 4,786 | | | 4,786 | | | |
| State grants | 1,676 | | | | 1,676 | | | |
| Local shared revenues: | | | | | | | | |
| County fire insurance rebate | | 7,294 | | | 7,294 | | | |
| Charges for services: | | | | | | | | |
| Garbage | 66,375 | | | | 66,375 | | | |
| Water and sewer utility | | | | | | 872,366 | | 872,366 |
| Fines and forfeits | 15,009 | | | | 15,009 | | | |
| Interest income | 90 | 126 | | 36 | 252 | 248 | | 248 |
| Miscellaneous revenue | 14,099 | | | | 14,099 | | | |
| Total Receipts | <u>664,714</u> | <u>12,206</u> | <u>0</u> | <u>36</u> | <u>676,956</u> | <u>872,614</u> | <u>8,000</u> | <u>880,614</u> |

Town of Leakesville
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, 2013

(Continued)

| | Governmental Activities | | | | | Business-type Activities | | |
|--|-------------------------|------------------|-----------------|-----------------|-----------------|--------------------------|----------------|------------------|
| | Major Funds | | | | | Major Fund | | |
| | General Fund | Fire Rebate Fund | Ball Field Fund | Non-Major Fund | Total | Water/Sewer Fund | Non-Major Fund | Total |
| DISBURSEMENTS | | | | | | | | |
| General government | 278,262 | | | | 278,262 | | | |
| Public safety | 267,880 | 675 | | | 268,555 | | | |
| Public works | 119,872 | | | 28,340 | 148,212 | | | |
| Culture and recreation | 24,021 | | | | 24,021 | | | |
| Water and sewer utility | | | | | | | | |
| Personal services | | | | | | 321,607 | | 321,607 |
| Supplies | | | | | | 107,708 | | 107,708 |
| Utilities | | | | | | 91,043 | | 91,043 |
| Other services and charges | | | | | | 260,061 | | 260,061 |
| Total Disbursements | <u>690,035</u> | <u>675</u> | <u>0</u> | <u>28,340</u> | <u>719,050</u> | <u>780,419</u> | <u>0</u> | <u>780,419</u> |
| Excess of Receipts over (under) Disbursements | <u>(25,321)</u> | <u>11,531</u> | <u>0</u> | <u>(28,304)</u> | <u>(42,094)</u> | <u>92,195</u> | <u>8,000</u> | <u>100,195</u> |
| OTHER CASH SOURCES (USES) | | | | | | | | |
| Capital outlay - improvements | | | (699,406) | | (699,406) | | (10,000) | (10,000) |
| Capital outlay - land | (45,000) | | | | (45,000) | | | |
| Capital outlay - equipment | (102,885) | (14,635) | | | (117,520) | | | |
| Principal paid on bonds and notes | (17,412) | | | | (17,412) | (85,573) | | (85,573) |
| Interest paid on bonds and notes | (11,000) | | | | (11,000) | (70,875) | | (70,875) |
| Loan proceeds | 143,385 | | 699,406 | 28,340 | 871,131 | | | 0 |
| Insurance proceeds | | | | | | 12,929 | | 12,929 |
| Transfers in (out) from other funds | 21,329 | | | | 21,329 | (23,329) | 2,000 | (21,329) |
| Total Other Cash Sources and (Uses) | <u>(11,583)</u> | <u>(14,635)</u> | <u>0</u> | <u>28,340</u> | <u>2,122</u> | <u>(166,848)</u> | <u>(8,000)</u> | <u>(174,848)</u> |

Town of Leakesville
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, 2013

(Continued)

