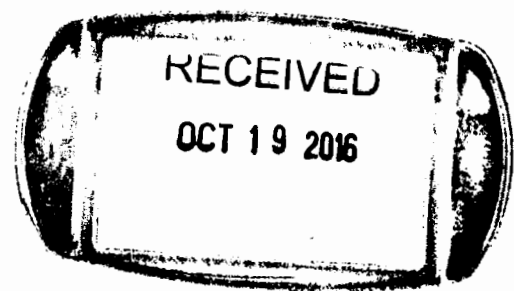




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**TOWN OF LEAKESVILLE**  
**FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**





# TOWN OF LEAKESVILLE

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**TOWN OF LEAKESVILLE**

**FINANCIAL SECTION**



# Windham and Lacey, PLLC

*Certified Public Accountants*

2708 Old Brandon Road  
Pearl, MS 39208  
(601)939-8676

Members:  
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, 2015, 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, 2015, 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.

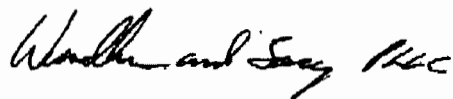
## **Other Reporting Requirements Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2016, 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's 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.

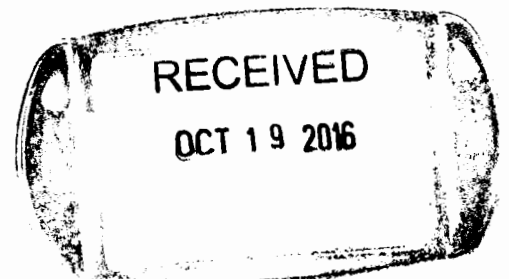
A handwritten signature in cursive script, appearing to read "Windham and Lacey, PLLC".

Windham and Lacey, PLLC  
August 31, 2016



**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, 2015**

Functions/Programs	Cash Disbursements	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets		
		Fees, Fines & Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental Activities:</b>							
General government	\$ 336,583	4,440	113,622		(218,521)		(218,521)
Public safety	270,794	36,796	14,924		(219,074)		(219,074)
Public works	377,270	69,769		172,513	(134,988)		(134,988)
Culture and recreation	39,739				(39,739)		(39,739)
Interest on long-term debt	45,398				(45,398)		(45,398)
Total Governmental Activities	<u>1,069,784</u>	<u>111,005</u>	<u>128,546</u>	<u>172,513</u>	<u>(657,720)</u>	<u>0</u>	<u>(657,720)</u>
<b>Business-type Activities:</b>							
Water/Sewer	<u>1,424,743</u>	<u>879,287</u>		<u>309,266</u>		<u>(236,190)</u>	<u>(236,190)</u>
Total Business-type Activities	<u>1,424,743</u>	<u>879,287</u>	<u>0</u>	<u>309,266</u>	<u>0</u>	<u>(236,190)</u>	<u>(236,190)</u>
Total Government	<u>\$ 2,494,527</u>	<u>990,292</u>	<u>128,546</u>	<u>481,779</u>	<u>(657,720)</u>	<u>(236,190)</u>	<u>(893,910)</u>
<b>General Receipts</b>							
Taxes:							
Property taxes					\$ 161,290		161,290
Road & bridge privilege taxes					58,594		58,594
Sales tax					324,471		324,471
Franchise taxes					64,483		64,483
Unrestricted investment income					562	251	813
Loan proceeds						311,598	311,598
Miscellaneous					65,669		65,669
Transfers					<u>106,312</u>	<u>(106,312)</u>	
Total General Receipts					<u>781,381</u>	<u>205,537</u>	<u>986,918</u>
Change in net position					123,661	(30,653)	93,008
Net Position - Beginning					<u>37,880</u>	<u>137,328</u>	<u>175,208</u>
Net Position - Ending					<u>\$ 161,541</u>	<u>106,675</u>	<u>268,216</u>





**Town of Leakesville**  
**Statement of Activities and Net Position - Cash Basis**  
**As of and For the Year Ended September 30, 2015**

**(Continued)**

<b>ASSETS</b>	
Cash and cash equivalents	\$ 117,680
Restricted cash	<u>150,536</u>
Total Assets	\$ <u>268,216</u>
<b>NET POSITION</b>	
Restricted:	
Restricted for debt service	\$ 62,882
Restricted for public safety	41,699
Restricted for meter deposits	45,955
Unrestricted	<u>117,680</u>
Total Net Position	\$ <u>268,216</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, 2015**

