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**BANKS, FINLEY,
WHITE & CO.**

CERTIFIED PUBLIC ACCOUNTANTS

October 3, 2016

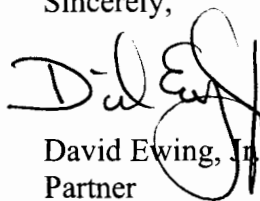
Mr. Eddie Smith
State of Mississippi
Office of the State Auditor
501 North West Street
Suite 801 Woolfolk Building
Jackson, MS 39201

Dear Mr. Smith:

Enclosed is a copy of the audited financial statements of the City of Leland, Mississippi for the year ended September 30, 2015.

Please feel free to contact me regarding any questions or comments that you may have.

Sincerely,



David Ewing, Jr., CPA
Partner

mfd

Enclosure

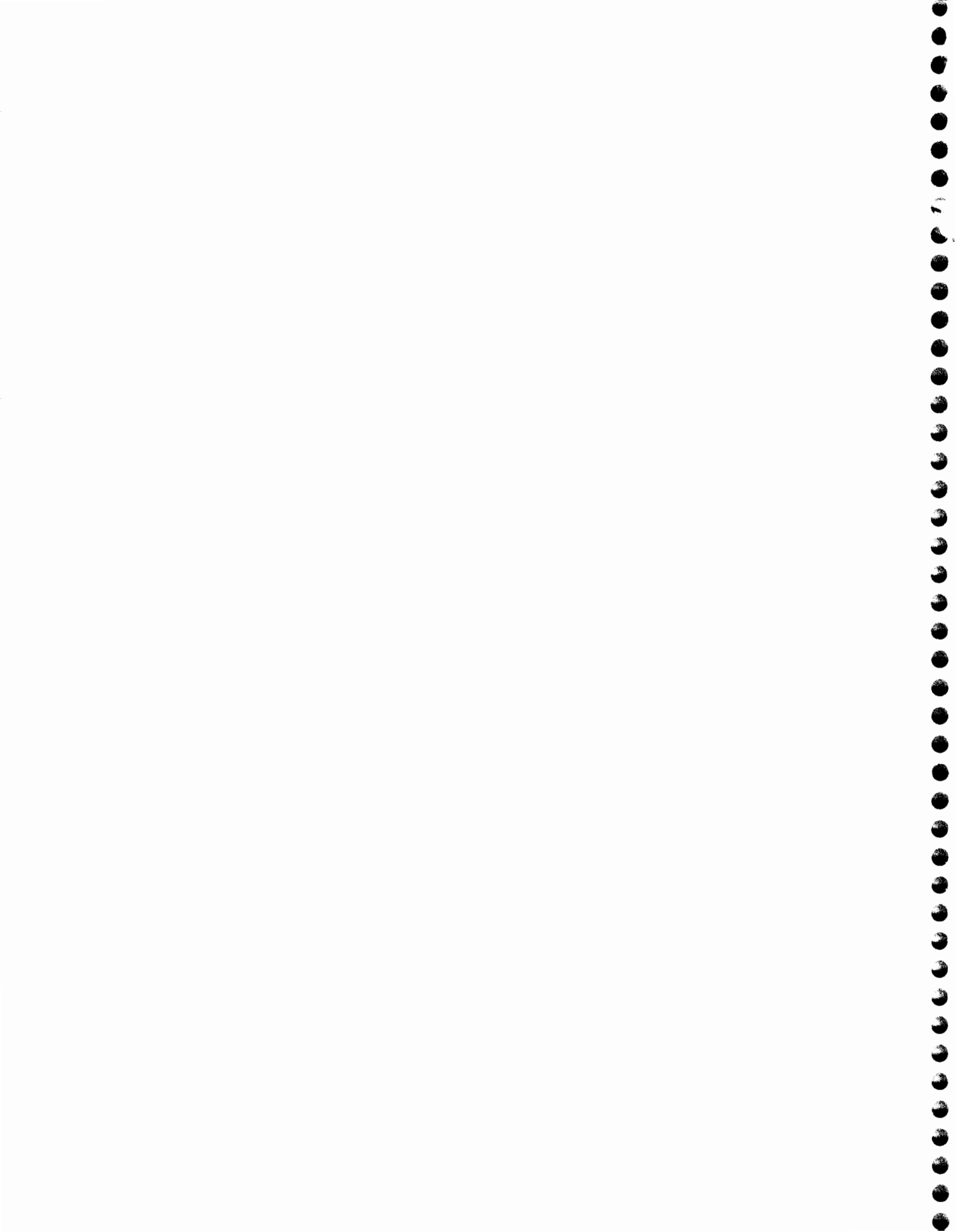
Copy: Mayor Kenny Thomas
City of Leland, MS

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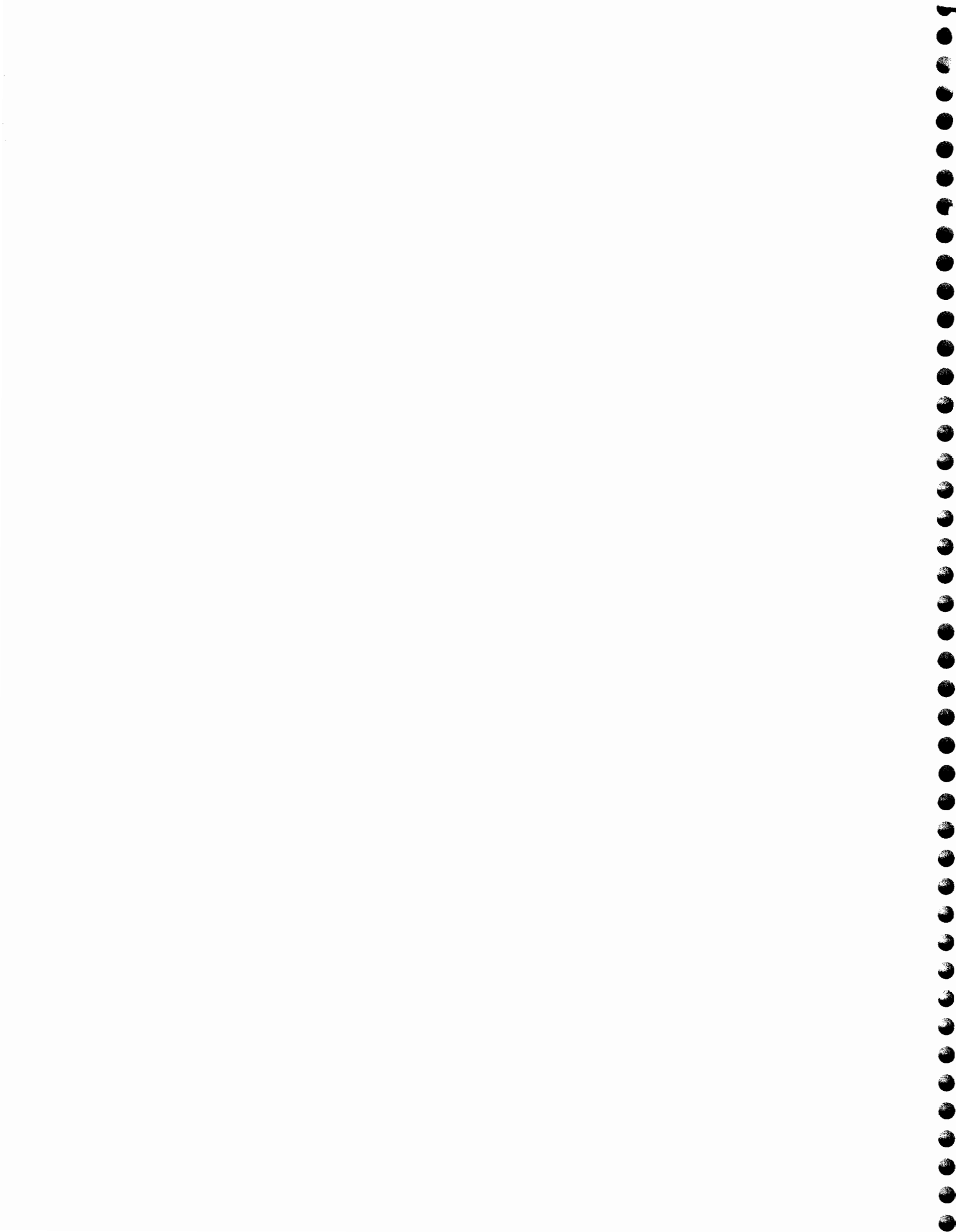
CITY OF LELAND, MISSISSIPPI
AUDITED FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

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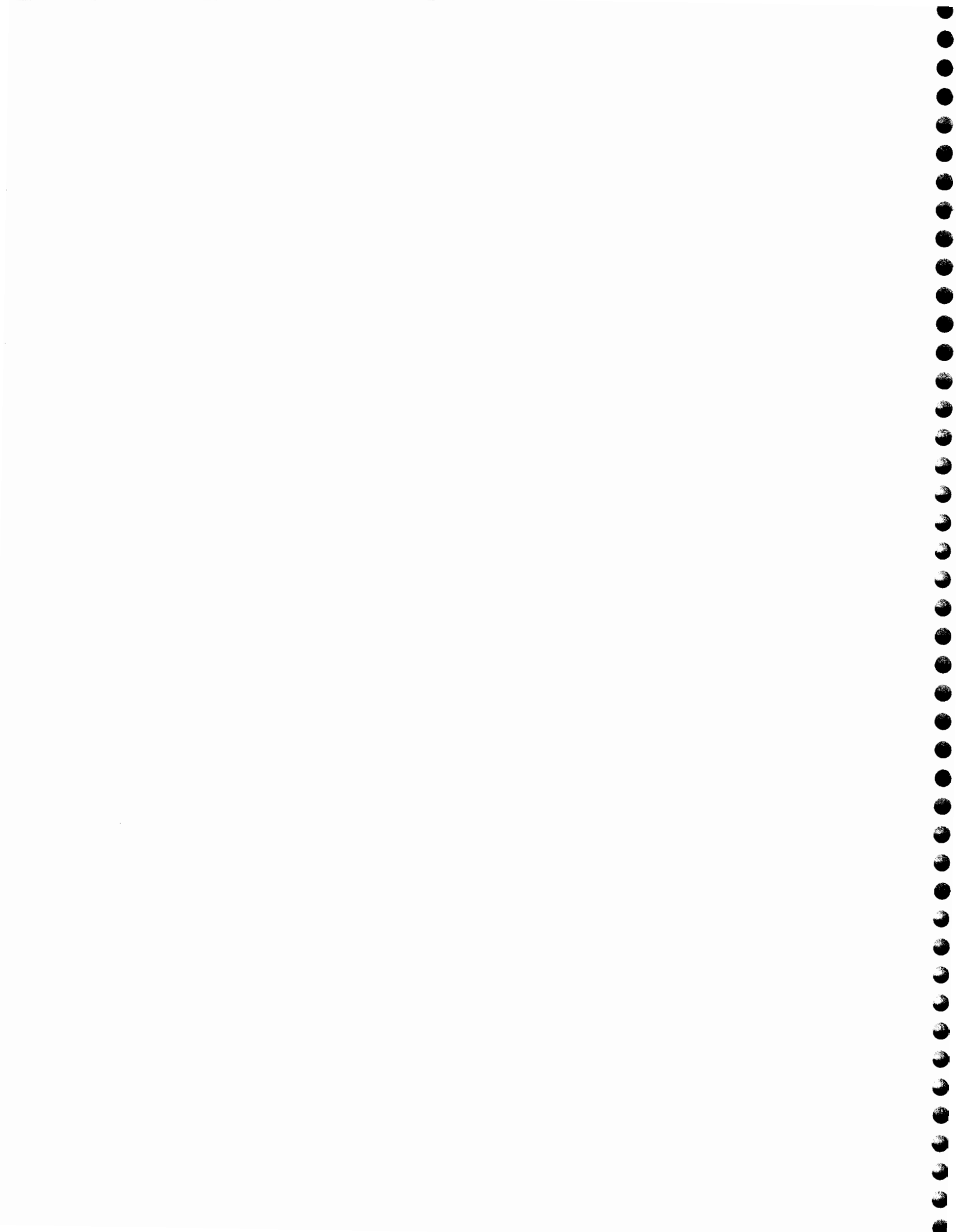


CITY OF LELAND, MISSISSIPPI
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September 30, 2015

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**BANKS, FINLEY,
WHITE & CO.**
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor Kenny Thomas
and Honorable Members of the Board of Alderman
City of Leland, Mississippi

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Leland, Mississippi, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Leland, Mississippi's 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 in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

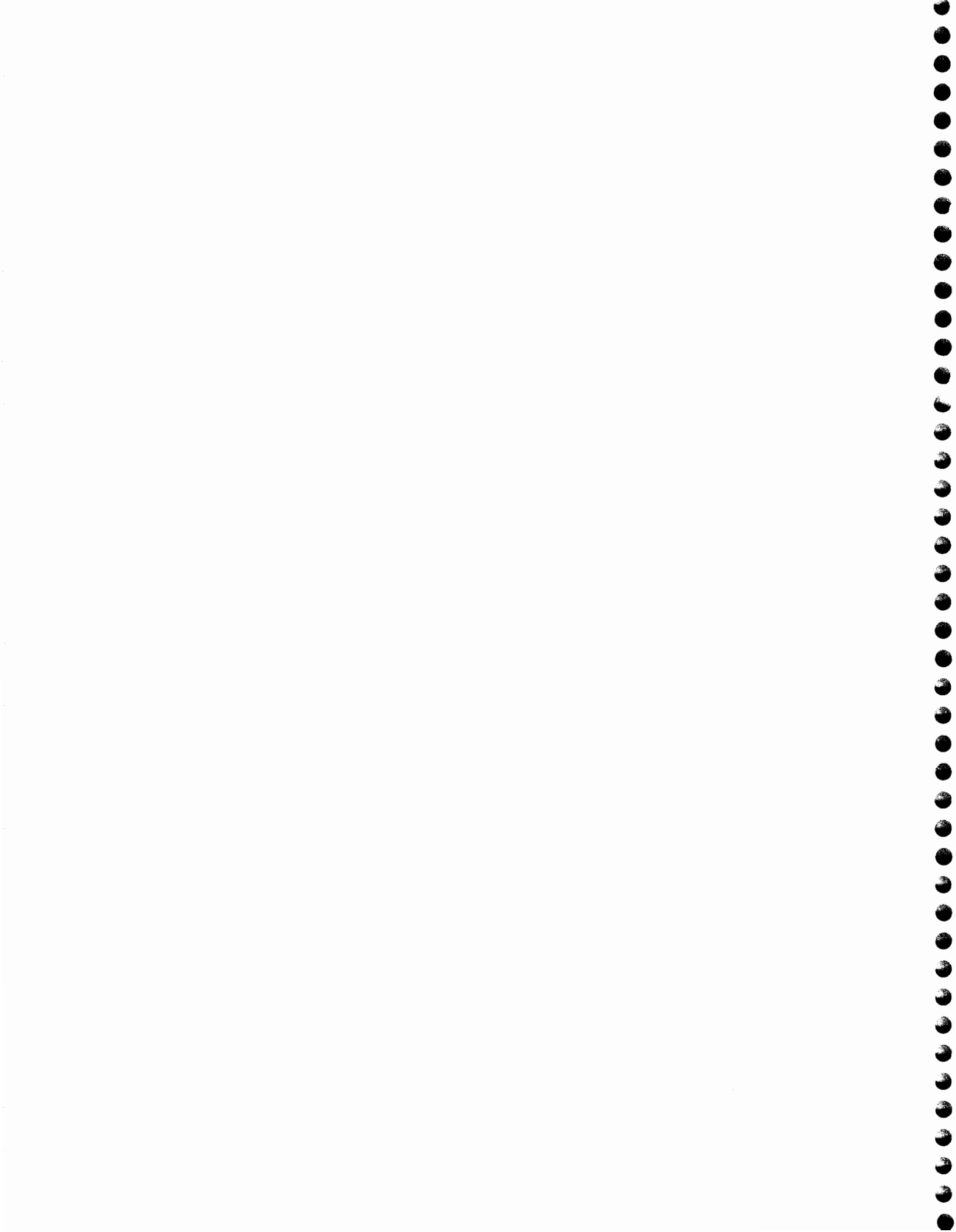
Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Leland, Mississippi, as of September 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Emphasis of Matters

As explained in Note 10, 16 and 17 to the financial statements, in 2015, the City adopted new accounting guidance, Government Accounting Standards Board (GASB) Statement Number 68, *Accounting and Financial Reporting for Pensions-an amendment of GASB Statement Number 27*.

Other Matters

Required Supplementary Information

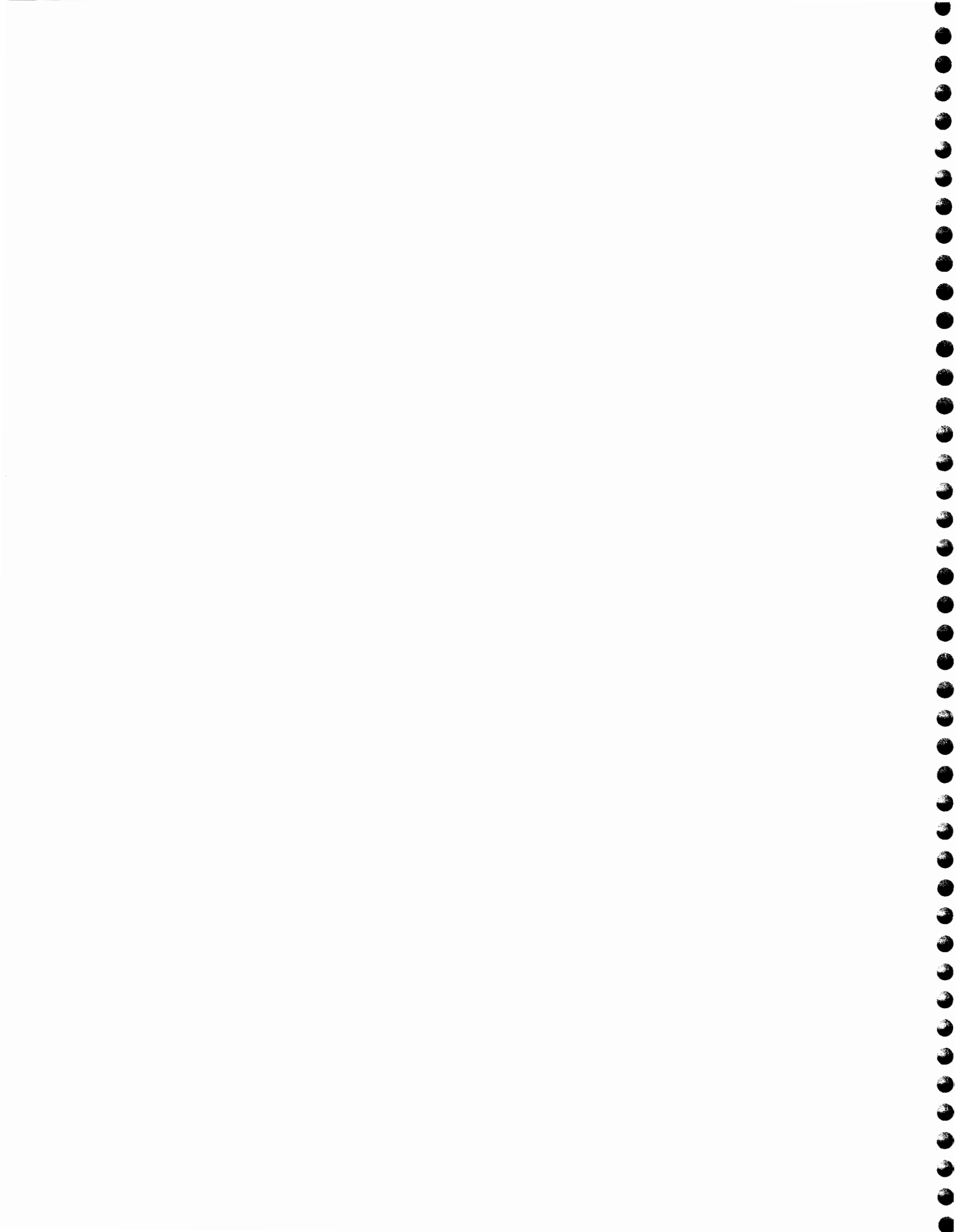
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4-9 and 16-19 presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Leland, Mississippi's, basic financial statements. The introductory section, combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The 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 also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information 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 basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole

The introductory section has 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 it.