| | <u>Governmental Activities</u> | | | | | <u>Business-type Activities</u> | | |
|---|--------------------------------|-------------------------|------------------------|-----------------------|---------------|---------------------------------|-----------------------|---------------|
| | <u>Major Funds</u> | | | | | <u>Major Fund</u> | | |
| | <u>General Fund</u> | <u>Fire Rebate Fund</u> | <u>Ball Field Fund</u> | <u>Non-Major Fund</u> | <u>Total</u> | <u>Water/Sewer Fund</u> | <u>Non-Major Fund</u> | <u>Total</u> |
| Excess (Deficiency) of Receipts and Other Cash Sources over Disbursements and Other Cash Uses | (36,904) | (3,104) | 0 | 36 | (39,972) | (74,653) | 0 | (74,653) |
| CASH BASIS FUND BALANCE – Beginning of Year | 36,904 | 31,301 | 0 | 3,025 | 71,230 | 147,260 | 0 | 147,260 |
| CASH BASIS FUND BALANCE – End of Year | <u>\$ 0</u> | <u>28,197</u> | <u>0</u> | <u>3,061</u> | <u>31,258</u> | <u>72,607</u> | <u>0</u> | <u>72,607</u> |
| CASH BASIS ASSETS - End of Year | | | | | | | | |
| Cash and cash equivalents | \$ | | | | | (25,377) | | (25,377) |
| Restricted cash | | 28,197 | | 3,061 | 31,258 | 97,984 | | 97,984 |
| Total Cash Basis Assets | <u>\$ 0</u> | <u>28,197</u> | <u>0</u> | <u>3,061</u> | <u>31,258</u> | <u>72,607</u> | <u>0</u> | <u>72,607</u> |
| CASH BASIS FUND BALANCES – End of Year | | | | | | | | |
| Restricted: | | | | | | | | |
| Restricted for debt service | \$ | | | | | 59,221 | | 59,221 |
| Restricted for public safety | | 28,197 | | 3,061 | 31,258 | | | |
| Restricted for meter deposits | | | | | | 38,763 | | 38,763 |
| Unassigned | | | | | | (25,377) | | (25,377) |
| Total Cash Basis Fund Balances | <u>\$ 0</u> | <u>28,197</u> | <u>0</u> | <u>3,061</u> | <u>31,258</u> | <u>72,607</u> | <u>0</u> | <u>72,607</u> |

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

TOWN OF LEAKESVILLE

**Notes to Financial Statements
For the Year Ended September 30, 2013**

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity

The Town operates under an alderman/mayor form of government and provides all of the rights and privileges provided by statute for municipalities.

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 Activities) 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 expenses of a given function or segment are offset by program revenues. *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*.

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 collected and expenditures 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 recognized as soon as they are collected. Expenditures generally are recorded when cash is spent.

The Town reports the following major governmental funds:

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.

The *fire rebate fund* is a special revenue fund which accounts for special revenue to be used for capital expenditures and operating expenditures of the Town's fire department.

The *ballfield fund* is a capital improvements fund which accounts for loan proceeds to be used for ballfields capital improvements expenditures of the Town's culture and recreation operations.

TOWN OF LEAKESVILLE

**Notes to Financial Statements
For the Year Ended September 30, 2013**

The Town reports the following major proprietary fund:

The *water/sewer fund* accounts for the activities of the water and sewer system.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program receipts* include (1) 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 Position or Equity.

1. *Cash*

The government's cash and cash equivalents are considered to be cash on hand.

2. *Net Position.*

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

3. *Fund Balances.*

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the Town classifies governmental fund balances as follows:

Non-spendable - Includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints. The Town has no fund balance reported in this category.

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. The Town has \$129,242 reported as restricted fund balances.

Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end. The Town has no fund balance reported in this category.

Assigned - Includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by management other than the highest decision making authority of the Town. The Town has no fund balance reported in this category.

TOWN OF LEAKESVILLE

Notes to Financial Statements For the Year Ended September 30, 2013

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/committed 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 \$103,865 and the bank balance was \$122,684. 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 entity'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.

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 trust department or agent in the name of the Mississippi State Treasury on behalf of the Town. As of September 30, 2013, none of the Town's bank balance of \$122,684 was exposed to custodial risk.

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 Leakesville 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 current rate is 15.75% of annual covered payroll. 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, 2013, 2012 and 2011 were \$65,138, \$57,568, and \$53,858, respectively, which is equal to the required contributions for each year.