	<u>Governmental Activities</u>				<u>Business-type Activities</u>			
	<u>Major Funds</u>				<u>Major Funds</u>			
	<u>General Fund</u>	<u>Fire Rebate Fund</u>	<u>Non-Major Funds</u>	<u>Total</u>	<u>Water/Sewer Fund</u>	<u>CDBG Water System Improvements</u>	<u>CAP Loan Water System Improvements</u>	<u>Total</u>
<b>RECEIPTS</b>								
Ad valorem taxes	\$ 161,290			161,290				
Road and bridge tax	58,594			58,594				
License and permits	4,440			4,440				
Franchise taxes on utilities	64,483			64,483				
Intergovernmental revenues:								
Federal revenues:								
FEMA - Disaster Grants	23,238			23,238				
CDBG Water System Improvements						309,266		309,266
State Grants	260,147			260,147				
State shared revenues:								
Sales taxes	324,471			324,471				
Gasoline tax	2,750			2,750				
Fire insurance rebate		4,886		4,886				
Local shared revenues:								
County fire insurance rebate		10,038		10,038				
Charges for services:								
Garbage	69,769			69,769				
Water and sewer utility					879,287			879,287
Fines and forfeits	36,796			36,796				
Interest income	413	149		562	251			251
Miscellaneous revenue	65,669			65,669				
Total Receipts	<u>1,072,060</u>	<u>15,073</u>	<u>0</u>	<u>1,087,133</u>	<u>879,538</u>	<u>309,266</u>	<u>0</u>	<u>1,188,804</u>



Town of Leakesville

(Continued)

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, 2015

	Governmental Activities				Business-type Activities			
	Major Funds				Major Funds			
	General Fund	Fire Rebate Fund	Non-Major Funds	Total	Water/Sewer Fund	CDBG Water System Improvements	CAP Loan Water System Improvements	Total
<b>DISBURSEMENTS</b>								
General government	238,556			238,556				
Public safety	252,728	8,201		260,929				
Public works	179,580			179,580				
Culture and recreation	39,739			39,739				
Water and sewer utility:								
Personal services					299,818			299,818
Supplies					137,103			137,103
Utilities					95,164			95,164
Other services and charges					78,754			78,754
Total Disbursements	710,603	8,201	0	718,804	610,839	0	0	610,839
Excess of Receipts over (under) Disbursements	361,457	6,872	0	368,329	268,699	309,266	0	577,965
<b>OTHER CASH SOURCES (USES)</b>								
Capital outlay - improvements	(187,369)			(187,369)		(309,266)	(311,713)	(620,979)
Capital outlay - equipment					(30,754)			(30,754)
Principal paid on bonds and notes	(118,213)			(118,213)	(100,951)			(100,951)
Interest paid on bonds and notes	(45,398)			(45,398)	(61,220)			(61,220)
Loan proceeds							311,598	311,598
Transfers in (out) from other funds	106,312			106,312	(106,427)		115	(106,312)
Total Other Cash Sources and (Uses)	(244,668)	0	0	(244,668)	(299,352)	(309,266)	0	(608,618)



**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, 2015**

(Continued)

	Governmental Activities				Business-type Activities			
	Major Funds				Major Funds			
	General Fund	Fire Rebate Fund	Non-Major Funds	Total	Water/Sewer Fund	CDBG Water System Improvements	CAP Loan Water System Improvements	Total
Excess (Deficiency) of Receipts and Other Cash Sources Over Disbursements and Other Cash Uses	116,789	6,872	0	123,661	(30,653)	0	0	(30,653)
<b>CASH BASIS FUND BALANCE - Beginning of Year</b>	<u>0</u>	<u>34,812</u>	<u>3,068</u>	<u>37,880</u>	<u>137,312</u>	<u>16</u>	<u>0</u>	<u>137,328</u>
<b>CASH BASIS FUND BALANCE - End of Year</b>	<u>\$ 116,789</u>	<u>41,684</u>	<u>3,068</u>	<u>161,541</u>	<u>106,659</u>	<u>16</u>	<u>0</u>	<u>106,675</u>
<b>CASH BASIS ASSETS - End of Year</b>								
Cash and cash equivalents	\$ 116,789			116,789	875	16		891
Restricted cash		41,684	3,068	44,752	105,784			105,784
<b>Total Cash Basis Assets</b>	<u>\$ 116,789</u>	<u>41,684</u>	<u>3,068</u>	<u>161,541</u>	<u>106,659</u>	<u>16</u>	<u>0</u>	<u>106,675</u>
<b>CASH BASIS FUND BALANCES - End of Year</b>								
Restricted:								
Restricted for debt service	\$		3,053	3,053	59,829			59,829
Restricted for public safety		41,684	15	41,699				
Restricted for meter deposits					45,955			45,955
Unassigned	<u>116,789</u>			<u>116,789</u>	<u>875</u>	<u>16</u>		<u>891</u>
<b>Total Cash Basis Fund Balances</b>	<u>\$ 116,789</u>	<u>41,684</u>	<u>3,068</u>	<u>161,541</u>	<u>106,659</u>	<u>16</u>	<u>0</u>	<u>106,675</u>