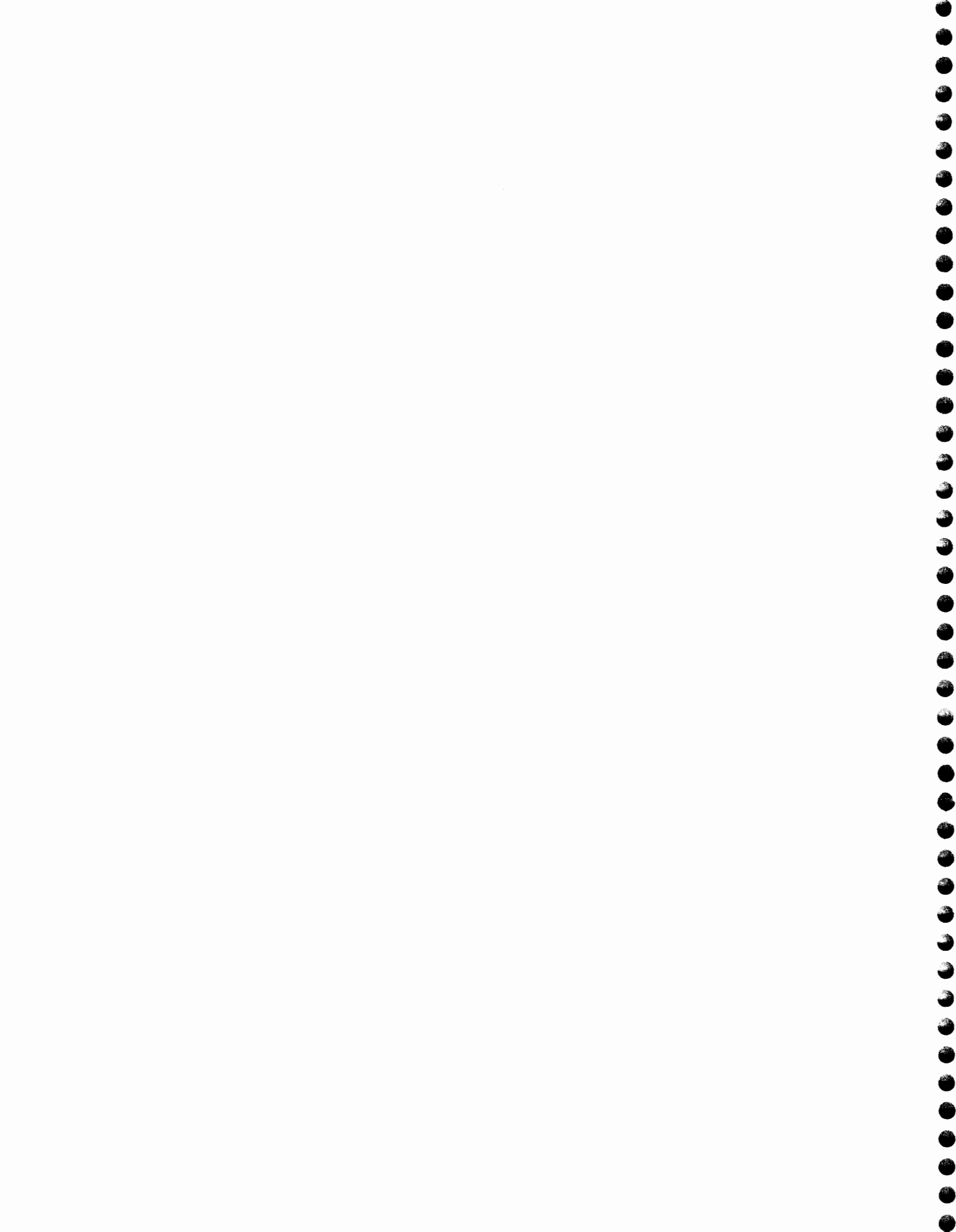


Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 16, 2016, on our consideration of the City of Leland, 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 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 City of Leland, Mississippi's internal control over financial reporting and compliance.

Banks, Finley, White & Co.

Jackson, Mississippi
September 16, 2016



CITY OF LELAND, MISSISSIPPI
Management's Discussion and Analysis
September 30, 2015

INTRODUCTION

The discussion and analysis is of the City of Leland, Mississippi's annual financial performance provides an overall narrative review of the City's financial activities for the year ended September 30, 2015. The intent of this discussion and analysis is to look at the City's performance as a whole; we encourage readers to consider the information presented here in conjunction with additional information that we have furnished.

FINANCIAL HIGHLIGHTS

The assets of the City of Leland, Mississippi exceeded its liabilities at the close of the most recent fiscal year by \$364,700 (*net position*). Of this amount, \$1,681,212 (*unrestricted net assets*) may be used to meet the City's ongoing obligations to citizens and creditors.

The City's total net position decreased by \$4,971,214. This decrease is due primarily to the implementation of GASB Statement No. 68 and 71, which required an adjustment to the beginning net asset balance of \$3,318,006 to record the beginning net pension liability.

As of close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$3,764,193, an increase of \$2,149,157 in comparison with the prior year. Approximately \$210,940 of this total amount is *available for spending* at the City's discretion (*Unrestricted fund balance*).

At the end of the current fiscal year, unassigned fund balance (deficit) for the general fund was \$210,940, or 8.03% of total general fund expenditures.

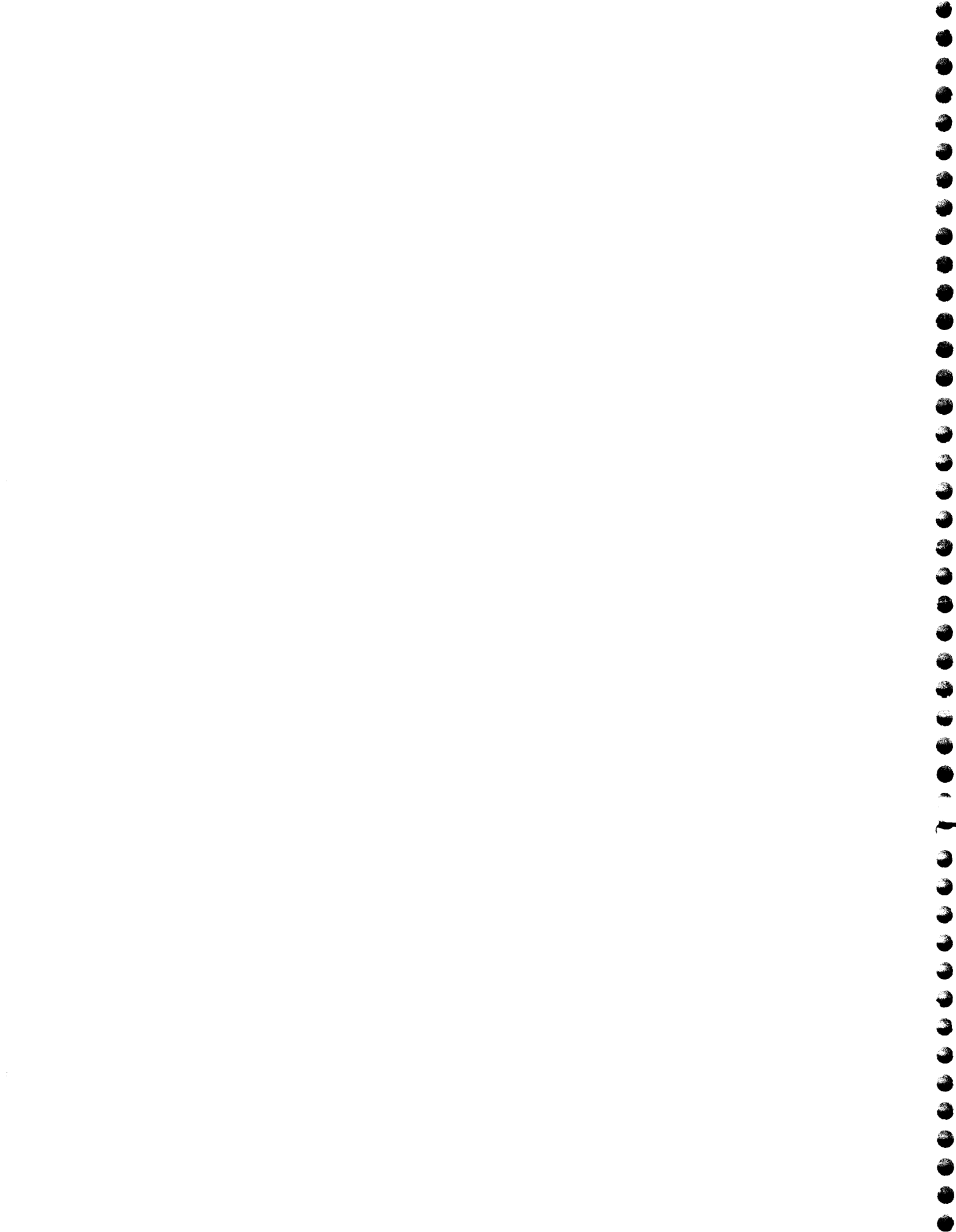
The City's total debt had a net decrease of \$267,437 or 4.80% during the current fiscal year. The key factor in this decrease was the principal payments during the year toward the retirement of the debt.

OVERVIEW OF FINANCIAL STATEMENTS

The discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

GOVERNMENT - WIDE FINANCIAL STATEMENTS

The government-wide financial statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The City reports all revenues and expenses regardless of when cash is received or paid. Furthermore, the government-wide statements include all of the City's assets (including infrastructure acquired after July 1, 1980) and all of the City's liabilities (including long-term debt).



CITY OF LELAND, MISSISSIPPI
Management's Discussion and Analysis
September 30, 2015

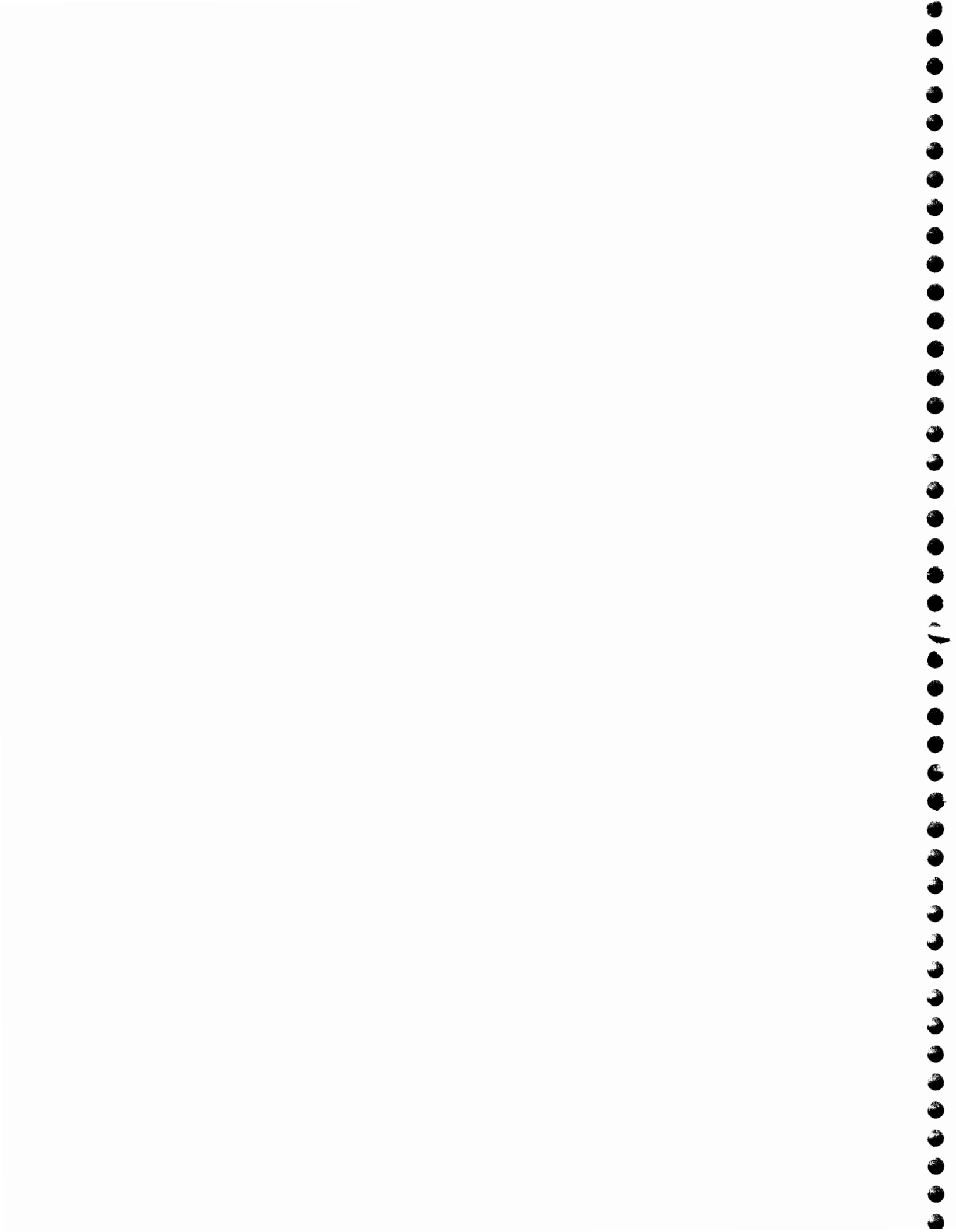
The government-wide financial statements are divided into two categories, which are described as follows:

- ♦ **Governmental Activities** - Expenses incurred in connection with providing basic services including public safety, culture, recreation, public works and general administration are reported as governmental activities. The governmental activities are financed by taxes, license and permit fees, intergovernmental sources, and utility franchise arrangements.
- ♦ **Business - Type Activities** - Expenses associated with providing utility services are recovered through fees paid by the customers that utilize these services. These activities are operated in a manner similar to commercial enterprises. Accordingly, activities associated with these services are reported as business type activities.

FUND FINANCIAL STATEMENTS

Fund financial statements provide detailed information regarding the City's most significant activities and are not intended to provide information for the City as a whole. Funds are accounting devices that are used to account for specific sources of funds. The City has two types of funds that are described as follows:

- ♦ **Governmental Funds** - These funds are used to account for essentially the same functions that are reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, the governmental funds use a modified accrual basis of accounting that provides a short-term view of the City's finances. Assets reported by governmental funds are limited to amounts that are available for current needs. In addition, liabilities are limited to amounts that are expected to be paid from currently available assets.
- ♦ **Proprietary Fund** - These funds are used to account for activities that function in a manner similar to commercial enterprises. Proprietary fund financial statements typically provide a more detail presentation of the information reported in the business-type activities portion of the government-wide financial statements.
- ♦ **Fiduciary Fund** - are used to account for resources held for the benefit of parties outside the City government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accrual basis of accounting is used for fiduciary funds.



CITY OF LELAND, MISSISSIPPI
Management's Discussion and Analysis
September 30, 2015

NET POSITION

A condensed version of the government-wide Statement of Net Position is presented as follows:

GASB 68 was implemented in fiscal year 2015. Prior year amounts were not restated to reflect the implementation of GASB 68.

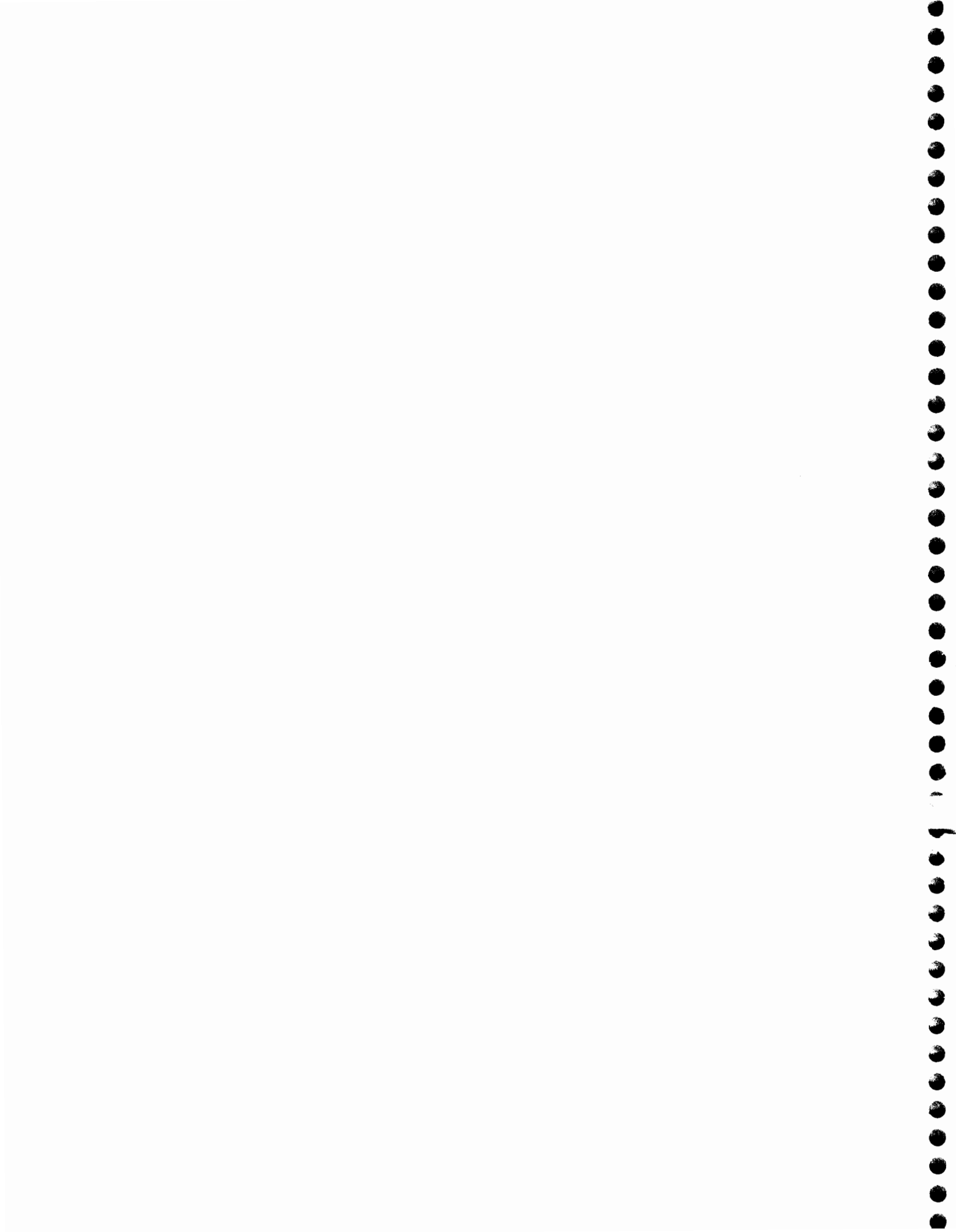
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<u>Assets:</u>						
Current and other assets	\$ 4,182,314	\$ 6,200,600	\$ 5,810,128	\$ 5,670,562	\$ 9,992,442	\$ 11,871,162
Capital assets	<u>955,463</u>	<u>1,104,714</u>	<u>3,426,059</u>	<u>3,510,277</u>	<u>4,381,522</u>	<u>4,614,991</u>
Total Assets	<u>5,137,777</u>	<u>7,305,314</u>	<u>9,236,187</u>	<u>9,180,839</u>	<u>14,373,964</u>	<u>16,486,153</u>
Deferred outflow of resources	<u>208,674</u>	<u>-</u>	<u>38,886</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Liabilities:</u>						
Current and other liabilities	\$ 418,122	\$ 313,751	7,781,061	8,678,273	\$ 8,199,183	\$ 8,992,024
Long-term liabilities	<u>4,164,444</u>	<u>1,770,136</u>	<u>1,410,484</u>	<u>993,504</u>	<u>5,574,928</u>	<u>2,763,640</u>
Total Liabilities	<u>4,582,566</u>	<u>2,083,887</u>	<u>9,191,545</u>	<u>9,671,777</u>	<u>13,774,111</u>	<u>11,755,664</u>
Deferred inflow of resources	<u>406,890</u>	<u>-</u>	<u>75,823</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Net Position:</u>						
Invested in capital assets (net)	\$ (576,986)	\$ (655,545)	2,502,917	2,518,379	\$ 1,925,931	\$ 1,862,834
Restricted	<u>119,981</u>	<u>498,516</u>	<u>-</u>	<u>-</u>	<u>119,981</u>	<u>498,516</u>
Unrestricted	<u>814,000</u>	<u>5,378,456</u>	<u>(2,495,212)</u>	<u>(2,403,892)</u>	<u>(1,681,212)</u>	<u>2,974,564</u>
Total Net Position	<u>\$ 356,995</u>	<u>\$ 5,221,427</u>	<u>\$ 7,705</u>	<u>\$ 114,487</u>	<u>\$ 364,700</u>	<u>\$ 5,335,914</u>

As the presentation appearing above demonstrates, a large portion of the City's net position 528.09% are invested in capital assets. Net assets invested in capital assets consist of land, buildings, equipment, and any infrastructure acquired after September 30, 2015 less any debt used to acquire assets that remains outstanding. The City uses these capital assets to provide services to its citizens; consequently, these amounts are not available for future spending.

An additional portion of the net assets 9.34% represent resources that are subject to restrictions that are imposed by agreements with the City's bondholders or requirements imposed by various revenue sources. The remaining unrestricted net assets 437.43% may be used to meet the City's ongoing obligations to citizens and creditors.

The following are significant current year transactions that have had an impact on the Statement of Net Position.

- ◆ Decrease in total current assets in the amount of \$1,878,720.
- ◆ Decrease in net capital assets in the amount of \$233,470.
- ◆ Decrease in current liabilities in the amount of \$792,841.
- ◆ Increase in long-term liabilities in the amount of \$2,811,288.
- ◆ The implementation of GASB Statement No. 68 which required the recording of a liability for the proportionate share of the City's, and the recording of deferred outflows/inflows of resources in the Statement of Net Position.