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TOWN OF LEAKESVILLE

REQUIRED SUPPLEMENTARY INFORMATION

**Town of Leakesville
 Budgetary Comparison Schedule -
 Budget and Actual
 General Fund
 For the Year Ended September 30, 2013**

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual (Budgetary Basis)</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|----------------------------|-------------------------|---|---|
| REVENUE | | | | |
| License & permits | \$ 12,364 | 5,235 | 5,235 | |
| State shared revenues | 295,309 | 303,820 | 303,820 | |
| Local government revenues | 112,327 | 107,200 | 107,200 | |
| Fines & forfeits | 19,000 | 15,009 | 15,009 | |
| Miscellaneous revenues | | 236,124 | 236,124 | |
| Tax levy | 174,000 | 140,711 | 140,711 | |
| Total Revenue | <u>613,000</u> | <u>808,099</u> | <u>808,099</u> | <u>0</u> |
| EXPENDITURES | | | | |
| Executive | 40,754 | 36,912 | 36,912 | |
| Judicial | 18,000 | 25,647 | 25,647 | |
| Financial administrative | 193,000 | 244,115 | 244,115 | |
| Library | 7,200 | 6,184 | 6,184 | |
| Police | 241,177 | 253,806 | 253,806 | |
| Fire | 13,000 | 59,074 | 59,074 | |
| Street | 145,000 | 222,757 | 222,757 | |
| Park and recreation | 8,000 | 17,837 | 17,837 | |
| Total Expenditures | <u>666,131</u> | <u>866,332</u> | <u>866,332</u> | <u>0</u> |
| Excess of Revenue over (under) Expenditures | <u>(53,131)</u> | <u>(58,233)</u> | <u>(58,233)</u> | <u>0</u> |
| OTHER CASH SOURCES (USES) | | | | |
| Transfers in | 30,000 | 21,329 | 21,329 | |
| Total Other Cash Sources and Uses | <u>30,000</u> | <u>21,329</u> | <u>21,329</u> | <u>0</u> |
| Net Change in Cash Basis Fund Balance | (23,131) | (36,904) | (36,904) | 0 |
| Cash Basis Fund Balances - Beginning | 33,144 | 36,904 | 36,904 | 0 |
| Cash Basis Fund Balances - Ending | <u>\$ 10,013</u> | <u>0</u> | <u>0</u> | <u>0</u> |

The accompanying notes to the Required Supplementary Information are an integral part of this statement.

**Town of Leakesville
 Budgetary Comparison Schedule -
 Budget and Actual
 Fire Rebate Fund
 For the Year Ended September 30, 2013**

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual (Budgetary Basis)</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|----------------------------|-------------------------|---|---|
| REVENUE | | | | |
| State shared revenues | \$ | 4,786 | 4,786 | |
| Local shared government revenues | | 7,294 | 7,294 | |
| Interest income | | 126 | 126 | |
| Total Revenue | <u>0</u> | <u>12,206</u> | <u>12,206</u> | <u>0</u> |
| EXPENDITURES | | | | |
| Fire | | 15,310 | 15,310 | |
| Total Expenditures | <u>0</u> | <u>15,310</u> | <u>15,310</u> | <u>0</u> |
| Excess of Revenue over (under) Expenditures | <u>0</u> | <u>(3,104)</u> | <u>(3,104)</u> | <u>0</u> |
| OTHER CASH SOURCES (USES) | | | | |
| Total Other Cash Sources and Uses | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Net Change in Cash Basis Fund Balance | 0 | (3,104) | (3,104) | 0 |
| Cash Basis Fund Balances - Beginning | 0 | 31,301 | 31,301 | 0 |
| Cash Basis Fund Balances - Ending | <u>\$ 0</u> | <u>28,197</u> | <u>28,197</u> | <u>0</u> |

The accompanying notes to the Required Supplementary Information are an integral part of this statement.