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

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## TOWN OF LEAKESVILLE

### Notes to Financial Statements For the Year Ended September 30, 2015

(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.



**TOWN OF LEAKESVILLE**  
**Notes to Financial Statements**  
**For the Year Ended September 30, 2015**

The Town reports the following major proprietary fund:

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

The *CDBG water system improvements fund* is a capital improvements fund which accounts for grant funds to be used for water system improvements expenditures of the Town's water/sewer operations.

The *CAP loan water system improvements fund* is a capital improvements fund which accounts for loan proceeds to be used for water system improvements expenditures of the Town's water/sewer operations.

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 \$150,536 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.



TOWN OF LEAKESVILLE

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Notes to Financial Statements  
For the Year Ended September 30, 2015

OCT 19 2016

**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.

**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 \$268,216 and the bank balance was \$500,990. 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, 2015, none of the Town's bank balance of \$500,990 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, 2015, 2014 and 2013 were \$50,757, \$64,171 and \$65,138, respectively, which is equal to the required contributions for each year.



**TOWN OF LEAKESVILLE**

**REQUIRED SUPPLEMENTARY INFORMATION**





**Town of Leakesville**  
**Budgetary Comparison Schedule -**  
**Budget and Actual**  
**General Fund**  
**For the Year Ended September 30, 2015**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual (Budgetary Basis)</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUE</b>				
License & permits	\$ 2,500	4,440	4,440	
State shared revenues	340,000	327,221	327,221	
Local government revenues	62,000	69,769	69,769	
Fines & forfeits	30,000	36,796	36,796	
Miscellaneous revenues	140,500	472,544	472,544	
Tax levy	143,249	161,290	161,290	
Total Revenue	<u>718,249</u>	<u>1,072,060</u>	<u>1,072,060</u>	<u>0</u>
<b>EXPENDITURES</b>				
Executive and judicial	45,604	57,662	57,662	
Financial administrative	191,000	177,839	177,839	
Library	7,200	6,646	6,646	
Police	243,389	237,362	237,362	
Fire	22,025	15,367	15,367	
Street	158,000	179,580	179,580	
Park and recreation	30,000	33,094	33,094	
Total Expenditures	<u>697,218</u>	<u>707,550</u>	<u>707,550</u>	<u>0</u>
Excess of Revenue over (under) Expenditures	<u>21,031</u>	<u>364,510</u>	<u>364,510</u>	<u>0</u>
<b>OTHER CASH SOURCES (USES)</b>				
Capital outlay - equipment		(187,369)	(187,369)	
Principal paid on bonds and notes		(118,213)	(118,213)	
Interest paid on bonds and notes		(45,398)	(45,398)	
Transfers in (out) from other funds		106,312	106,312	
Total Other Cash Sources and Uses	<u>0</u>	<u>(244,668)</u>	<u>(244,668)</u>	<u>0</u>
Net Change in Cash Basis Fund Balance	21,031	119,842	119,842	0
Cash Basis Fund Balances - Beginning - Estimate	<u>35,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Basis Fund Balances - Ending	<u>\$ 56,031</u>	<u>119,842</u>	<u>119,842</u>	<u>0</u>

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



**Town of Leakesville**  
**Budgetary Comparison Schedule -**  
**Budget and Actual**  
**Fire Rebate Fund**  
**For the Year Ended September 30, 2015**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual (Budgetary Basis)</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUE</b>				
State shared revenues	\$	4,886	4,886	
Local shared government revenues		10,038	10,038	
Interest income		149	149	
Total Revenue	<u>0</u>	<u>15,073</u>	<u>15,073</u>	<u>0</u>
<b>EXPENDITURES</b>				
Fire		8,201	8,201	
Total Expenditures	<u>0</u>	<u>8,201</u>	<u>8,201</u>	<u>0</u>
Excess of Revenue over (under) Expenditures	<u>0</u>	<u>6,872</u>	<u>6,872</u>	<u>0</u>
Net Change in Cash Basis Fund Balance	0	6,872	6,872	0
Cash Basis Fund Balances - Beginning	<u>0</u>	<u>34,812</u>	<u>34,812</u>	<u>0</u>
Cash Basis Fund Balances - Ending	<u>\$ 0</u>	<u>41,684</u>	<u>41,684</u>	<u>0</u>