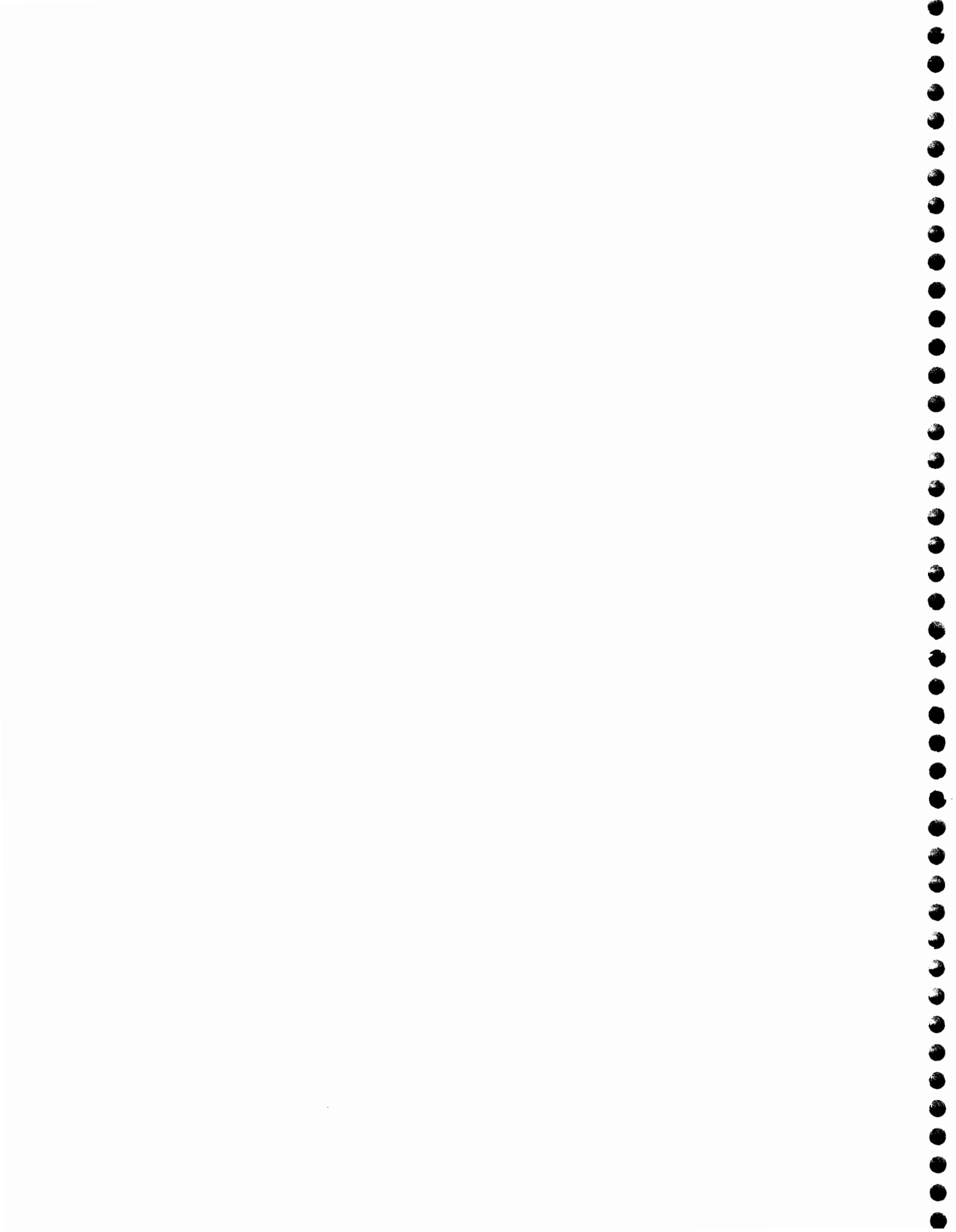
CITY OF LELAND, MISSISSIPPI
Management's Discussion and Analysis
September 30, 2015

CHANGES IN NET POSITION

A condensed version of the government-wide Statement of Changes in Net Position is presented as follows:

GASB 68 was implemented in fiscal year 2015. Prior year amounts were not restated to reflect the implementation of GASB 68.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program Revenue:						
Charges for services	\$ 379,855	\$ 382,781	\$ 4,408,957	\$ 4,172,133	\$ 4,788,812	\$ 4,554,914
Operating grants and contributions	89,667	49,163	-	-	89,667	49,163
Capital grants and contributions	375,671	-	-	541,709	375,671	541,709
General Revenue:						
Property taxes	901,921	924,871	-	-	901,921	924,871
Sales taxes	553,991	523,076	-	-	553,991	523,076
Franchise taxes	51,048	64,083	-	-	51,048	64,083
Licenses and permits	44,348	14,246	-	-	44,348	14,246
Interest earnings	5,296	8,548	1,482	2,264	6,778	10,812
Fines and forfeits	84,129	87,259	-	-	84,129	87,259
Grants and contributions not restricted	11,640	37,052	-	-	11,640	37,052
Other	59,799	61,123	20,300	17,836	80,099	78,959
Total Revenue	<u>2,557,365</u>	<u>2,152,202</u>	<u>4,430,739</u>	<u>4,733,942</u>	<u>6,988,104</u>	<u>6,886,144</u>
Program Expenses:						
General Government						
Finance & administrative	828,894	809,025	-	-	828,894	809,025
Public safety	1,407,556	1,467,461	-	-	1,407,556	1,467,461
Public works	2,474,841	537,183	-	-	2,474,841	537,183
Parks and recreation	101,636	66,087	-	-	101,636	66,087
Sanitation	461,598	438,118	-	-	461,598	438,118
Interest on long-term debt	45,472	32,161	-	-	45,472	32,161
Sewer improvement	-	-	72,994	72,462	72,994	72,462
Electricity	-	-	2,592,600	2,579,477	2,592,600	2,579,477
Water/sewer	-	-	287,786	366,011	287,786	366,011
Total Expenses	<u>5,319,997</u>	<u>3,350,035</u>	<u>2,953,380</u>	<u>3,017,950</u>	<u>8,273,377</u>	<u>6,367,985</u>
Increase (decrease) in Net Assets	(2,762,632)	(1,197,833)	1,477,359	1,715,992	(1,285,273)	518,159
Before Transfers and Special Items	<u>695,020</u>	<u>1,378,823</u>	<u>(675,491)</u>	<u>(1,325,475)</u>	<u>19,529</u>	<u>53,348</u>
Change in Net Position	(2,067,612)	180,990	801,868	390,517	(1,265,744)	571,507
Prior Period Adjustment	-	(20,083)	(908,650)	-	(908,650)	(20,083)
Net Position Beginning	<u>5,221,427</u>	<u>5,060,520</u>	<u>164,497</u>	<u>(226,020)</u>	<u>5,385,924</u>	<u>4,834,500</u>
Net Position Ending	<u>\$ 3,153,815</u>	<u>\$ 5,221,427</u>	<u>\$ 57,715</u>	<u>\$ 164,497</u>	<u>\$ 3,211,530</u>	<u>\$ 5,385,924</u>



CITY OF LELAND, MISSISSIPPI
Management's Discussion and Analysis
September 30, 2015

The following are significant current year transactions that have had an impact on the Statement of Activities:

Governmental activities. Governmental activities decreased the City's net position by \$2,067,612, accounting for 39.60% of the total growth in the City's net position. Key elements of this increase are as follows:

GASB 68 was implemented in fiscal year 2015. Prior year amounts were not restated to reflect the implementation of GASB 68.

- ◆ The Finance and administrative department expenses increased by \$19,869 or 2.40% during the year.
- ◆ Public safety department expenses decreased by \$59,905 or 4.26% during the year.
- ◆ Public works department expenses increase by \$1,937,658 or 360.71% during the year.
- ◆ Sanitation department expenses increased by \$23,480 or 5.36% during the year.

Business-type activities. Business-type activities increased the City's net position by \$106,782, accounting for 64.91% of the decrease in the City's net position. Key elements of this decrease are as follows:

GASB 68 was implemented in fiscal year 2015. Prior year amounts were not restated to reflect the implementation of GASB 68.

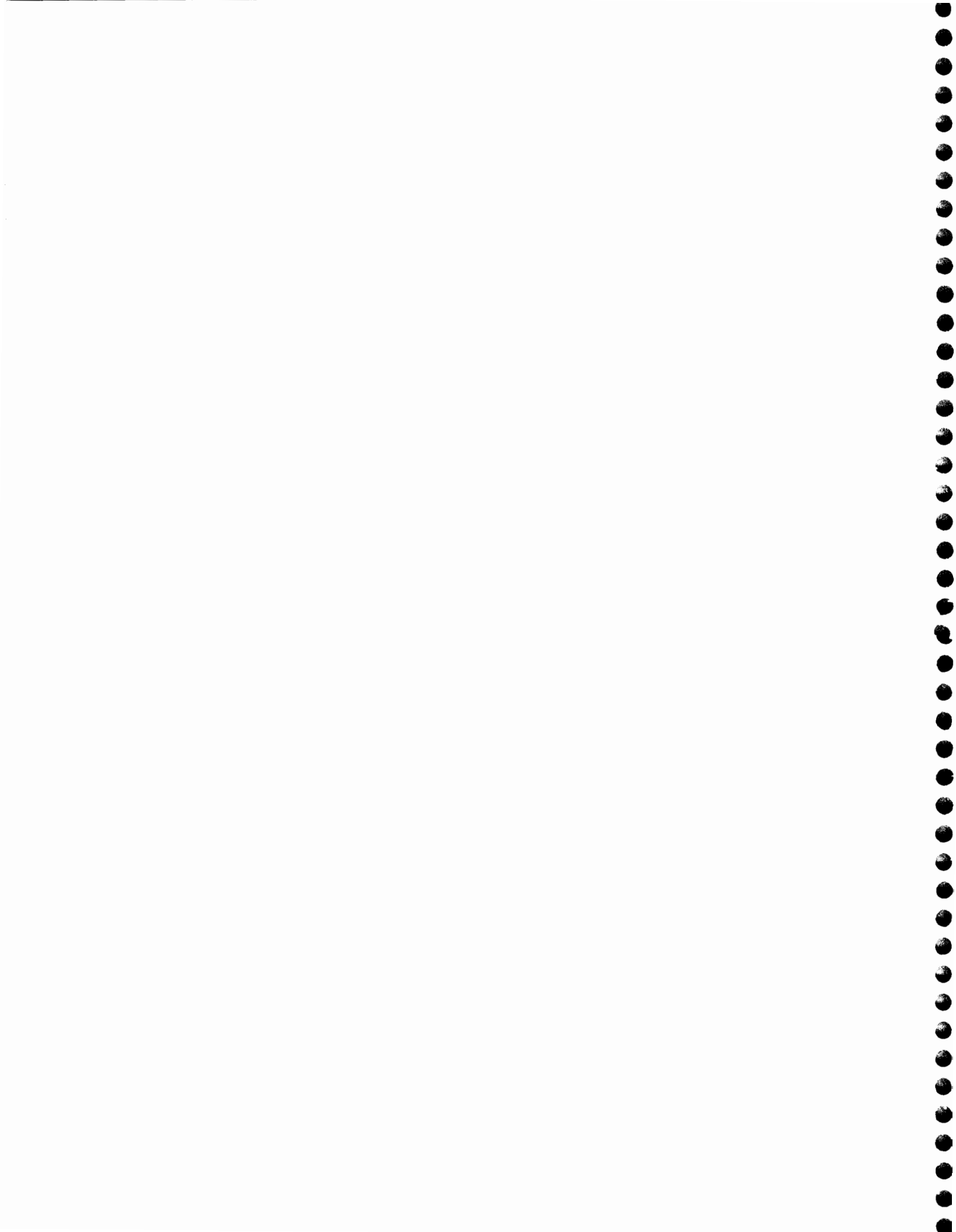
- ◆ Charges for services for the business-type activities increased by \$236,824 or 5.68% during the year.
- ◆ Capital grants and contributions not restricted for the business-type activities decreased by \$541,709 or 100.00% during the year.
- ◆ Operating expenses for the business-type activities decreased by \$64,570 or 4.50% during the year.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate with finance-related legal requirements.

Governmental Funds - The focus of the City's governmental funds is to provide information on current inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

The City's governmental funds reported combined fund balances of \$3,764,193, which represents an decrease of \$2,149,157 in comparison to the previous balance. In addition, the City's general fund, which is available for spending at the City's discretion, reported a deficit fund balance of \$210,940.



CITY OF LELAND, MISSISSIPPI
Management's Discussion and Analysis
September 30, 2015

Proprietary Funds - are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses a proprietary fund to account for the water and sewer, solid waste and electric funds. Fund financial statements for the proprietary fund provide the same type of information as the government-wide financial statements, only in more detail.

Fiduciary Funds - are used to account for resources held for the benefit of parties outside the City government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accrual basis of accounting is used for fiduciary funds.

GENERAL FUND BUDGET HIGHLIGHTS

The City's general fund is required to adopt a budget. The budget is amended as necessary and appropriations increased as a result of the rising cost described in the preceding section.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - As of September 30, 2015, the City's total capital assets were \$9,007,569. This includes land, buildings, furniture and equipment, mobile equipment and infrastructure. There were no net increases before depreciation for the current year.

Total accumulated depreciation as of September 30, 2015 was \$4,626,047, including \$233,469, of depreciation expense for the year. The balance in total net capital assets was \$4,381,522 at year-end. Additional information on the City's capital assets can be found in note 6 of this report.

Debt Administration - As of September 30, 2015, the City had \$2,496,203 in long-term debt outstanding. This includes notes payable and compensated absences payable. Of this debt, \$155,161 is due within one year.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

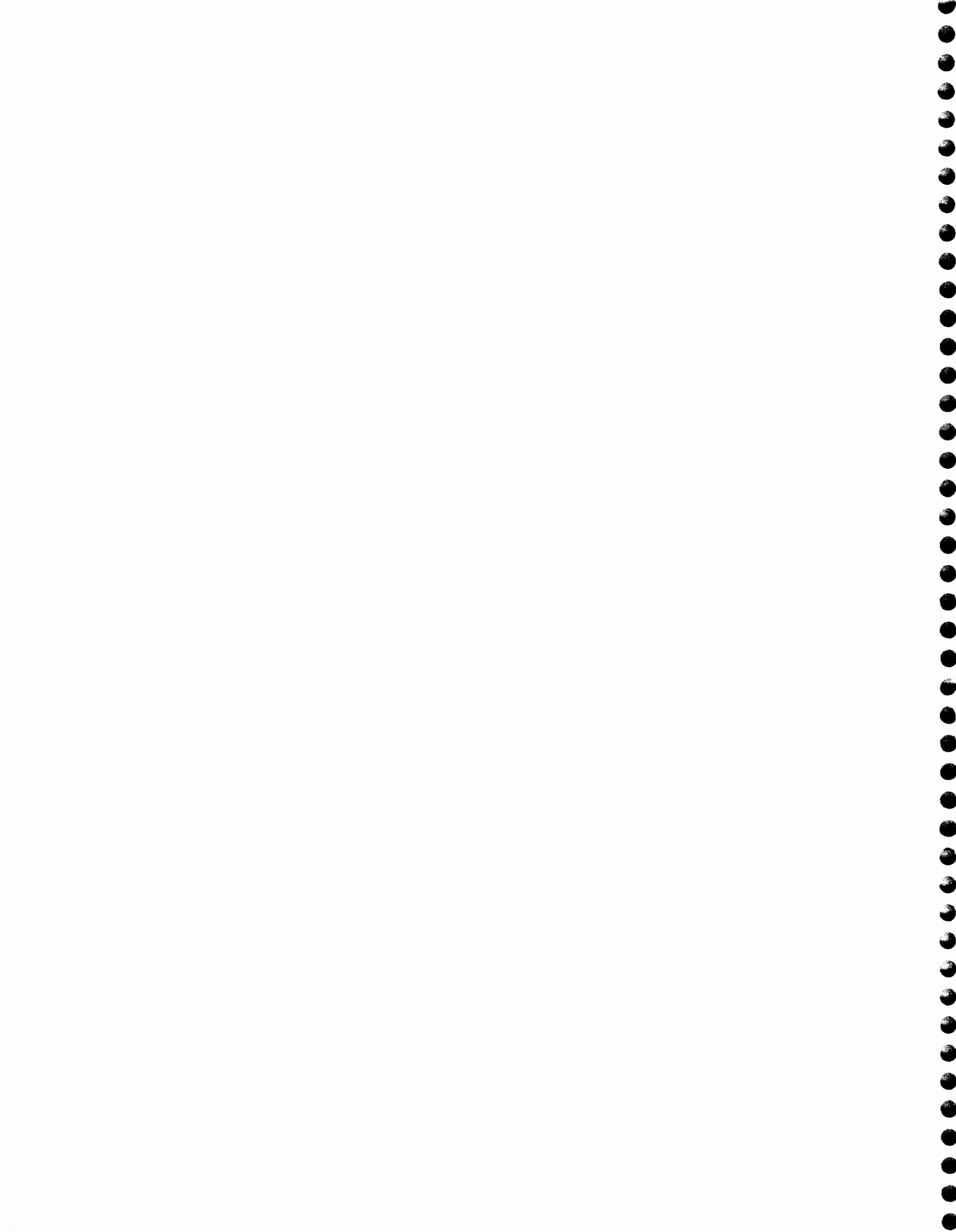
This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the funds it receives. If you have questions about this report or need additional financial information, please contact the City of Leland at P. O. Drawer 271, Leland, Mississippi 38756.



CITY OF LELAND, MISSISSIPPI
Statement of Net Position
For the Year Ended September 30, 2015

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 526,135	254,814	\$ 780,949
Certificate of deposits	291,161	35,135	326,296
Investments	373,485	533,305	906,790
Accounts receivable, net	29,050	381,868	410,918
Other receivables	15,330	-	15,330
Intergovernmental receivables	82,819	-	82,819
Inventories	-	120,236	120,236
Due from other funds	2,864,334	4,307,424	7,171,758
Restricted Assets:			
Cash and cash equivalents	-	177,346	177,346
Capital Assets:			
Land	132,702	-	132,702
Buildings	38,470	-	38,470
Automotive and equipment	784,291	23,016	807,307
Infrastructure	-	3,403,043	3,403,043
TOTAL ASSETS	<u>5,137,777</u>	<u>9,236,187</u>	<u>14,373,964</u>
Deferred Outflow of Resources			
Deferred outflows - pensions	<u>208,674</u>	<u>38,886</u>	<u>247,560</u>
Total Deferred Outflow of Resources	<u>208,674</u>	<u>38,886</u>	<u>247,560</u>
TOTAL ASSETS	<u>\$ 5,346,451</u>	<u>\$ 9,275,073</u>	<u>\$ 14,621,524</u>
LIABILITIES			
Accounts payable, general	\$ 407,222	338,623	\$ 745,845
Payroll taxes payable	10,900	-	10,900
Customer's deposits	-	270,680	270,680
Due to other funds	-	7,171,758	7,171,758
Noncurrent liabilities:			
Due within one year	250,067	73,094	323,161
Due in more than one year	1,319,253	853,789	2,173,042
Net pension liability	<u>2,595,124</u>	<u>483,601</u>	<u>3,078,725</u>
Total Liabilities	<u>4,582,566</u>	<u>9,191,545</u>	<u>13,774,111</u>
Deferred Inflow of Resources			
Pensions	<u>406,890</u>	<u>75,823</u>	<u>482,713</u>
Total Deferred Inflow of Resources	<u>406,890</u>	<u>75,823</u>	<u>482,713</u>
Net Position:			
Investment in capital assets, net of related debt	(576,986)	2,502,917	1,925,931
Restricted for:			
Debt service	(210,940)	-	(210,940)
Other purposes	330,921	-	330,921
Unrestricted	<u>814,000</u>	<u>(2,495,212)</u>	<u>(1,681,212)</u>
Total Net Position	<u>356,995</u>	<u>7,705</u>	<u>364,700</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 5,346,451</u>	<u>9,275,073</u>	<u>\$ 14,621,524</u>

The Accompanying Notes are an integral part of these Financial Statements.



CITY OF LELAND, MISSISSIPPI
Statement of Activities
For the Year Ended September 30, 2015

	Program Revenues			Net (Expenses) Revenues		Business- Type Activities	Total
Expenses	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities			
Primary Government:							
Governmental activities:							
General government	\$ 828,894	2,343	58,177	19,795	(748,579)	-	\$ (748,579)
Public safety	1,407,556	-	31,490	-	(1,376,066)	-	(1,376,066)
Public works	2,474,841	-	-	355,876	(2,118,965)	-	(2,118,965)
Parks and recreation	101,636	-	-	-	(101,636)	-	(101,636)
Sanitation	461,598	377,512	-	-	(84,086)	-	(84,086)
Interest on long-term debt	45,472	-	-	-	(45,472)	-	(45,472)
Total governmental activities	<u>5,319,997</u>	<u>379,855</u>	<u>89,667</u>	<u>375,671</u>	<u>(4,474,804)</u>	<u>-</u>	<u>(4,474,804)</u>
Business-type activities:							
Water/Sewer	287,786	517,179	-	-	-	229,393	229,393
Electricity	2,592,600	3,759,568	-	-	-	1,166,968	1,166,968
Sewer Improvement Fund	<u>72,994</u>	<u>132,210</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>59,216</u>	<u>59,216</u>
Total Business-type activities	<u>2,953,380</u>	<u>4,408,957</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,455,577</u>	<u>1,455,577</u>
Total Primary Government	<u>\$ 8,273,377</u>	<u>4,788,812</u>	<u>89,667</u>	<u>375,671</u>	<u>(4,474,804)</u>	<u>1,455,577</u>	<u>\$ (3,019,227)</u>
General Revenues:							
Property taxes				\$ 901,921	-	-	\$ 901,921
Sales taxes				553,991	-	-	553,991
Franchise taxes				51,048	-	-	51,048
Fines and report fees				84,129	-	-	84,129
License and permits				44,348	-	-	44,348
Miscellaneous				59,799	20,300	-	80,099
Grants and contributions not restricted to specific programs				11,640	-	-	11,640
Unrestricted investment earnings				5,296	-	1,482	6,778
Transfers in (out)				<u>695,020</u>	<u>(675,491)</u>	-	<u>19,529</u>
Total general revenues, special items, and transfers				<u>2,407,192</u>	<u>(653,709)</u>	-	<u>1,753,483</u>
Change in net position				(2,067,612)	-	801,868	(1,265,744)
Net Position - Beginning				5,221,427	-	114,487	5,335,914
Prior Period Adjustments				<u>(2,796,820)</u>	-	<u>(908,650)</u>	<u>(3,705,470)</u>
Net Position - Ending				<u>\$ 356,995</u>	-	<u>7,705</u>	<u>\$ 364,700</u>

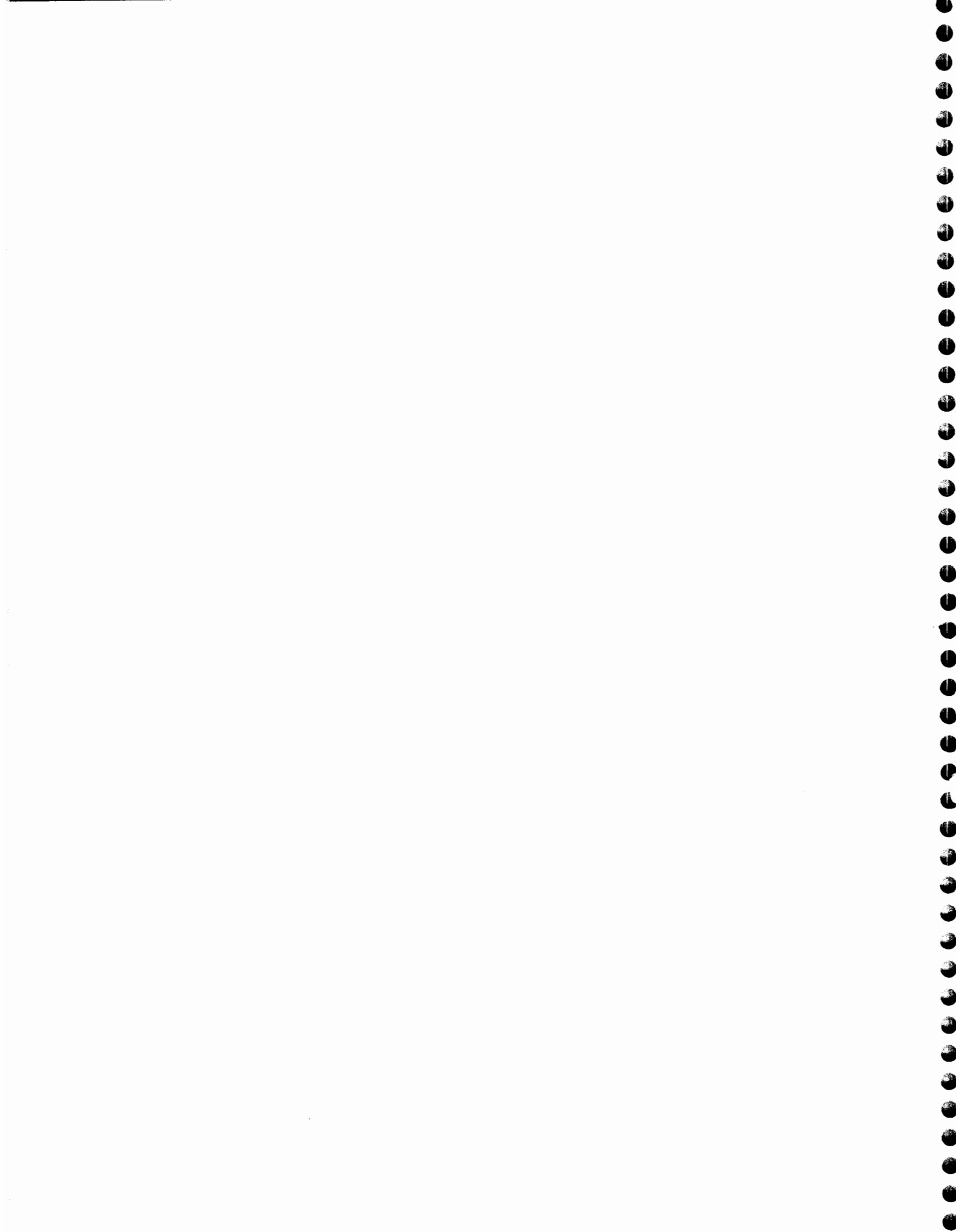
The Accompanying Notes are an integral part of these Financial Statements.