TOWN OF LEAKESVILLE

**Notes to the Required Supplementary Information
For the Year Ended September 30, 2013**

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 LEAKESVILLE

OTHER REQUIRED SUPPLEMENTARY INFORMATION

**Town of Leakesville
Schedule of Changes in Long-term Debt
For the Year Ended September 30, 2013**

| Description | Outstanding Balance Oct. 1, 2012 | Additions | Redeemed | Outstanding Balance Sept. 30, 2013 |
|--|---|------------------|-----------------|---|
| Long-term Debt | | | | |
| Governmental Fund Debt: | | | | |
| General Obligation Street Improvement Bond, Series 2011 | \$ 486,662 | 13,338 | 16,000 | 484,000 |
| First State Bank Loan 00008512485000006 Note: Donald West | | 667,000 | | 667,000 |
| Cat Financial Lease Purchase | | 40,500 | | 40,500 |
| Enterprise Fund Debt: | | 102,885 | 1,412 | 101,473 |
| Rural Water System Revenue Bond | 81,114 | | 9,033 | 72,081 |
| Capital Improvement Loan 357 | 291,664 | | 29,283 | 262,381 |
| Combined Water and Sewer System Revenue Bonds | 143,200 | | 2,818 | 140,382 |
| Combined Water and Sewer System Junior Lien Revenue Bonds | 1,109,247 | | 17,231 | 1,092,016 |
| Combined Governmental Fund Debt and Enterprise Fund Debt: | | | | |
| Governmental Fund Debt | | | | |
| First State Bank Loan 00008512485000005 | | 47,408 | | 47,408 |
| Water Fund Debt | | | | |
| First State Bank Loan 00008512485000005 | 169,500 | | 27,208 | 142,292 |
| Compensated Absences Payable | 52,679 | 888 | | 53,567 |
| Total | \$ 2,334,066 | 872,019 | 102,985 | 3,103,100 |

**Town of Leakesville
 Schedule of Surety Bonds for Municipal Officials and Employees
 September 30, 2013**

| <u>Name</u> | <u>Position</u> | <u>Surety</u> | <u>Bond Amount</u> |
|----------------------|-----------------|---------------|--------------------|
| Joe Bullard | Aldermen | Travelers | \$ 50,000 |
| Carolyn C. Garretson | Aldermen | Travelers | 50,000 |
| Jimmy Breland | Aldermen | Travelers | 50,000 |
| Willie J. Burley | Aldermen | Travelers | 50,000 |
| Karen Smith | Aldermen | Travelers | 50,000 |
| George E. Perkins | Mayor | Travelers | 50,000 |
| Jennie Pierce | Town Clerk | Travelers | 50,000 |
| Crystal Johnson | Deputy Clerk | Travelers | 50,000 |
| Debra Lankford | Court Clerk | Travelers | 50,000 |
| Robert Flick | Police Chief | Travelers | 50,000 |
| Police Officers | Police Officers | Travelers | 25,000 |

**Town of Leakesville
Schedule of Capital Assets
For the Year Ended September 30, 2013**

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|--|------------------------------|-----------------------|------------------|---------------------------|
| Governmental Activities: | | | | |
| Capital Assets: | | | | |
| Land | \$ 20,300 | 45,000 | | 65,300 |
| Buildings | 263,763 | | | 263,763 |
| Recreation improvements | | 699,406 | | 699,406 |
| Machinery, equipment and vehicles | <u>740,077</u> | <u>117,520</u> | | <u>857,597</u> |
| Total Governmental Activities Capital Assets | <u>\$ 1,024,140</u> | <u>861,926</u> | <u>0</u> | <u>1,886,066</u> |
| Business-type Activities | | | | |
| Capital Assets: | | | | |
| Machinery, equipment and vehicles | \$ 37,654 | | | 37,654 |
| Water tanks, treatment plants and lines | 4,897,406 | | | 4,897,406 |
| Construction in progress - water main improvements | | 10,000 | | 10,000 |
| Sewer improvements | <u>2,398,182</u> | | | <u>2,398,182</u> |
| Total Business-type Activities Capital Assets | <u>\$ 7,333,242</u> | <u>10,000</u> | <u>0</u> | <u>7,343,242</u> |

TOWN OF LEAKESVILLE

SUPPLEMENTAL INFORMATION

Town of Leakesville
 Schedule of Expenditures of Federal Awards
 September 30, 2013

| Federal Grantor/Pass-through Grantor/ Program Title | Federal CFDA Number | Grant Identification Number | Agency or Pass-through Number | Federal Disbursements/ Expenditures |
|--|---------------------------|-----------------------------------|-------------------------------------|---|
| MAJOR FEDERAL AWARDS: | | | | |
| Department of Homeland Security Disaster Grants - Public Assistance (Presidentially Declared Disasters) Ball Field Complex | 97.036 | 1972 | FEMA 1972 - DR - MS | \$ <u>499,883</u> |
| Total Expenditures of Major Federal Awards | | | | <u>499,883</u> |
| OTHER FEDERAL AWARDS: | | | | |
| U. S. Department of Housing and Urban Development/ Mississippi Development Authority/Community Development Block Grant Water Improvements, Project A - Water Mains 2013 | 14.228 | CDBG | 12-229-PF-01 | <u>8,000</u> |
| Total Expenditures of Other Federal Awards | | | | <u>8,000</u> |
| Total Expenditures of Federal Awards | | | | <u>\$ <u>507,883</u></u> |