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



## **TOWN OF LEAKESVILLE**

### **Notes to the Required Supplementary Information For the Year Ended September 30, 2015**

**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 and Fire Rebate 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.

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**TOWN OF LEAKESVILLE**

**OTHER REQUIRED SUPPLEMENTARY INFORMATION**





**Town of Leakesville**  
**Schedule of Changes in Long-term Debt**  
**For the Year Ended September 30, 2015**

<u>Description</u>	<u>Outstanding Balance Oct. 1, 2014</u>	<u>Additions</u>	<u>Redeemed</u>	<u>Outstanding Balance Sept. 30, 2015</u>
<b>Long-term Debt</b>				
Governmental Fund Debt:				
General Obligation Street Improvement Bond, Series 2011	\$ 467,000		30,763	436,237
First State Bank Loan 00008512485000006	160,000		28,036	131,964
Note: Donald West	31,105		9,865	21,240
Cat Financial Lease Purchase	94,339		10,321	84,018
Enterprise Fund Debt:				
Rural Water System Revenue Bond	62,538		10,078	52,460
Capital Improvement Loan No. 357	239,775		23,850	215,925
Combined Water and Sewer System Revenue Bonds	137,434		3,083	134,351
Combined Water and Sewer System Junior Lien Revenue Bonds	1,074,083		18,663	1,055,420
Unclosed Capital Improvement Loan No. 50731	128,229	311,598		439,827
Note: Loan closed June 2016, Principal \$439,827				
Combined Governmental Fund Debt and Enterprise Fund Debt:				
Governmental Fund Debt				
First State Bank Loan 00008512485000005	39,228		39,228	
Water Fund Debt				
First State Bank Loan 00008512485000005	140,256		45,277	94,979
Compensated Absences Payable	33,888		11,321	22,567
Total	<u>\$ 2,607,875</u>	<u>311,598</u>	<u>230,485</u>	<u>2,688,988</u>



**Town of Leakesville**  
**Schedule of Surety Bonds for Municipal Officials and Employees**  
**September 30, 2015**

<u>Name</u>	<u>Position</u>	<u>Surety</u>	<u>Bond Amount</u>
Joe Bullard	Alderman	Travelers	\$ 50,000
Carolyn C. Garretson	Alderman	Travelers	50,000
Jimmy Breland	Alderman	Travelers	50,000
Willie J. Burley	Alderman	Travelers	50,000
Karen Smith	Alderman	Travelers	50,000
George E. Perkins	Mayor	Travelers	50,000
Rex Garretson	Town Clerk	Travelers	50,000
Mary Washington	Deputy Clerk	Travelers	50,000
Debra Lankford	Court Clerk	Travelers	50,000
Shanteria Leverette	Water Billing Clerk	Travelers	50,000
Robert Flick	Police Chief	Travelers	50,000
Various	Police Officers	Travelers	25,000



**Town of Leakesville**  
**Schedule of Capital Assets**  
**For the Year Ended September 30, 2015**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Capital Assets:				
Land	\$ 65,300			65,300
Buildings	263,763			263,763
Recreation improvements	699,406			699,406
Construction in progress - street improvements		187,369		187,369
Machinery, equipment and vehicles	<u>816,356</u>			<u>816,356</u>
<b>Total Governmental Activities Capital Assets</b>	<b>\$ <u>1,844,825</u></b>	<b><u>187,369</u></b>	<b><u>0</u></b>	<b><u>2,032,194</u></b>
<b>Business-type Activities</b>				
Capital Assets:				
Machinery, equipment and vehicles	\$ 37,654	30,754		68,408
Water tanks, treatment plants and lines	4,897,406			4,897,406
Construction in progress - water improvements	335,965	620,979		956,944
Sewer improvements	<u>2,398,182</u>			<u>2,398,182</u>
<b>Total Business-type Activities Capital Assets</b>	<b>\$ <u>7,669,207</u></b>	<b><u>651,733</u></b>	<b><u>0</u></b>	<b><u>8,320,940</u></b>



**TOWN OF LEAKESVILLE**

**SPECIAL REPORTS**

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# Windham and Lacey, PLLC

## *Certified Public Accountants*

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2708 Old Brandon Road  
Pearl, MS 39208  
(601)939-8676

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 BASIC 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, 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, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Leakesville, Mississippi, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated August 31, 2016.