CITY OF LELAND, MISSISSIPPI
Balance Sheet
Governmental Funds
For the year Ended September 30, 2015

	General Fund	Sanitation Fund	Fire Protection Fund	Library Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash	\$ 161,862	-	146,285	856	19,081	\$ 328,084
Certificate of deposits	199,252	69,832	22,077	-	-	291,161
Restricted cash	-	-	-	-	198,051	198,051
Investments	43,421	-	-	330,065	-	373,486
Taxes receivable, net of allowances	8,908	20,142	-	-	-	29,050
Other receivables	15,330	-	-	-	27,396	42,726
Intergovernmental receivable	55,423	-	-	-	-	55,423
Due from other funds	49,857	3,456,743	-	-	5,819	3,512,419
TOTAL ASSETS	\$ 534,053	3,546,717	168,362	330,921	250,347	\$ 4,830,400
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable, general	\$ 109,618	21,553	-	-	276,145	\$ 407,316
Payroll taxes payable	10,806	-	-	-	-	10,806
Due to other funds	624,569	-	-	-	23,516	648,085
Total Liabilities	744,993	21,553	-	-	299,661	1,066,207
Fund Balance						
Committed	-	3,525,164	-	330,921	(33,091)	3,822,994
Restricted	-	-	168,362	-	(16,223)	152,139
Unassigned	(210,940)	-	-	-	-	(210,940)
Total Fund Balance	(210,940)	3,525,164	168,362	330,921	(49,314)	3,764,193
TOTAL LIABILITIES AND FUND BALANCES	\$ 534,053	3,546,717	168,362	330,921	250,347	\$ 4,830,400

The Accompanying Notes are an integral part of these Financial Statements.



CITY OF LELAND, MISSISSIPPI
Reconciliation of Balance Sheet - Governmental Funds
to the Statement of Net Position
For the Year Ended September 30, 2015

Amounts reported for governmental activities in the statement of activities are different because:

Total Fund Balances - Governmental Funds	\$ 3,764,193
--	--------------

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Capital Assets	3,444,535	
Less: Accumulated Depreciation	(2,489,073)	955,462

Some liabilities, including pension obligations, are not due and payable in the current period and, therefore are not reported in the funds.

Net pension liability	(2,595,124)
-----------------------	-------------

Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.

Deferred outflow of resources related to pensions	208,674	
Deferred inflow of resources related to pensions	<u>(406,890)</u>	(2,793,340)

Liabilities not due and payable in the current period are not reported in the funds, as follows:

Notes payable	(1,532,449)	
Compensated for absences	<u>(36,871)</u>	
		<u>(1,569,320)</u>

Net Position of Governmental Activities	\$ <u>356,995</u>
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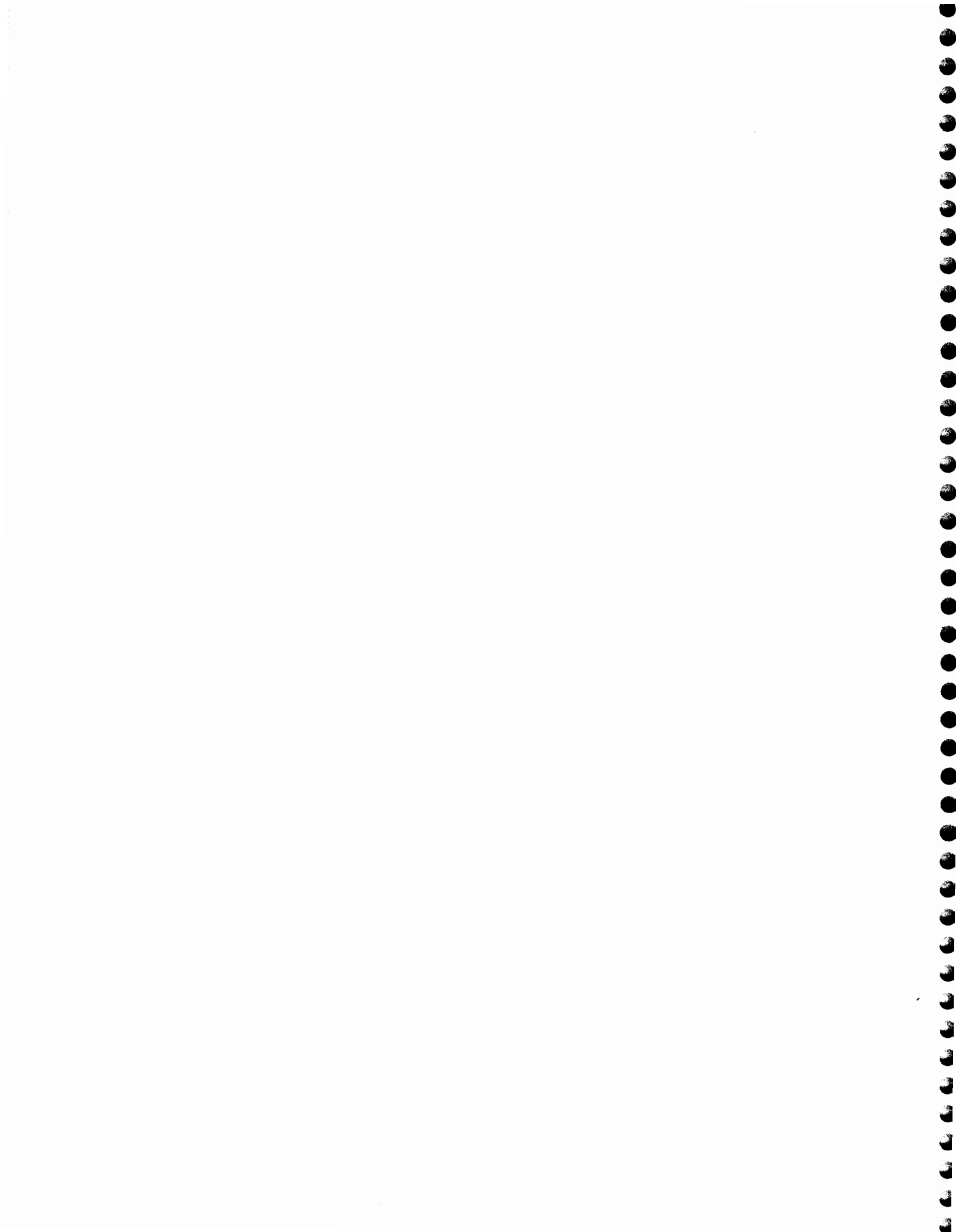
The Accompanying Notes are an integral part of these Financial Statements.



CITY OF LELAND, MISSISSIPPI
Combined Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2015

	General Fund	Sanitation Fund	Fire Protection Fund	Library Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:						
General property taxes	\$ 749,368	73,433	-	-	79,092	\$ 901,893
Privilege licenses and permits	44,348	-	-	-	-	44,348
Intergovernmental revenues	608,286	-	23,630	-	382,607	1,014,523
Franchise taxes	51,048	-	-	-	-	51,048
Charges for services	2,343	377,512	-	-	-	379,855
Fines and report fees	84,129	-	-	-	-	84,129
Interest income	1,617	215	-	1,478	1,986	5,296
Miscellaneous	63,327	1,972	5,752	-	5,190	76,241
Total Revenues	1,604,466	453,132	29,382	1,478	468,875	2,557,333
EXPENDITURES:						
General government	821,033	-	-	2,127	19,810	842,970
Public safety	1,308,851	-	12,813	-	500	1,322,164
Parks and recreation	98,761	-	-	-	-	98,761
Public works	392,788	-	-	-	4	392,792
Sanitation	-	396,742	-	-	-	396,742
Debt services:						
Principal	-	91,310	-	-	202,183	293,493
Interest and service charges	1,236	5,024	-	-	-	6,260
Capital outlay:						
General government	3,183	-	-	-	-	3,183
Public safety	-	-	1,364	-	-	1,364
Public works	-	-	-	-	2,043,782	2,043,782
Total Expenditures	2,625,852	493,076	14,177	2,127	2,266,279	5,401,511
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,021,386)	(39,944)	15,205	(649)	(1,797,404)	(2,844,178)
OTHER FINANCING SOURCES (USES):						
Operating transfers in	786,208	-	-	-	191,066	977,274
Operating transfers out	(142,708)	-	-	-	(139,545)	(282,253)
Total Other Financing Sources (Uses)	643,500	-	-	-	51,521	695,021
Net Change in Fund Balances	(377,886)	(39,944)	15,205	(649)	(1,745,883)	(2,149,157)
Fund Balance, Beginning of Year	166,946	3,565,108	153,157	331,570	1,696,569	5,913,350
Fund Balance, Ended of Year	\$ (210,940)	\$ 3,525,164	\$ 168,362	\$ 330,921	\$ (49,314)	\$ 3,764,193

The Accompanying Notes are an intergral part of these Financial Statements.



CITY OF LELAND, MISSISSIPPI
Reconciliation of the Statement of Revenues
Expenditures, and Changes in Fund Balance to the
Statement of Activities - Governmental Funds
For the Year Ended September 30, 2015

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ (2,149,157)
--	----------------

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlays	-	
Depreciation expense	<u>149,251</u>	149,251

The statement of activities reports pension expense and other activity related to net pension liability:

Pension expense	208,510	
Contributions made after the measurement date	<u>(199,533)</u>	8,977

Under the modified accrual basis of accounting used in governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis of accounting, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net position differs from the change in fund balance by a combination of the following items:

Other	<u>(330,993)</u>	(330,993)
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Activities from debt related transactions	
Principal payment on debt	<u>254,310</u>

Change in net position of governmental activities	\$ <u><u>(2,067,612)</u></u>
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The Accompanying Notes are an integral part of these Financial Statements.



CITY OF LELAND, MISSISSIPPI
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended September 30, 2015

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Property taxes	\$ 363,992	369,992	749,368	\$ 379,376
Privilege licenses and permits	51,000	51,000	44,348	(6,652)
Intergovernmental revenues	376,800	376,800	608,286	231,486
Franchise taxes	44,200	44,200	51,048	6,848
Charges for services	700	700	2,343	1,643
Fines and report fees	80,000	80,000	84,129	4,129
Interest	-	-	1,617	1,617
Miscellaneous	<u>16,500</u>	<u>16,500</u>	<u>63,327</u>	<u>46,827</u>
TOTAL REVENUES	<u>933,192</u>	<u>939,192</u>	<u>1,604,466</u>	<u>665,274</u>
OPERATING DISBURSEMENTS:				
General Government				
Administration	758,546	786,999	821,033	(34,034)
Public Safety				
Police protection	1,196,891	1,136,991	1,180,314	(43,323)
Fire protection	141,820	143,400	128,537	14,863
Public Works				
Street improvements	487,090	435,500	392,788	42,712
Parks & recreation	69,258	105,800	98,761	7,039
Capital outlays	-	200	3,183	(2,983)
Debt service	-	-	1,236	(1,236)
Total Expenditures	<u>2,653,605</u>	<u>2,608,890</u>	<u>2,625,852</u>	<u>(16,962)</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,720,413)</u>	<u>(1,669,698)</u>	<u>(1,021,386)</u>	<u>648,312</u>
Other Financing Sources:				
Operating transfers in	1,649,000	1,645,000	786,208	(858,792)
Operating transfers out	-	(85,400)	(142,708)	(57,308)
Total Other Financing Sources	<u>1,649,000</u>	<u>1,559,600</u>	<u>643,500</u>	<u>(916,100)</u>
Net Change in Fund Balances	(71,413)	(110,098)	(377,886)	(267,788)
Fund Balance at Beginning of Year	<u>166,946</u>	<u>166,946</u>	<u>166,946</u>	-
Fund Balance at End of Year	<u>\$ 95,533</u>	<u>56,848</u>	<u>(210,940)</u>	<u>\$ (267,788)</u>

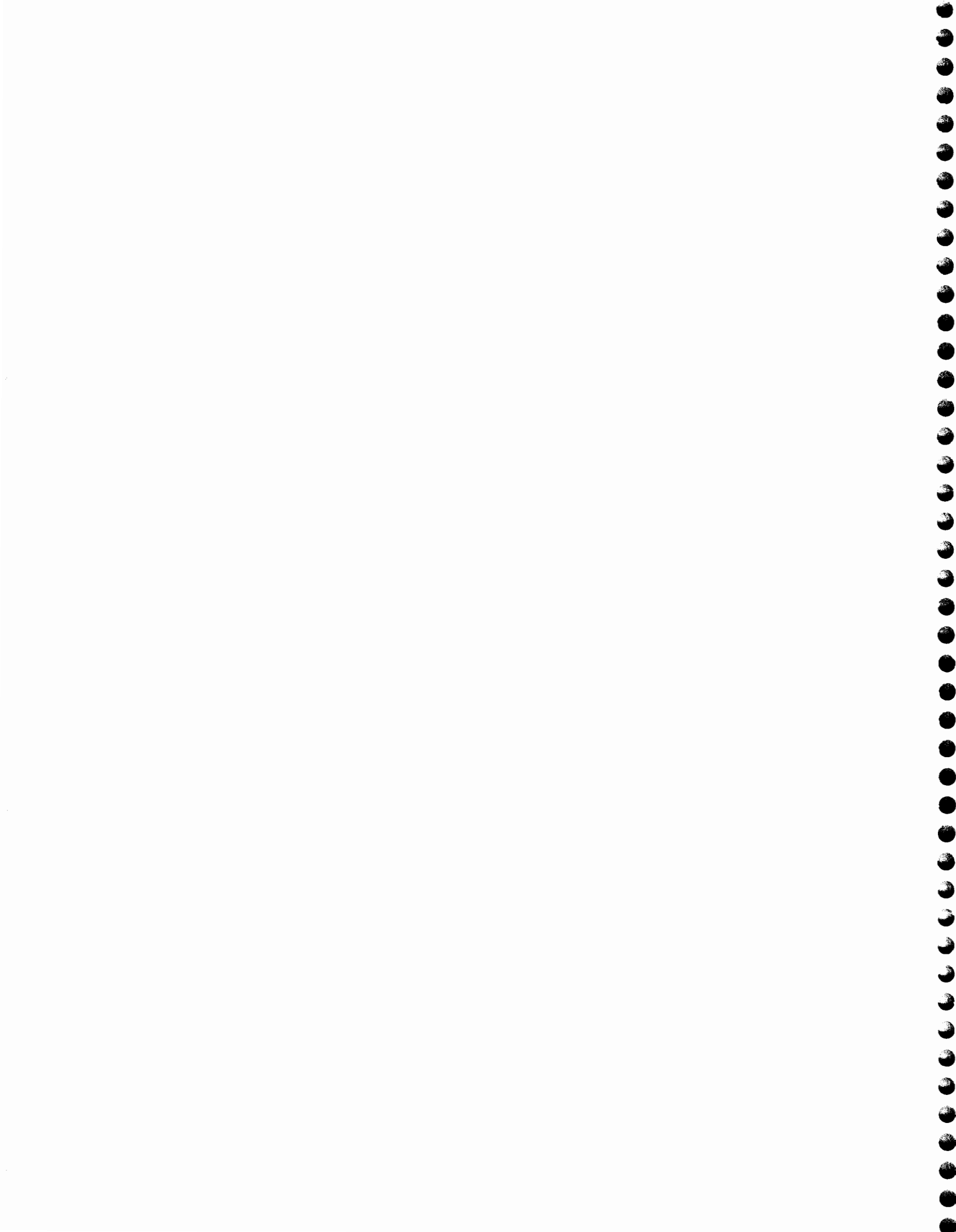
The Accompanying Notes are an integral part of these Financial Statements.



CITY OF LELAND, MISSISSIPPI
Sanitation Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended September 30, 2015

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Property taxes	\$ 95,077	95,077	73,433	\$ (21,644)
Charges for services	468,000	468,000	377,512	(90,488)
Interest	-	-	215	215
Miscellaneous	-	-	1,972	1,972
TOTAL REVENUES	<u>563,077</u>	<u>563,077</u>	<u>453,132</u>	<u>(109,945)</u>
OPERATING DISBURSEMENTS:				
Sanitation	472,557	412,155	396,742	15,413
Capital outlays	94,252	102,030	-	102,030
Debt service	-	-	96,335	(96,335)
Total Expenditures	<u>566,809</u>	<u>514,185</u>	<u>493,077</u>	<u>21,108</u>
Excess of Revenues Over (Under) Expenditures	<u>(3,732)</u>	<u>48,892</u>	<u>(39,945)</u>	<u>(88,837)</u>
Other Financing Sources:				
Operating transfers out	<u>(39,000)</u>	<u>(41,000)</u>	<u>-</u>	<u>41,000</u>
Total Other Financing Sources	<u>(39,000)</u>	<u>(41,000)</u>	<u>-</u>	<u>41,000</u>
Net Change in Fund Balances	(42,732)	7,892	(39,945)	(47,837)
Fund Balance at Beginning of Year	<u>3,565,108</u>	<u>3,565,108</u>	<u>3,565,108</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 3,522,376</u>	<u>3,573,000</u>	<u>3,525,163</u>	<u>\$ (47,837)</u>

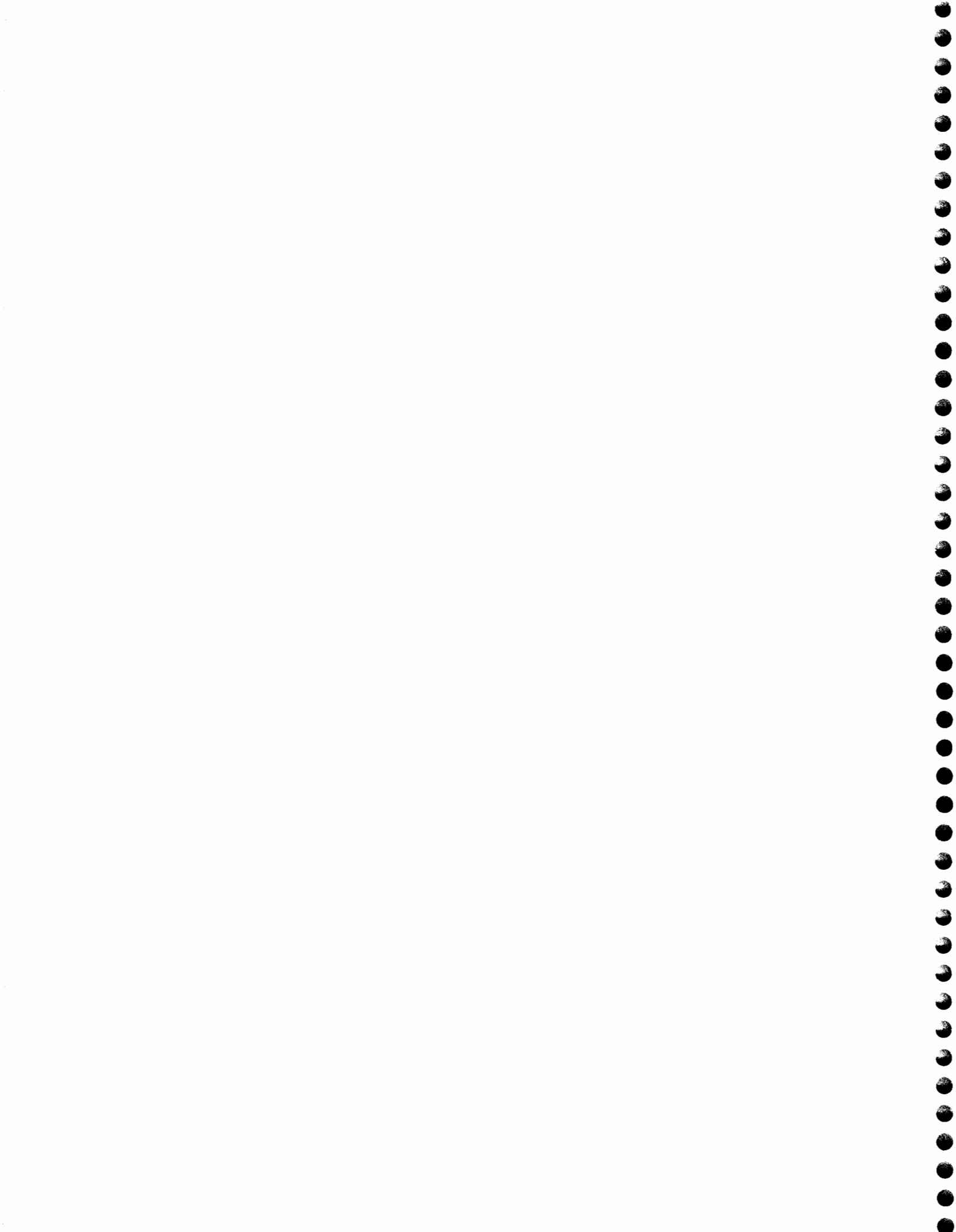
The Accompanying Notes are an integral part of these Financial Statements.