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note A - Significant Accounting Policies.

The accompanying Schedule of Expenditures of Federal Awards is prepared on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements that are prepared on the basis of cash receipts and disbursements.

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TOWN OF LEAKESVILLE

SPECIAL REPORTS

Windham and Lacey, PLLC

Certified Public Accountants

2708 Old Brandon Road
Pearl, MS 39208
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Members:
American Institute of CPAs
Mississippi Society of CPAs

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF THE
FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Honorable Mayor and
Members of the Board of Aldermen
Town of Leakesville, Mississippi

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Leakesville, Mississippi, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise Town of Leakesville, Mississippi's basic financial statements and have issued our report thereon dated March 14, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Town of Leakesville, Mississippi's internal control over financial reporting as a basis for designing our auditing procedures 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's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

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 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.

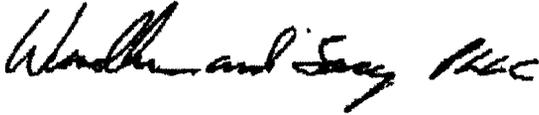
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 Town of Leakesville, Mississippi's financial statements are free of 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 result 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. However, this report is a matter of public record and its distribution is not limited.



Windham and Lacey, PLLC
August 29, 2014

Windham and Lacey, PLLC

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Honorable Mayor and
Members of the Board of Aldermen
Town of Leakesville, Mississippi

Report on Compliance for Each Major Federal Program

We have audited the compliance of the Town of Leakesville, Mississippi, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2013. The Town of Leakesville, Mississippi's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Leakesville, Mississippi's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Leakesville, Mississippi's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination on the Town of Leakesville, Mississippi's compliance with those requirements.

Opinion on Each Major Federal Program

In our opinion, the Town of Leakesville, Mississippi, complied, in all material respects, with the types of 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, 2013.

Report on Internal Control Over Compliance

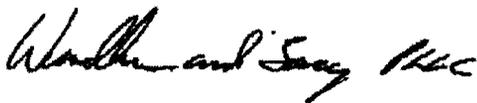
The management of the Town of Leakesville, Mississippi, is responsible for establishing and maintaining effective internal control over compliance with the types of requirements referred to above. In planning and performing our audit, we considered the Town of Leakesville, Mississippi's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the county's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we considered to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of This Report

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 OMB circular A-133. Accordingly this report is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.



Windham and Lacey, PLLC
August 29, 2014

Windham and Lacey, PLLC

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

Honorable Mayor and
Members of the Board of Aldermen
Town of Leakesville, Mississippi

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Town of Leakesville, Mississippi, as of and for the year ended September 30, 2013, and have issued our report thereon dated August 29, 2014. 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.

The results of those procedures and our audit of the general purpose 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
August 29, 2014

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TOWN OF LEAKESVILLE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

TOWN OF LEAKESVILLE
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2013

Section 1: Summary of Auditor's Results

Financial Statements:

- | | | |
|----|--|---------------|
| 1. | Type of auditor's report issued on the primary government financial statements: | Unmodified |
| 2. | Internal control over financial reporting: | |
| a. | Material weakness 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 auditor's 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. Department of Homeland Security Disaster Grants, CFDA #97.036 | |
| 8. | The dollar threshold used to distinguish between type A and type B programs: | \$300,000 |
| 9. | Auditee qualified as a low-risk auditee? | No |
| 10. | Prior fiscal year audit findings and questioned costs relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings as discussed in Section __.315(b) of OMB Circular A-133? | No |

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TOWN OF LEAKESVILLE

**Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2013**

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.