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

In planning and performing our audit, we considered the 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as 15-001 and 15-002 to be material weaknesses.

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. We consider the deficiency described in the accompanying Schedule of Findings and Responses as 15-003 to be a significant deficiency.



## Compliance and Other Matters

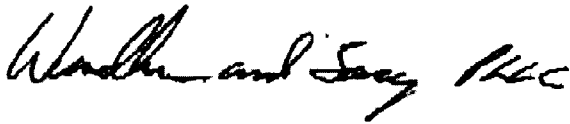
As part of obtaining reasonable assurance about whether the Town of Leakesville, Mississippi's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have 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*.

## Town's Response to Findings

The Town of Leakesville, Mississippi's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. The Town of Leakesville, Mississippi's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

## 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 31, 2016



# Windham and Lacey, PLLC

## *Certified Public Accountants*

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Mississippi Society of CPAs

### **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 the Town of Leakesville, Mississippi, as of and for the year ended September 30, 2015, and have issued our report thereon dated August 31, 2016. 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 the following instances of noncompliance with state laws and regulations. Our findings and recommendations and your responses are as follows:

1. Finding

State law requires budgets for all funds except fiduciary funds. The town did not budget the Fire Rebate Fund in the original published budget required by law to be budgeted.

Recommendation

The town should follow state budget laws.

Response

The town will follow state budget laws.



2. Finding

State law section 31-7-13(b) requires written quotes for the purchase of equipment over \$5,000 but not more than \$50,000. The town purchased at a non-governmental auction two trucks for \$7,890 each without getting competitive quotes.

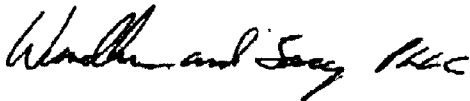
Recommendation

The town should follow state purchasing laws.

Response

The town will follow state purchasing laws.

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 31, 2016





**TOWN OF LEAKESVILLE**

**SCHEDULE OF FINDINGS AND RESPONSES**



**TOWN OF LEAKESVILLE**  
**Schedule of Findings and Responses**  
**For the Year Ended September 30, 2015**

**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 weaknesses identified?  | Yes        |
| b. | Significant deficiencies identified that are not considered to be material weaknesses? | Yes        |
| 3. | Noncompliance material to the financial statements?                                    | No         |

**Section 2: Financial Statement Findings**

**Finding 15-001**

**Significant Deficiency - Material Weakness**

Receipts and disbursements should be recorded in the correct general ledger accounts in a timely manner. The Town's internal control over posting receipts and disbursements failed to detect and correct several instances of improper recording of receipts and disbursements in a timely manner which, collectively, were material to the financial statements.

**Recommendation**

Appropriate internal control procedures should be established to ensure that receipt and disbursement items are properly recorded.

**Town's Response**

In the future, the town will strengthen internal control over recording of receipts and disbursements.

**Finding 15-002**

**Significant Deficiency - Material Weakness**

Bank reconciliation for all general ledger cash bank accounts should be reconciled monthly. The Town's internal control failed to ensure monthly bank reconciliations for all general ledger cash bank accounts which, collectively, were material to the financial statements.



**TOWN OF LEAKESVILLE**  
**Schedule of Findings and Responses**  
**For the Year Ended September 30, 2015**

*Recommendation*

Appropriate internal control procedures should be established to ensure that bank reconciliations for all general ledger cash bank accounts are reconciled monthly.

*Town's Response*

In the future, the town will strengthen internal control over monthly bank reconciliations of all general ledger cash bank accounts.

*Finding 15-3*

*Significant Deficiency*

The town did not file, in a timely manner, the following required Federal employer information returns.  
2014 Forms W-2 and W-3  
2015 Form 941 Second Quarter  
2015 Form 941 Third Quarter

*Recommendation*

Appropriate internal control procedures should be established to ensure that the required Federal employer information returns are filed in a timely manner.

*Town's Response*

In the future, the town will strengthen internal control to ensure that the required Federal employer information returns are filed in a timely manner.

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