CITY OF LELAND, MISSISSIPPI
Fire Protection Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended September 30, 2015

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Intergovernmental revenues	\$ 28,500	23,000	23,630	\$ 630
Interest	200	200	-	(200)
Miscellaneous	-	-	5,752	5,752
TOTAL REVENUES	<u>28,700</u>	<u>23,200</u>	<u>29,382</u>	<u>6,182</u>
OPERATING DISBURSEMENTS:				
Public Safety				
Fire protection	-	-	12,813	(12,813)
Capital Expenditures	-	-	1,364	(1,364)
Total Expenditures	<u>-</u>	<u>-</u>	<u>14,177</u>	<u>(14,177)</u>
Excess of Revenues Over (Under) Expenditures	<u>28,700</u>	<u>23,200</u>	<u>15,205</u>	<u>(7,995)</u>
Other Financing Sources:				
Operating transfers in	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	28,700	23,200	15,205	(7,995)
Fund Balance at Beginning of Year	153,157	153,157	153,157	-
Fund Balance at End of Year	<u>\$ 181,857</u>	<u>176,357</u>	<u>168,362</u>	<u>\$ (7,995)</u>

The Accompanying Notes are an integral part of these Financial Statements.

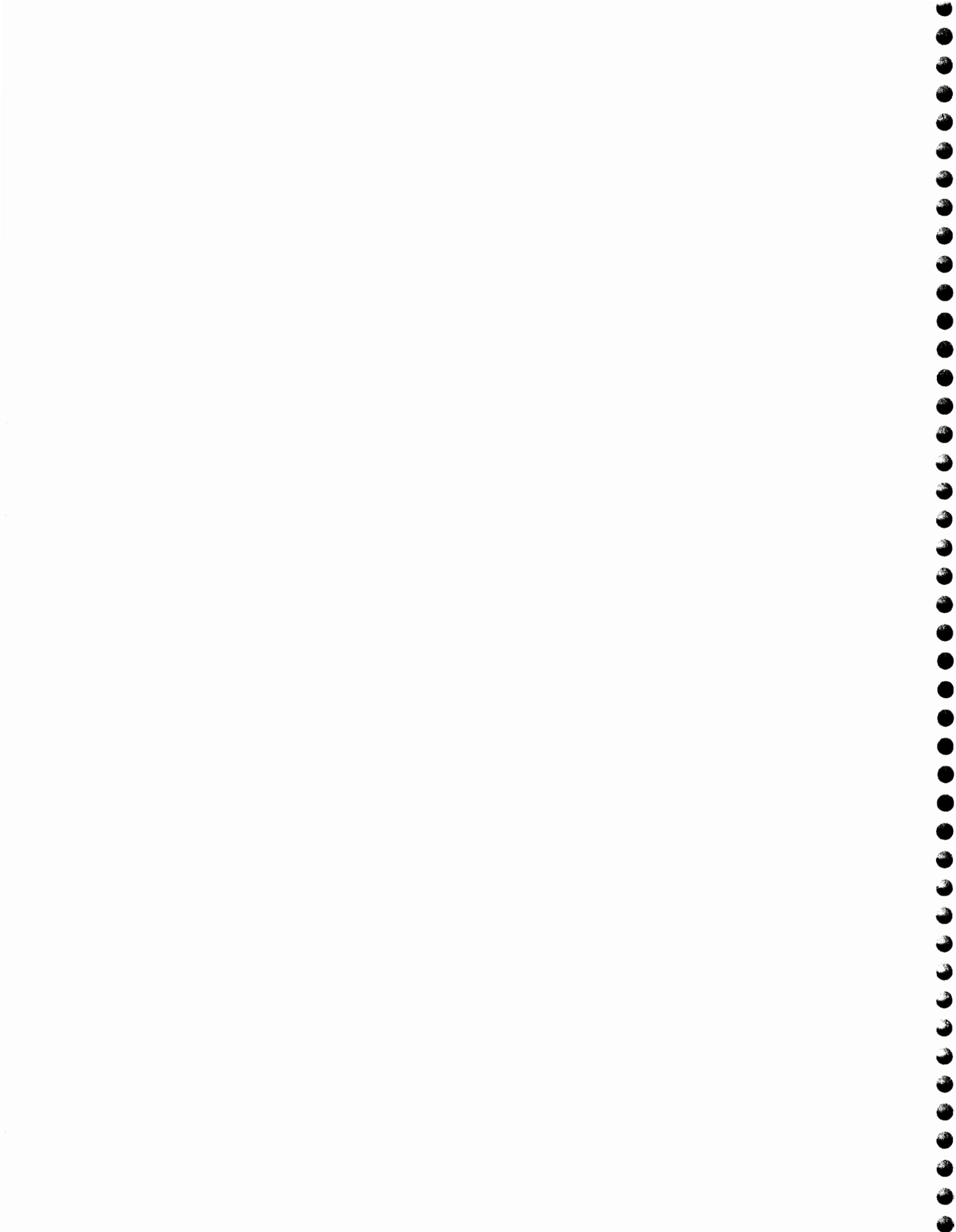


CITY OF LELAND, MISSISSIPPI
Library Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended September 30, 2015

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Interest	\$ -	-	1,478	\$ 1,478
TOTAL REVENUES	-	-	1,478	1,478
OPERATING DISBURSEMENTS:				
General government	-	-	2,127	(2,127)
Total Expenditures	-	-	2,127	(2,127)
Excess of Revenues Over (Under) Expenditures	-	-	(649)	(649)
Net Change in Fund Balances	-	-	(649)	(649)
Fund Balance at beginning of year	331,570	331,570	331,570	-
Fund Balance at end of year	\$ 331,570	331,570	330,921	\$ (649)

CITY OF LELAND
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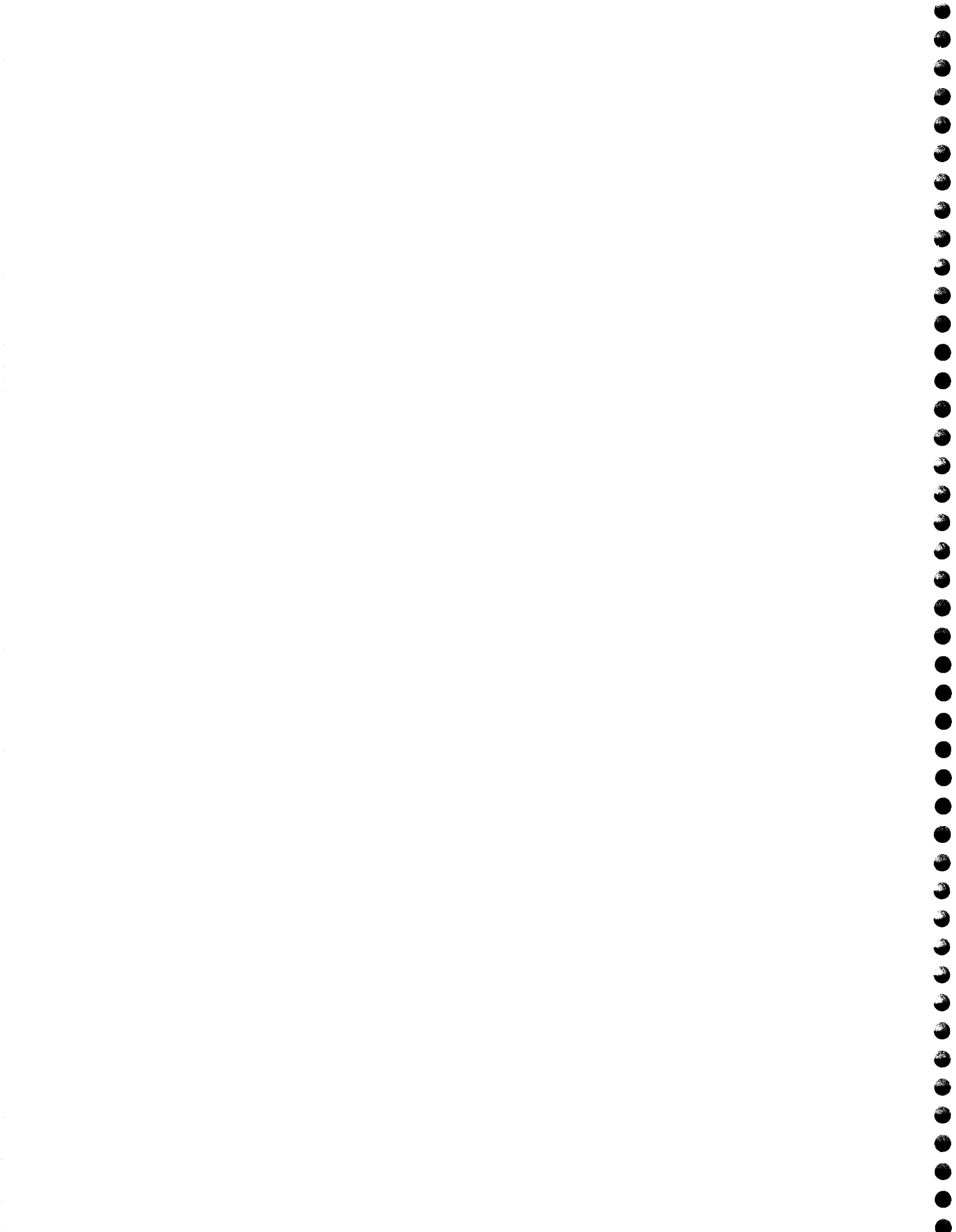
The Accompanying Notes are an integral part of these Financial Statements.



CITY OF LELAND, MISSISSIPPI
Statement of Net Position
Proprietary Fund
For the Year Ended September 30, 2015

	Business Type Activities - Enterprise Funds			Totals
	Water/Sewer Fund	Electrical Fund	Sewer System Improvement Fund	
Assets				
Cash and cash equivalents	\$ 125,751	525	128,538	\$ 254,814
Certificates of deposit	-	35,135	-	35,135
Investments	-	36,441	496,864	533,305
Accounts receivable, net of allowances	81,537	300,331	-	381,868
Inventories	9,579	110,657	-	120,236
Due from other funds	<u>3,924,075</u>	<u>372,423</u>	<u>10,926</u>	<u>4,307,424</u>
Total Current Assets	<u>4,140,942</u>	<u>855,512</u>	<u>636,328</u>	<u>5,632,782</u>
Restricted Assets:				
Cash and cash equivalents	-	177,346	-	177,346
Property, plant and equipment, at cost				
Buildings	98,116	98,116	-	196,232
Water plant, distribution system and equipment	2,916,294	187,534	1,877,847	4,981,675
Automotive and other equipment	<u>186,329</u>	<u>198,798</u>	<u>-</u>	<u>385,127</u>
	3,200,739	484,448	1,877,847	5,563,034
Less: accumulated depreciation	<u>(1,317,828)</u>	<u>(461,432)</u>	<u>(357,715)</u>	<u>(2,136,975)</u>
	1,882,911	23,016	1,520,132	3,426,059
Construction in progress	-	-	-	-
Net property, plant and equipment	<u>1,882,911</u>	<u>23,016</u>	<u>1,520,132</u>	<u>3,426,059</u>
Total Assets	<u>6,023,853</u>	<u>1,055,874</u>	<u>2,156,460</u>	<u>9,236,187</u>
Deferred Outflows of Resources				
Deferred outflows of resources	12,592	26,294	-	38,886
Total Deferred Outflows of Resources	<u>12,592</u>	<u>26,294</u>	<u>-</u>	<u>38,886</u>
Total Assets	<u>\$ 6,036,445</u>	<u>1,082,168</u>	<u>2,156,460</u>	<u>\$ 9,275,073</u>
Liabilities and Net Position				
Accounts payable	\$ 41,826	296,797	-	\$ 338,623
Due to other funds	12,012	7,159,746	-	7,171,758
Current portion of long term debt:				
Compensated absences	580	2,233	-	2,813
Total current liabilities	<u>54,418</u>	<u>7,458,776</u>	<u>-</u>	<u>7,513,194</u>
Current liabilities payable from restricted Assets:				
Customer deposits	51,072	219,608	-	270,680
Current portion of notes payable	-	-	70,281	70,281
Total current liabilities payable from restricted assets	<u>51,072</u>	<u>219,608</u>	<u>70,281</u>	<u>340,961</u>
Long-Term Debt (less amounts classified as current)				
Net pension liability	156,601	327,000	-	483,601
Compensated absences	-	928	-	928
Notes payable	-	-	852,861	852,861
Total long-term debt	<u>156,601</u>	<u>327,928</u>	<u>852,861</u>	<u>1,337,390</u>
Total Liabilities	<u>262,091</u>	<u>8,006,312</u>	<u>923,142</u>	<u>9,191,545</u>
Deferred Inflows of Resources				
Deferred inflows of resources	24,553	51,270	-	75,823
Total Deferred Inflows of Resources	<u>24,553</u>	<u>51,270</u>	<u>-</u>	<u>75,823</u>
Net Position				
Investment in capital assets, net of related debt	1,882,911	23,016	596,990	2,502,917
Unrestricted	<u>3,866,890</u>	<u>(6,998,430)</u>	<u>636,328</u>	<u>(2,495,212)</u>
Total Net Position	<u>5,749,801</u>	<u>(6,975,414)</u>	<u>1,233,318</u>	<u>7,705</u>
Total Liabilities and Net Position	<u>\$ 6,036,445</u>	<u>1,082,168</u>	<u>2,156,460</u>	<u>\$ 9,275,073</u>

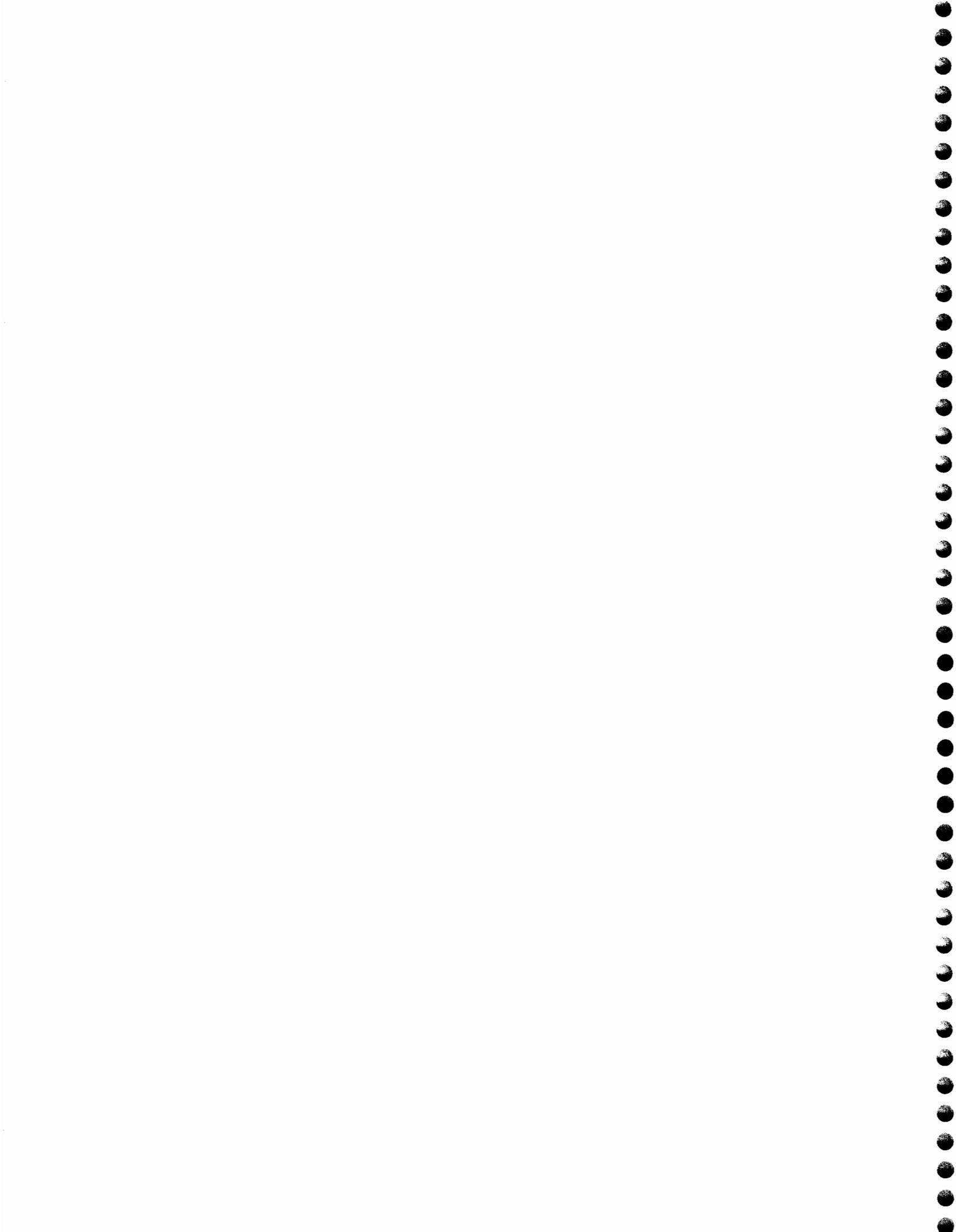
The Accompanying Notes are an integral part of these Financial Statements.



CITY OF LELAND, MISSISSIPPI
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended September 30, 2015

	<u>Business -Type Activities - Enterprise Funds</u>			
	<u>Water/Sewer Fund</u>	<u>Electrical Fund</u>	<u>Sewer System Improvement Fund</u>	<u>Total</u>
Operating Revenues:				
Sales to customers	\$ <u>517,179</u>	<u>3,759,568</u>	<u>132,210</u>	\$ <u>4,408,957</u>
Total Operating Revenues	<u>517,179</u>	<u>3,759,568</u>	<u>132,210</u>	<u>4,408,957</u>
Operating Expenses:				
Personnel services	119,381	245,405	-	364,786
Supplies	53,939	79,314	-	133,253
Other services and charges	77,194	2,196,892	-	2,274,086
Provision for bad debt	-	70,989	-	70,989
Depreciation	<u>37,272</u>	<u>-</u>	<u>46,946</u>	<u>84,218</u>
Total Operating Expenses	<u>287,786</u>	<u>2,592,600</u>	<u>46,946</u>	<u>2,927,332</u>
Operating income (loss)	<u>229,393</u>	<u>1,166,968</u>	<u>85,264</u>	<u>1,481,625</u>
Nonoperating revenues				
Interest income	-	802	680	1,482
Other income	591	19,709	-	20,300
Interest and service charges on long-term debt	<u>-</u>	<u>-</u>	<u>(26,048)</u>	<u>(26,048)</u>
Total nonoperating revenues	<u>591</u>	<u>20,511</u>	<u>(25,368)</u>	<u>(4,266)</u>
Net Income Before Operating Transfers	229,984	1,187,479	59,896	1,477,359
Operating Transfers In	24,996	35,004	-	60,000
Operating Transfers (Out)	<u>(735,491)</u>	<u>-</u>	<u>-</u>	<u>(735,491)</u>
Change in Net Assets	<u>(480,511)</u>	<u>1,222,483</u>	<u>59,896</u>	<u>801,868</u>
Net Position, Beginning of Year	<u>6,399,084</u>	<u>(7,458,019)</u>	<u>1,173,422</u>	<u>114,487</u>
Prior period adjustment	<u>(168,772)</u>	<u>(739,878)</u>	<u>-</u>	<u>(908,650)</u>
Net Position, as Restated	<u>6,230,312</u>	<u>(8,197,897)</u>	<u>1,173,422</u>	<u>(794,163)</u>
Net Position, End of Year	\$ <u>5,749,801</u>	<u>(6,975,414)</u>	<u>1,233,318</u>	\$ <u>7,705</u>

The Accompanying Notes are an integral part of these Financial Statements.



CITY OF LELAND, MISSISSIPPI
Combined Statement of Cash Flows
All Proprietary Fund Types
For the Year Ended September 30, 2015

	<u>Business - Type Activities Enterprise Fund</u>			
	<u>Water/Sewer Fund</u>	<u>Electrical Fund</u>	<u>Sewer System Improvement Fund</u>	<u>Total</u>
Cash Flows From Operating Activities:				
Receipts from customers and users	\$ 433,421	3,831,071	132,210	\$ 4,396,702
Receipts from interfund services provided	570,253	-	-	570,253
Payments to suppliers	(151,479)	(3,228,946)	-	(3,380,425)
Payments to employees	(118,801)	(243,851)	-	(362,652)
Net cash provided by (used for) operating activities	<u>733,394</u>	<u>358,274</u>	<u>132,210</u>	<u>1,223,878</u>
Cash Flows From Noncapital Financing Activities:				
Operating transfers in	24,996	35,004	-	60,000
Operating transfers out	(735,491)	-	-	(735,491)
Net Cash Flows Used For Noncapital Activities	<u>(710,495)</u>	<u>35,004</u>	<u>-</u>	<u>(675,491)</u>
Cash Flows from Capital and Related Financing Activities:				
Principal paid on capital debt	-	-	(68,755)	(68,755)
Interest paid on capital debt	-	-	(26,048)	(26,048)
Interest reinvested in certificate of deposit	-	-	(3,418)	(3,418)
Other capital and financing activities	(209)	(435,742)	-	(435,951)
Net Cash Provided by (used for) capital and related financing activities	<u>(209)</u>	<u>(435,742)</u>	<u>(98,221)</u>	<u>(534,172)</u>
Cash Flows Provided by (used for) Investing Activities:				
Interest earned on investment	-	802	680	1,482
Other income	591	19,709	-	20,300
Net Cash Flows Provided by Investing Activities	<u>591</u>	<u>20,511</u>	<u>680</u>	<u>21,782</u>
Net Increase (decrease) in Cash and Cash Equivalents	23,281	(21,953)	34,669	35,997
Cash and Cash Equivalents at Beginning of Year	102,470	199,824	93,869	396,163
Cash and Cash Equivalent at End of Year	<u>\$ 125,751</u>	<u>177,871</u>	<u>128,538</u>	<u>\$ 432,160</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:				
Operating income (loss)	<u>229,393</u>	<u>1,166,968</u>	<u>85,264</u>	<u>1,481,625</u>
Depreciation expense	37,272	-	46,946	84,218
Provision for bad debt	-	70,989	-	70,989
(Increase) Decrease In:				
Accounts receivable	(40,769)	33,750	-	(7,019)
Intergovernmental receivable	43,681	-	-	43,681
Due from other funds	480,464	(35,004)	-	445,460
Increase (Decrease)				
Accounts Payable	(20,347)	70,865	-	50,518
Accrued compensated absences	580	1,555	-	2,135
Due to other funds	-	(957,547)	-	(957,547)
Customers deposits	3,120	6,698	-	9,818
Total Adjustments	<u>504,001</u>	<u>(808,694)</u>	<u>46,946</u>	<u>(257,747)</u>
Net Cash Provided by (used for) Operating Activities	<u>\$ 733,394</u>	<u>358,274</u>	<u>132,210</u>	<u>\$ 1,223,878</u>
Supplemental cash flow information:				
Cash paid during the year:				
Interest Expense	<u>\$ -</u>	<u>-</u>	<u>26,048</u>	<u>\$ 26,048</u>

The Accompanying Notes are an intergral part of these Financial Statements.



CITY OF LELAND, MISSISSIPPI
Notes to the Financial Statements
September 30, 2015

Program revenues reported in the Statement of Activities consist of amounts that are directly associated with a governmental service or business-type activity. Program revenues include charges for services, fines, court cost, contributions associated with a particular function and most grants.

FUND FINANCIAL STATEMENTS

Funds are separate accounting entities that are designed to assist with demonstrating legal compliance and segregating transactions by activity. Separate financial statements are provided for governmental funds and business-type (enterprise) funds. In addition, separate financial statements are presented for any fiduciary activities. Major individual funds are reported as separate columns in the fund financial statements. The City's major funds are described as follows:

MAJOR GOVERNMENTAL FUNDS

General Fund - The general fund is the primary operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Sanitation Fund - The fund is a special revenue fund used to account for the operation of the City's sanitation system, which is supported by user charges.

Library Fund - The fund is a special revenue fund used to account for the operation of the City's library.

MAJOR BUSINESS- TYPE FUNDS

Water System - The water system fund is used to account for the operation of the City's water system, which is supported by user charges.

Electrical System - The electrical system fund is used to account for the operation of the City's electrical system, which is supported by user charges.

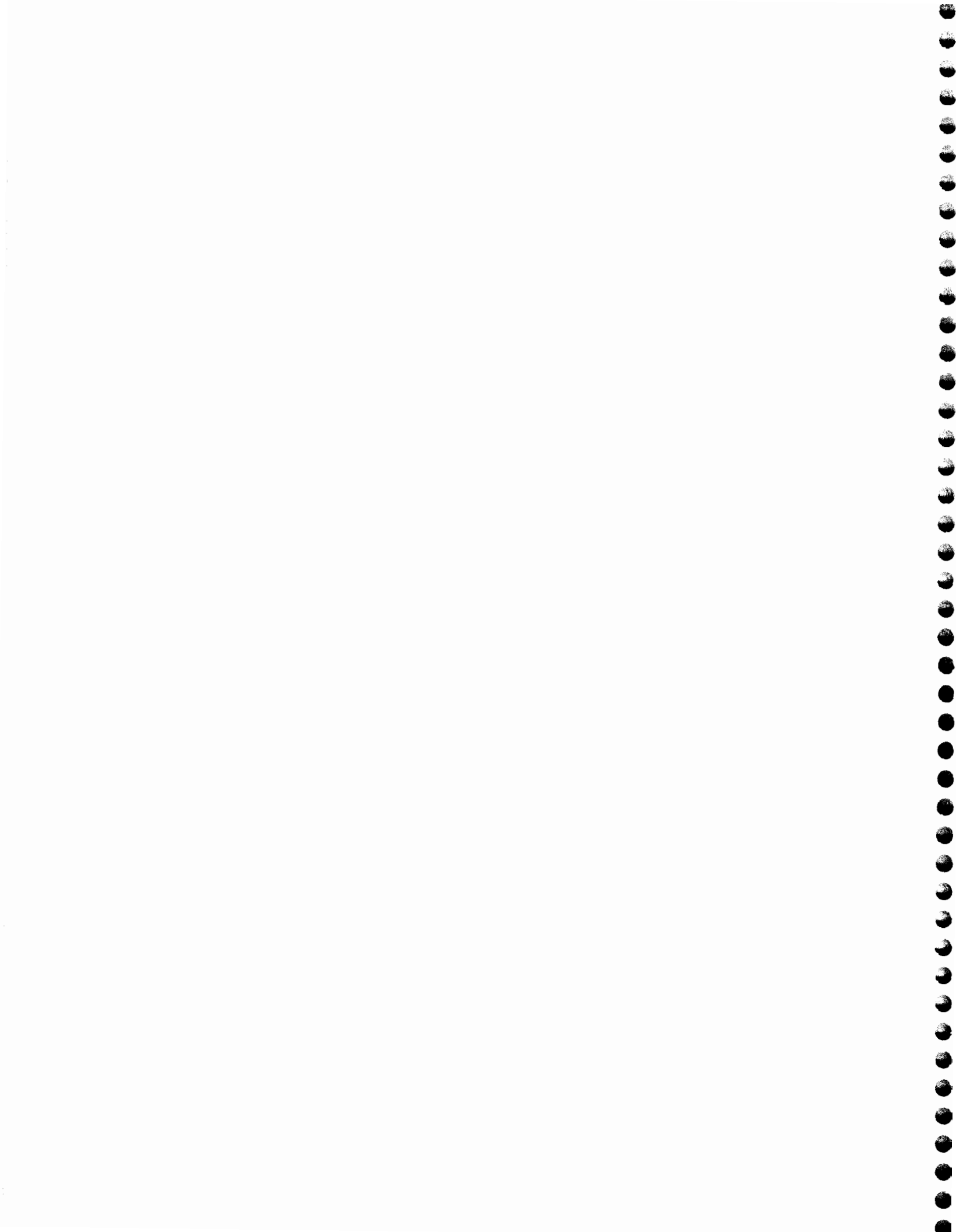
Sewer System Improvement Fund - The sewer system fund is used to account for the operation of the City's sewer system, which is supported by user charges and special taxes.

Business-Type funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing goods and services in connection with the funds ongoing operations. Principal operating revenues are charges to customers for water and sewer service.

Additionally, the government reports the following fund types:

GOVERNMENTAL FUNDS

Special Revenue Funds - Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term "proceeds of specific revenue sources" establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund.



CITY OF LELAND, MISSISSIPPI
Notes to the Financial Statements
September 30, 2015

Debt Service Funds - Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds should be used to report resources if legally mandated. Financial resources that are being accumulated for principal and interest maturing in future years also should be reported in debt service funds.

Capital Projects Funds - Capital Project Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

FIDUCIARY FUNDS

Agency Funds - Agency Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds.

As a general rule the effect of interfund activity has been eliminated for the government-wide financial statements. Exceptions to this general rule are charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

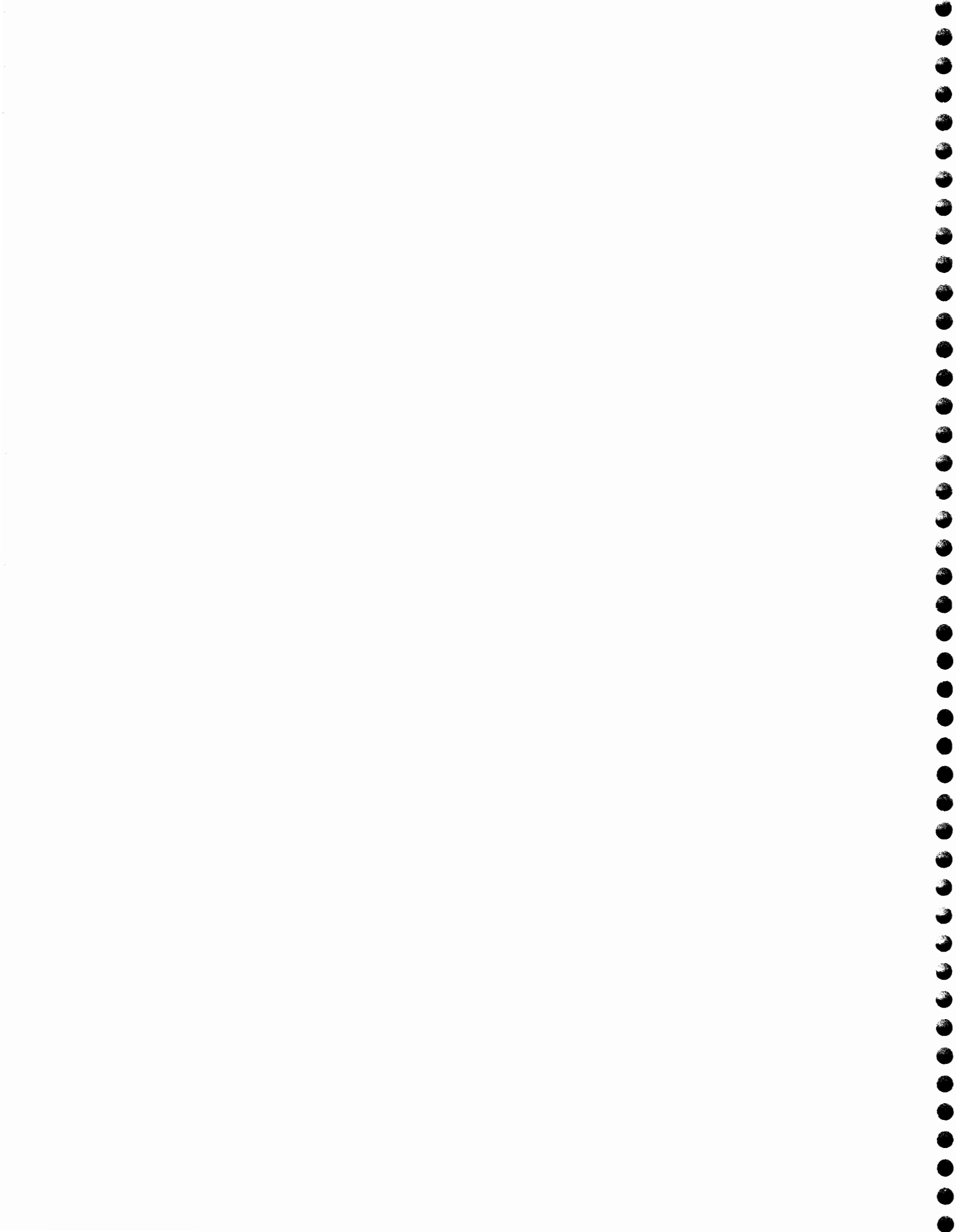
BASIS OF ACCOUNTING AND MEASUREMENT FOCUS

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied. The basis of accounting and measurement focus used for various financial statement presentations are described as follows:

<u>Financial Statement Presentation</u>	<u>Basis of Accounting</u>	<u>Measurement Focus</u>
Government-Wide Financial Statements	Accrual Basis	Economic Resources
Fund Financial Statements:		
Governmental Funds	Modified Accrual Basis	Current Financial Resources
Proprietary Funds	Accrual Basis	Economic Resources

Under the accrual basis of accounting and the economic resources measurement focus, revenues are recorded when earned and expenses are recorded when a liability is incurred.

Under the modified accrual basis of accounting and the current financial resources measure focus revenue is recognized when it is considered measurable and available. Revenue is considered available if it is collected within 60 days of year end or if it is due under cost reimbursement arrangement. In addition, expenses are generally recorded when a liability has been incurred; however, debt service, claims and judgments are recorded as expenses when payment is made. Furthermore, when the current financial resources measure focus is used, amounts recorded as assets exclude capital assets and the acquisition of capital assets is treated as an expenditure. In addition, long-term debts are excluded from amounts reported as liabilities. Proceeds from issuing long-term debt is reported as an other financing source and repayment of long-term debt is reported as an expenditure.



CITY OF LELAND, MISSISSIPPI
Notes to the Financial Statements
September 30, 2015

BUDGETARY CONTROL

The City Charter establishes the fiscal year as the twelve-month period beginning October 1. The procedures detailed below are followed in establishing the budgetary data reflected in the financial statements.

The City Clerk and Mayor prepare a proposed budget based on an estimate of the revenues expected to be received in the next fiscal year and submits the proposal to the Board of Aldermen. A summary of the proposed budget is published and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is set.

A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.

As required by state law, the budgets are amended whenever projected revenue fails to meet original expectations or when projected expenditures exceed original expectations. Budgetary amounts are presented as amended and all budgetary appropriations lapse at the end of the fiscal year.

CASH AND CASH EQUIVALENTS

The City deposits excess funds in financial institutions selected by the Board. State statutes specify how these depositories are to be selected.

Cash consists of amounts on deposit in demand accounts and savings accounts. Cash and other deposits are valued at cost.

In the event of a 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 (FDIC).

INTERNAL ACTIVITY

Resources belonging to particular funds are commonly shared with other funds that need access to additional resources. When resources are provided without expectation of repayment, the transaction is reported as a transfer. Transfers are treated as a source of income by the recipient and as an expense or expenditure by the provider. If repayment is eventually expected to occur, interfund receivables and payables are recorded.

In preparing the government-wide financial statement, transfers are eliminated to present net transfers for governmental activities and business-type activities. In addition, interfund receivables and payables are eliminated to present a net internal balance for each type of activity.

CITY OF LELAND, MISSISSIPPI
Notes to the Financial Statements
September 30, 2015

Restricted Assets - Restricted assets represent resources that must be expended in a specific manner. Restrictions of this nature are imposed by various contractual obligations including grant agreements and bond covenants. Whenever restricted assets can be used to satisfy an obligation, the restricted assets are typically consumed before utilizing any unrestricted resources.

Capital Assets - Capital assets, which include property, equipment and infrastructure acquired after October 1, 2003, are reported as assets in the applicable governmental or business-type columns in the government-wide financial statements and in the fund financial statements for proprietary funds. Assets reported in the fund financial statements for governmental funds exclude capital assets. Instead, the governmental funds report the acquisition of capital assets as expenditures rather than asset acquisitions. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value when received by the City.

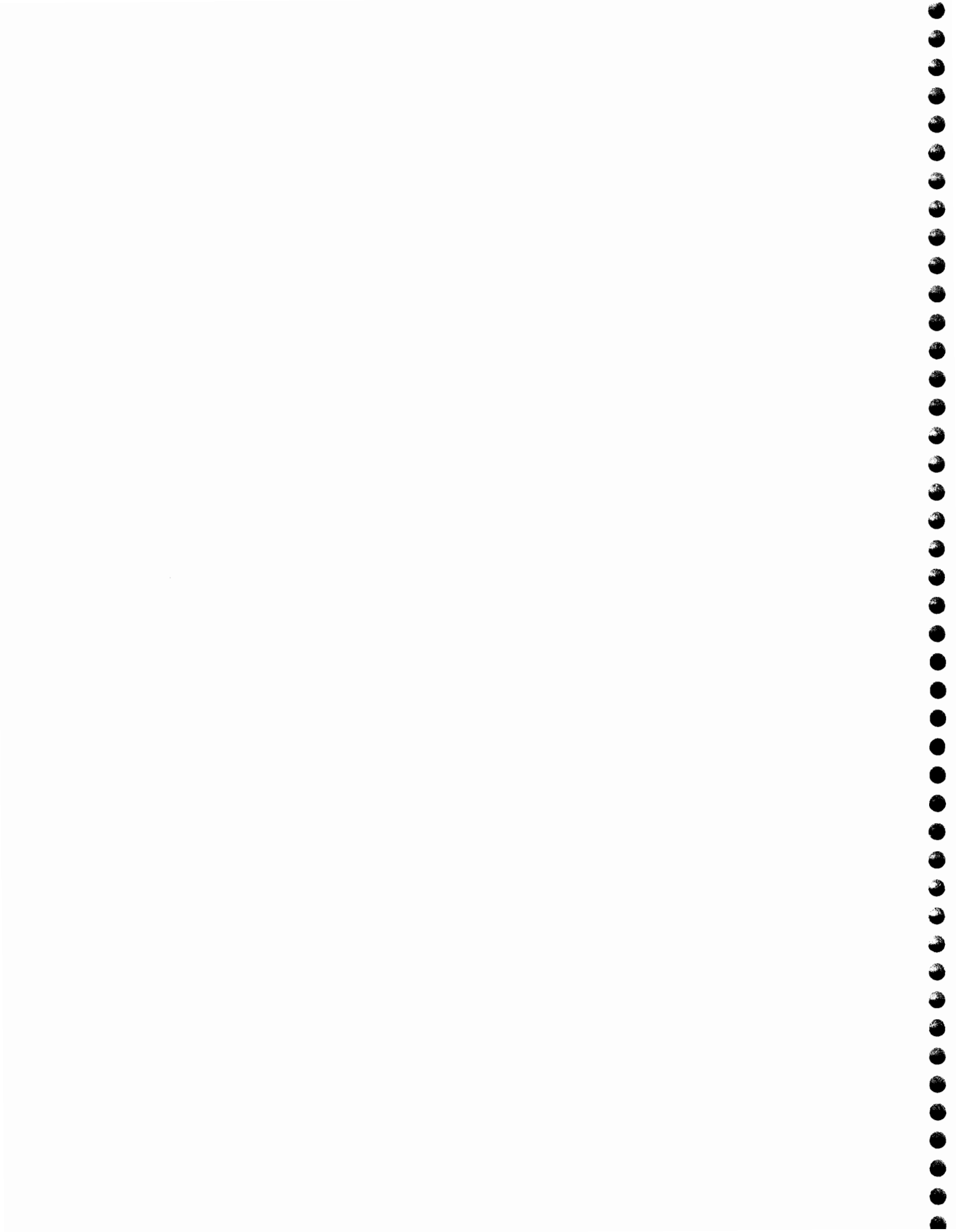
Capital assets, excluding land and construction in progress, are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Land Improvements	20
Heavy machinery and equipment	5-15
Computer equipment	3
Vehicles	3-10
Infrastructure	8-50

Interest is capitalized on proprietary funds assets constructed with the proceeds of tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on investment proceeds over the same period.

Compensated Absences - The City accrues unpaid leave and associated employee-related cost when earned (or estimate to be earned) by employees up to 60 hours. For the Proprietary Funds and the government-wide statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, in the Funds Financial Statements, all of the compensated absences are considered long-term and therefore, are not a liability and represents a reconciling item between fund level and government-wide presentation.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.



CITY OF LELAND, MISSISSIPPI
Notes to the Financial Statements
September 30, 2015

Fund Balance - In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund-Type Definitions*. The objective of the statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions.

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five (5) components, nonspendable, restricted, committed, assigned and unassigned.

Nonspendable - This component includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

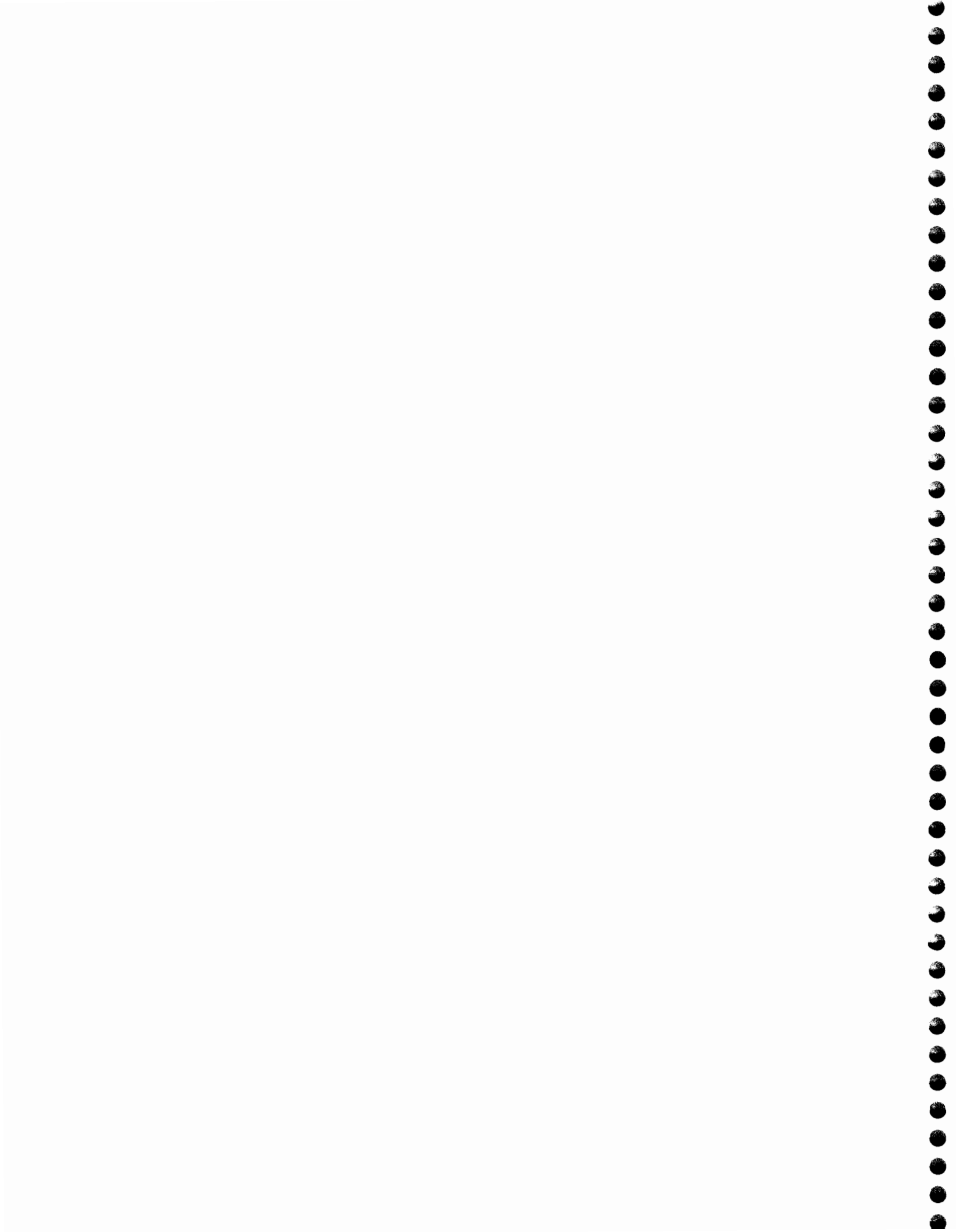
Restricted - This component consists of amounts that have constraints placed on them either externally by third-parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the City to assess, levy, charge or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (Compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.

Committed - This component consist of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City's highest level of decision making authority which includes the city charter, ordinances and resolutions. Those committed amounts cannot be used for any other purpose unless the City removes or changes the specified use by taking the same type of action (city charter, ordinance and resolution) it employed previously to commit those amounts.

Assigned - This component consists of amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. The authority for assigning fund balance is expressed by the Board of Alderman, City Clerk or their designee as established in the City's Fund Balance Policy.

Unassigned - This classification represents amounts that have not been restricted, committed or assigned to specific purpose within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a negative unassigned fund balance amount.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources (committed, assigned and unassigned) as they are needed. When unrestricted resources (committed, assigned and unassigned) are available for use it is the City's policy to use committed resources first, then assigned, and then unassigned as they are needed.



CITY OF LELAND, MISSISSIPPI
Notes to the Financial Statements
September 30, 2015

NOTE 2 - CASH AND CASH EQUIVALENTS

The collateral for public entities, deposits in financial institutions is now 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, Mississippi 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.

The carrying amount of the City's deposits with financial institutions in the governmental activities and the business-type activities funds was \$1,190,781 and \$823,254, respectively. The carrying amount of deposits reported in the government-wide financial statements was: Cash and Cash Equivalents - \$1,107,245.

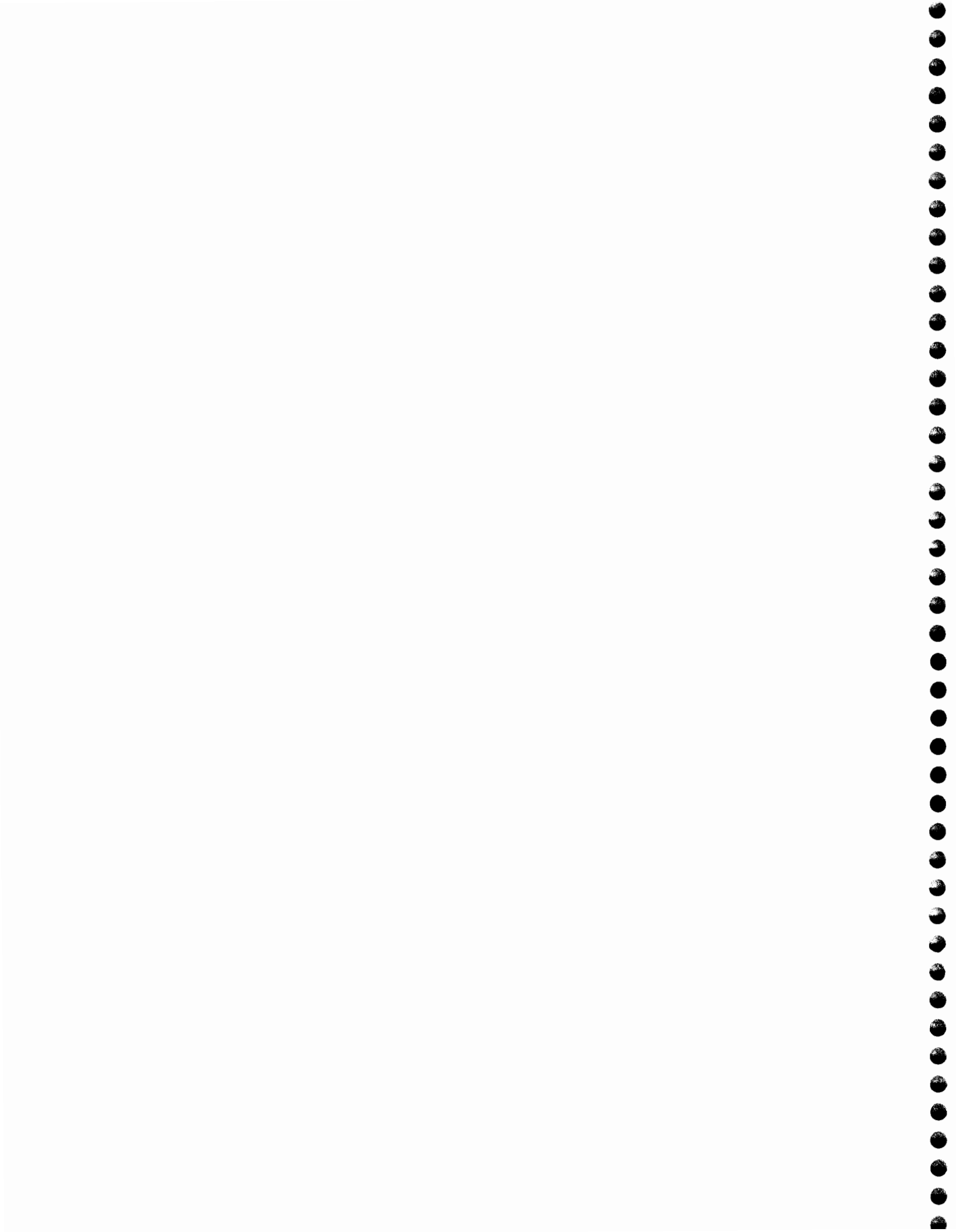
Custodial Credit Risk - Deposits. Custodial credit risk is defined as the risk that, in the event of a failure of a financial institution, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. The City does not have a formal policy for custodial credit risk. However, the Mississippi State Treasurer manages the risk on behalf of the City. Deposits above FDIC coverage are collateralized by the pledging financial institutions trust department or agent in the name of the Mississippi State Treasurer on behalf of the City. As of *September 30, 2015*, none of the City's bank balance of \$3,733,837 was exposed to custodial credit risk.

Interest Rate Risk. The City does not have a formal investment policy that limits investment 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 City does not have a formal investment policy that would further limit its investment choices or one that addresses credit risk.

Custodial Credit Risk - Investments. Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a formal investment policy that addresses custodial credit risk. However, the Mississippi State Treasurer manages the risk on behalf of the City. Deposits above FDIC coverage are collateralized by the pledging financial institutions trust department or agent in the name of the Mississippi State Treasurer on behalf of the City. As of *September 30, 2015*, none of the City's bank balance of \$3,733,837 was exposed to custodial credit risk.

Concentration of Credit Risk. Disclosures of investments by amount and issuer for any issuer that represents five percent or more of total investments is required. This requirement does not apply to investments issued or explicitly guaranteed by the U.S. government, investments in mutual funds and external investment pools, and other pooled investments. As of *September 30, 2015*, the City had no investments.



CITY OF LELAND, MISSISSIPPI
Notes to the Financial Statements
September 30, 2015

Following is a list of the City's eligible investments, which in accordance with State statute are limited to the investment of funds in excess of sums required for immediate expenditure or current obligations:

Certificates of deposit with municipal depositories approved annually by the State Treasurer
bonds or direct obligations of the:

- United States of America
- State of Mississippi
- County or Municipality of Mississippi
- School Districts

State statute allows the investment of funds received from the sale of bonds, notes, or certificates of indebtedness which are not immediately required for disbursement for the purpose issued, in direct obligations issued by or guaranteed in full by the United States of America, or in certificates of deposit with approved municipal depositories.

NOTE 3 - AD VALOREM TAXES

Ad valorem taxes are assessed on a calendar year basis and are due on or before December 31 in the year in which the tax is levied. Property taxes are recognized when the revenue is measurable and available. Available means due or past due and collected no longer than 60 days after the close of the current period. For the year ended September 30, 2015, the City levied and collected 38.80 mills of taxes for general corporate purposes of the City.

NOTE 4 - RECEIVABLES

Receivables as of year end for the government's individual major and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

	General Fund	Sanitation Fund	Nonmajor Governmental	Water/Sewer Fund	Electric Fund	Total
<u>Accounts Receivable</u>						
Charges for services	\$ -	\$ 19,007	\$ -	\$ 81,537	\$ 704,535	\$ 805,079
Property and franchise taxes	8,908	1,135	-	-	-	10,043
Accounts receivable, other	15,330	-	-	-	-	15,330
Intergovernmental	55,423	-	27,396	-	-	82,819
Gross Receivables	79,661	20,142	27,396	81,537	704,535	913,271
Less: allowance for uncollectibles	-	-	-	-	(404,204)	(404,204)
Receivables, net of allowance	<u>\$ 79,661</u>	<u>\$ 20,142</u>	<u>\$ 54,792</u>	<u>\$ 81,537</u>	<u>\$ 300,331</u>	<u>\$ 509,067</u>



CITY OF LELAND, MISSISSIPPI
Notes to the Financial Statements
September 30, 2015

NOTE 5 - INTERFUND BALANCES AND TRANSFERS

The composition of interfund balances are presented as of September 30, 2015 as follows:

Due to/from other funds:

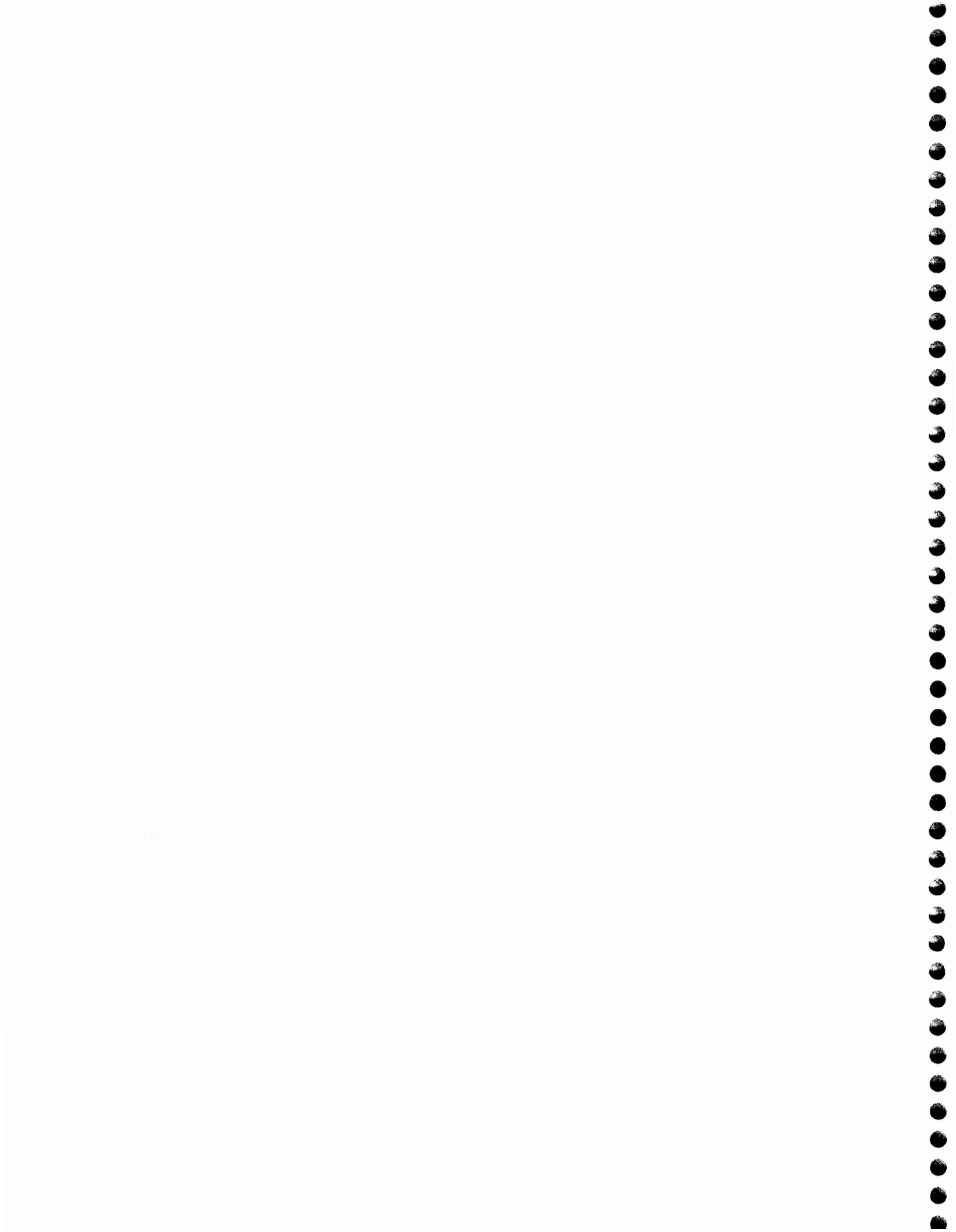
<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Electric conversion fund	\$ 30,719
General fund	Electric fund	42,354
Sanitation fund	Water/sewer system fund	3,456,743
Non-major	General Fund	5,819
Water/Sewer Fund	Electric fund	3,900,859
Electric fund	General fund	372,423
Sewer system improvement fund	Water/sewer system fund	10,926
Total	Total	<u>\$ 7,819,843</u>

The outstanding balances between funds result mainly from the lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Individual fund interfund transfers are presented as of September 30, 2015 as follows:

Transfer Out:	Transfer In:						Total
	General Fund	Nonmajor Fund	Debt Service Fund	Water/ Sewer Fund	Electric Fund	Electric Conversion Fund	
General Fund	\$ -	\$ 111,354	\$ 79,712	\$ 24,996	\$ 35,004	\$ -	\$ 251,066
Water/Sewer Fund	735,491	-	-	-	-	-	735,491
Nonmajor Special revenue Fund	50,716	-	-	-	-	-	50,716
Total	<u>\$ 786,207</u>	<u>\$ 111,354</u>	<u>\$ 79,712</u>	<u>\$ 24,996</u>	<u>\$ 35,004</u>	<u>\$ -</u>	<u>\$ 1,037,273</u>

Transfers are used to (1) move revenues from the fund with collection authorization to the debt service fund as debt services principal and interest payments become due, (2) move restricted amounts from borrowings to the debt service fund revenues to establish mandatory reserve accounts, (3) move unrestricted general fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.



CITY OF LELAND, MISSISSIPPI
Notes to the Financial Statements
September 30, 2015

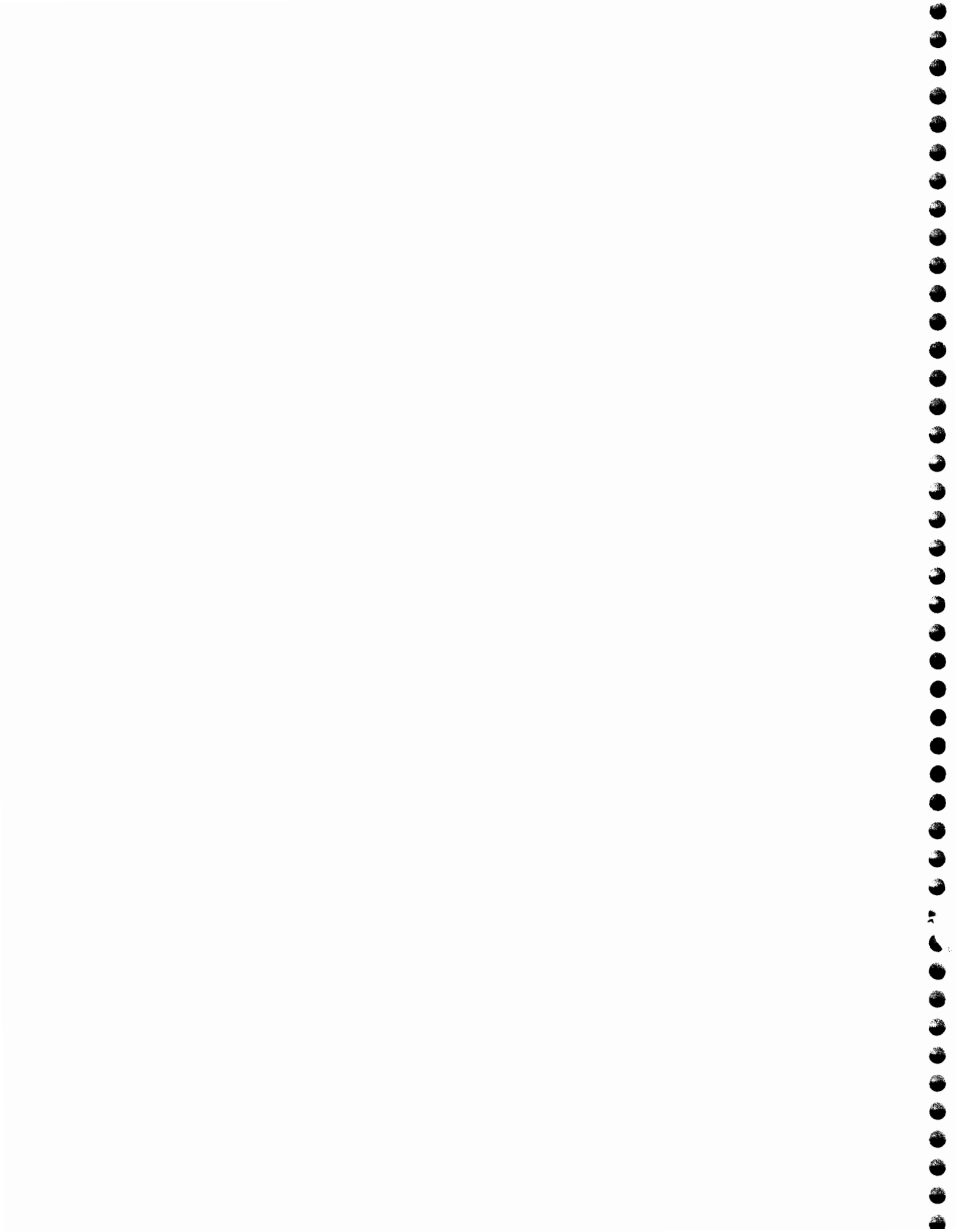
NOTE 6 - CAPITAL ASSETS

A summary of capital asset transactions for the year ended September 30, 2015 follows:

	Beginning Balance	Additions	Disposals	Adjustments	Ending Balance
Governmental Activities:					
Non Depreciable Capital Assets					
Land	\$ 132,702	-	-	-	\$ 132,702
Total non depreciable capital assets	<u>132,702</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>132,702</u>
Depreciable Capital Assets					
Buildings and Improvements	455,987	-	-	-	455,987
Motor Vehicles	2,253,739	-	-	-	2,253,739
Machinery and Equipment	602,107	-	-	-	602,107
Total depreciable capital assets	3,311,833	-	-	-	3,311,833
Accumulated Depreciation	(2,339,821)	(149,251)	-	-	(2,489,072)
Net depreciable capital assets	<u>972,012</u>	<u>(149,251)</u>	<u>-</u>	<u>-</u>	<u>822,761</u>
Total Governmental Activities	<u>\$ 1,104,714</u>	<u>(149,251)</u>	<u>-</u>	<u>-</u>	<u>\$ 955,463</u>
Business-Type Activities:					
Depreciable Capital Assets					
Buildings	196,232	-	-	-	196,232
Water/sewer system & treatment plant	4,981,674	-	-	-	4,981,674
Machinery & Equipment	66,877	-	-	-	66,877
Motor vehicles	318,251	-	-	-	318,251
Total depreciable capital assets	5,563,034	-	-	-	5,563,034
Accumulated Depreciation	(2,052,757)	(84,218)	-	-	(2,136,975)
Net depreciable capital assets	<u>3,510,277</u>	<u>(84,218)</u>	<u>-</u>	<u>-</u>	<u>3,426,059</u>
Total Business-Type Activities	<u>\$ 3,510,277</u>	<u>(84,218)</u>	<u>-</u>	<u>-</u>	<u>\$ 3,426,059</u>

Depreciation expense charged to various functions presented on the statement of activities is presented as follows:

	Governmental Activities	Business-Type Activities	Total
Finance & Administrative	\$ 19,949	-	\$ 19,949
Fire Protection	50,601	-	50,601
Police Protection	28,985	-	28,985
Public Works	8,731	-	8,731
Parks & Recreation	2,200	-	2,200
Sanitation	38,785	-	38,785
Water/Sewer System	-	37,272	37,272
Sewer Improvement	-	46,946	46,946
Total Depreciation Expense	<u>\$ 149,251</u>	<u>84,218</u>	<u>\$ 233,469</u>



CITY OF LELAND, MISSISSIPPI
Notes to the Financial Statements
September 30, 2015

NOTE 7 - LONG-TERM DEBT

A. Governmental Activities

A summary of long-term debt transactions for the year ended September 30, 2015, were as follows:

Governmental activities:	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Short-term note payable	\$ 26,500	-	(26,500)	\$ -	\$ -
Notes payable	119,259	-	(64,810)	54,449	54,449
General Obligation Coupon Bonds	1,641,000	-	(163,000)	1,478,000	-
Compensated for absences	9,877	35,842	(8,848)	36,871	27,618
Totals	<u>\$ 1,796,636</u>	<u>35,842</u>	<u>(263,158)</u>	<u>1,569,320</u>	<u>\$ 82,067</u>

1. Notes Payable

Notes consist of the following at September 30, 2015:

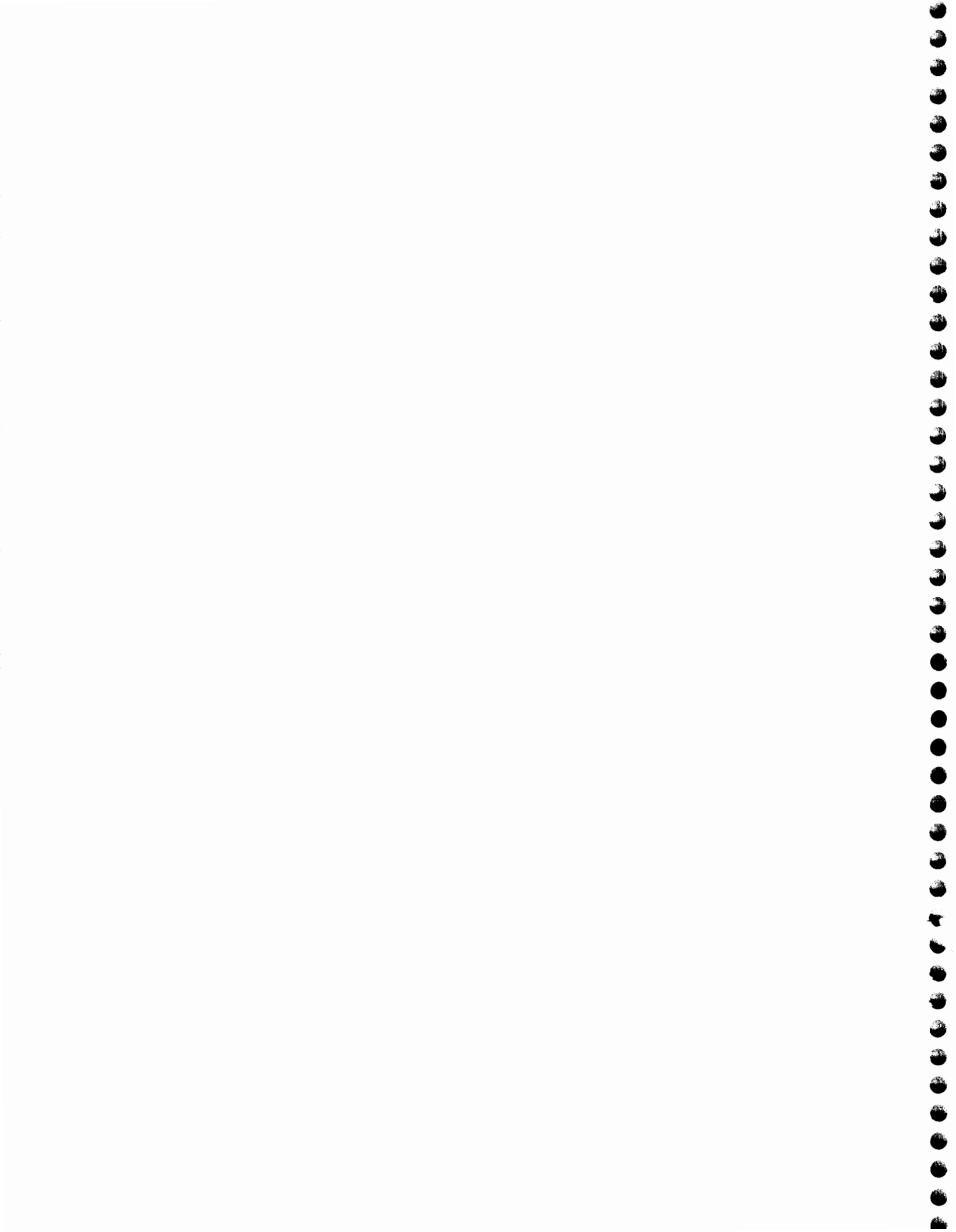
Note A - Long-term Note Payable

A 3.904% note, payable to Regions Bank, dated September 28, 2011 payable in monthly installments of \$5,697, which includes principal and interest, matures September 28, 2016. The note is secured by motor vehicles. This is being retired from the Sanitation fund.

Total	<u>54,449</u>
	<u>\$ 54,449</u>

The annual requirement to amortize this outstanding debt as of September 30, 2015 including interest payments of \$54,449 are as follows:

Year Ended	Note A	
	Principal	Interest
2016	\$ 54,449	\$ 1,444
2017	-	-
	<u>\$ 54,449</u>	<u>\$ 1,444</u>



CITY OF LELAND, MISSISSIPPI
Notes to the Financial Statements
September 30, 2015

2. General Obligation Coupon Bonds

Bonded debt payable at September 30, 2015 is comprised of the following individual issues:

During fiscal year 2014, the City issued Series 2013 coupon bonds in the amount of \$1,800,000. The principal installment payment is due annually and the interest payments are due semi-annually, beginning September 1, 2014 and due each year through 2023. The interest rates range from 2.00% to 2.750%. The proceeds were used for the resurfacing, maintenance of streets. Debt retirement payments are made from the Debt Service Fund.

\$ 1,478,000

The annual requirements to amortize all outstanding bonded debt at September 30, 2015 are as follows:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 168,000	35,788	\$ 203,788
2017	172,000	32,220	204,220
2018	177,000	28,436	205,436
2019	182,000	24,364	206,364
2020	187,000	22,203	209,203
2021 - 2023	<u>592,000</u>	<u>80,290</u>	<u>672,290</u>
	<u>\$ 1,478,000</u>	<u>223,301</u>	<u>\$ 1,701,301</u>

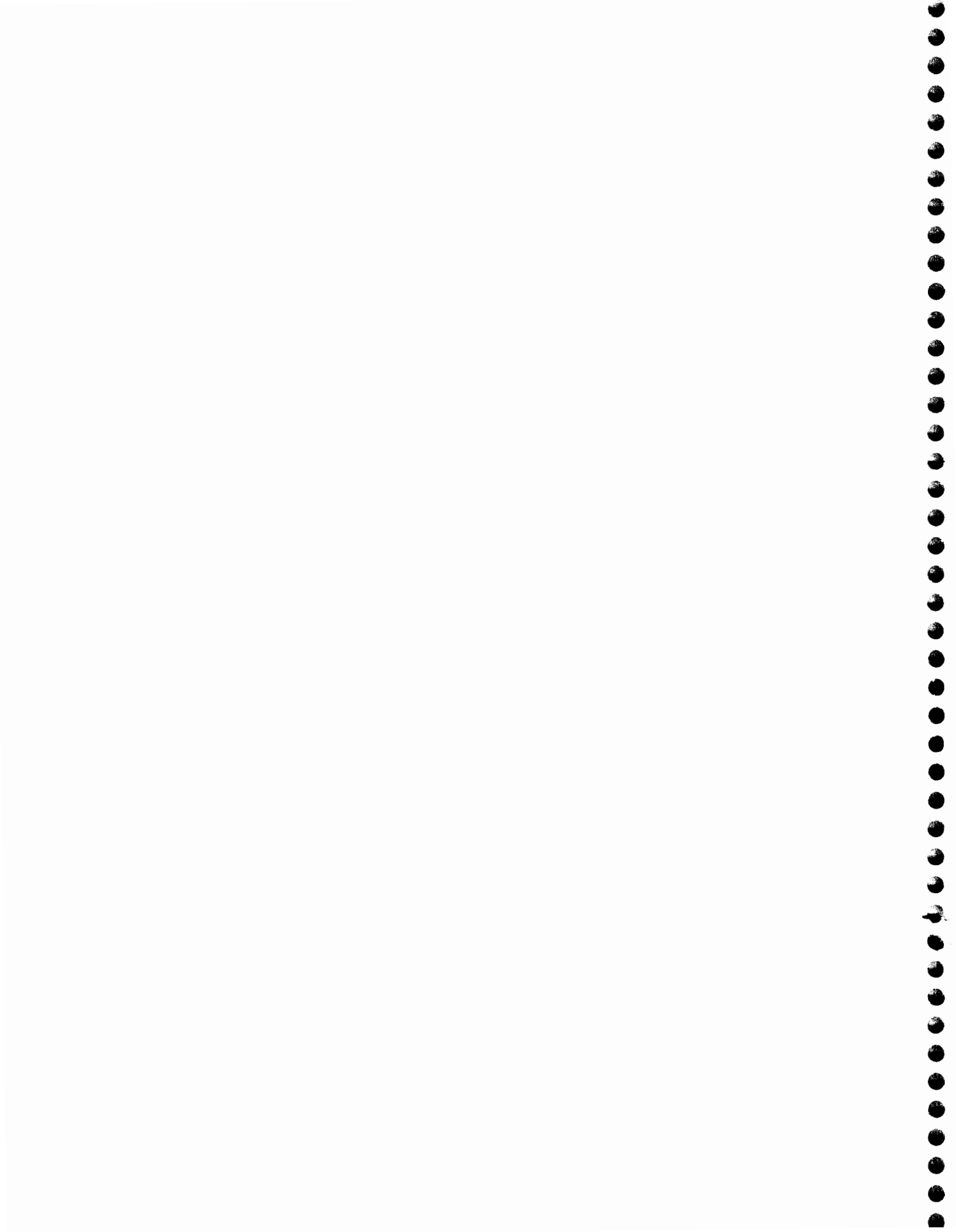
B. Business-Type Activities

Long-term debt activity for the year ended September 30, 2015, is presented as follows:

<u>Business-type activities:</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Adjustments</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
SRF loans payable(DEQ)	\$ 991,898	-	68,756	-	\$ 923,142	\$ 70,281
Compensated absences:	<u>1,606</u>	<u>3,741</u>	<u>(1,606)</u>	<u>-</u>	<u>3,741</u>	<u>2,813</u>
Totals:	<u>\$ 993,504</u>	<u>3,741</u>	<u>67,150</u>	<u>-</u>	<u>\$ 926,883</u>	<u>\$ 73,094</u>

1. Sewer Improvement Revolving Loan

The City has obtained financing through the Mississippi Commission on Environmental Quality, Water Pollution Control State Revolving Loan Fund Program for making improvements to the sewer system. The City has been charged \$71,393 for administrative services of the loan. All payments will be withheld monthly from sales tax remittances of the City.



CITY OF LELAND, MISSISSIPPI
Notes to the Financial Statements
September 30, 2015

As of September 30, 2015, the revolving loans are as follows:

SRF Loan #1

A 2.00% loan, dated July 16, 2007 with principal and interest payments of \$13,612 monthly, with a maturity date of November 1, 2026. This loan is being retired from the sewer improvement fund. \$ 523,499

SRF Loan #2

A 2.50% loan, dated June 1, 2008 with principal and interest payments of \$7,794 monthly, with a maturity date of January 1, 2028. This loan is being retired from the sewer improvement fund. 399,643

Total \$ 923,142

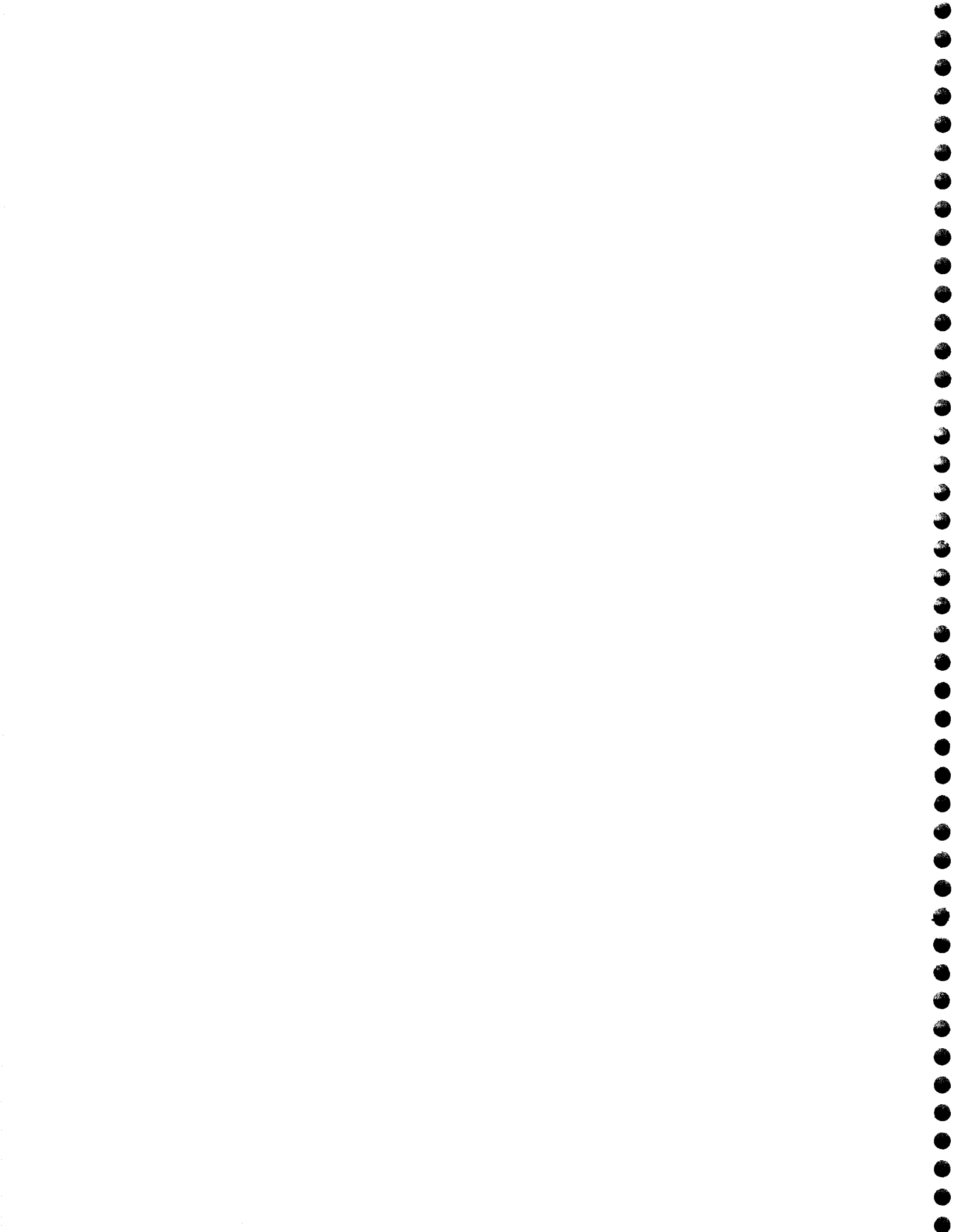
Annual debt service requirements to maturity for the above loans as of September 30, 2015 are as follows:

Fiscal Year Ending	<u>SRF Loan # 1</u>		<u>SRF Loan # 2</u>		<u>Totals</u>	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 42,265	10,084	28,018	9,371	70,283	\$ 19,455
2017	43,118	9,231	28,727	8,962	71,845	18,193
2018	43,989	8,361	29,453	8,236	73,442	16,597
2019	44,887	7,473	30,198	7,491	75,085	14,964
2020	45,782	6,567	30,962	6,727	76,744	13,294
2021 - 2025	243,152	18,594	166,956	21,489	410,108	40,083
2026 - 2028	60,306	758	85,329	2,600	145,635	3,358
Total	<u>\$ 523,499</u>	<u>\$ 61,068</u>	<u>\$ 399,643</u>	<u>\$ 64,876</u>	<u>\$ 923,142</u>	<u>\$ 125,944</u>

NOTE 8 - DEFINED BENEFIT PENSION PLANS

1. General Information

Plan Description and Provisions: The City of Leland, Mississippi 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. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Cods Ann. Section 25-11-1 et seq., (1972, as amended) and may be amended only the Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Public Employees' Retirement System of Mississippi, PERS Building, 429 Mississippi Street, Jackson, MS 39201 or by calling (601) 359-3589 or 1-800-444- PERS.



CITY OF LELAND, MISSISSIPPI
Notes to the Financial Statements
September 30, 2015

Plan Funding Policy: PERS members are required to contribute 9.00% of their annual covered salary and the City of Leland, Mississippi is required to contribute at an actuarially determined rate. This rate was 15.75% of annual covered payroll until June 30, 2014. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The City of Leland, Mississippi contributions to PERS for the years ended September 30, 2015, 2014, and 2013 were \$199,533, \$265,964, and \$54,449, respectively, equal to the required contributions for each year.

As of most recent measurement date of the net pension liability, membership data for the pension plan is as follows:

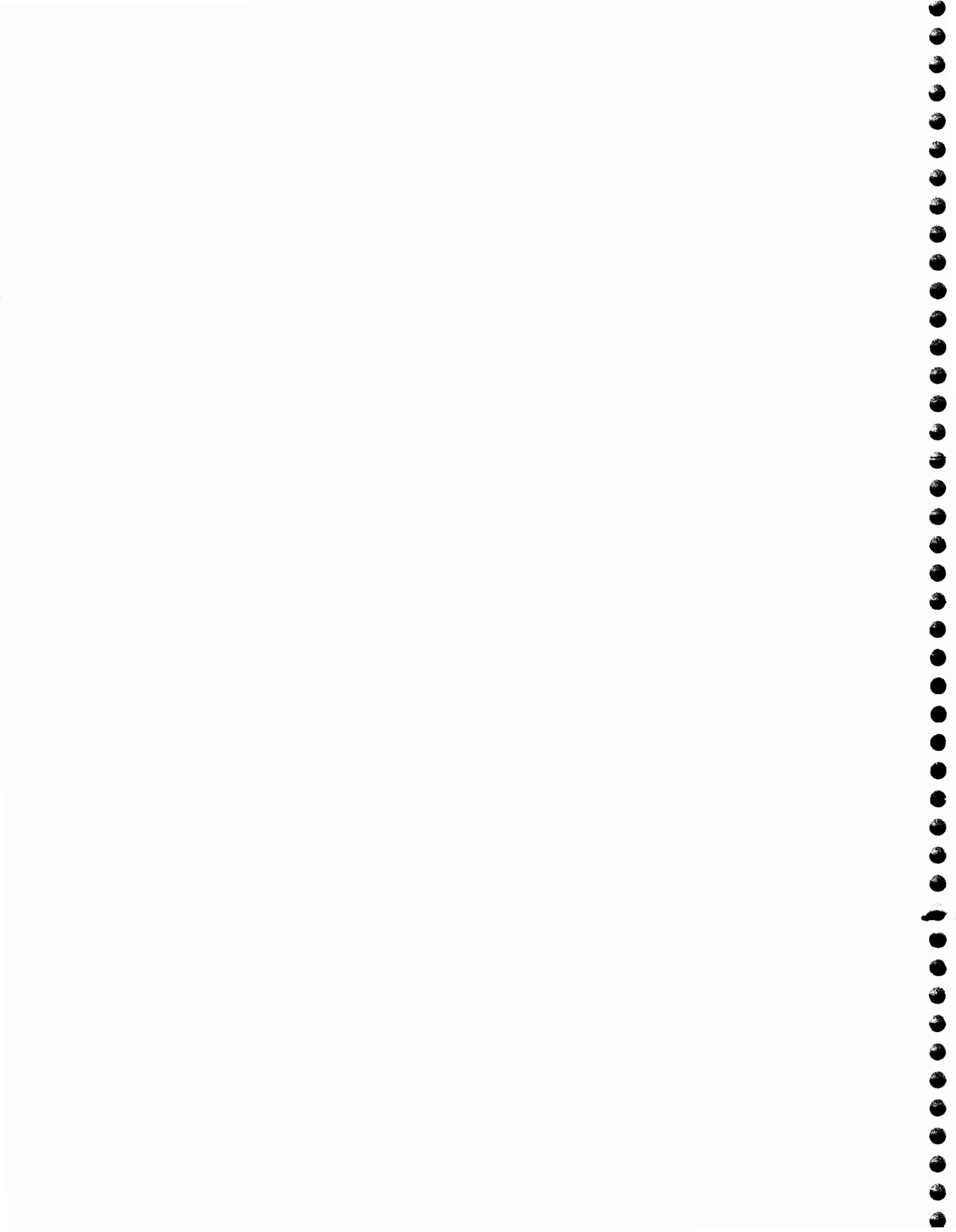
<u>Members Category</u>	<u>Pension</u>
Retirees and beneficiaries currently receiving benefits	-
Former members entitled to benefits but yet receiving them	-
Former members - not entitled to benefits	-
Active members:	
Vested	61
Non-vested	-
Total Participants	<u>61</u>

B. Net Pension Liability

The "Net Pension Liability" (NPL) is the difference between the "Total Pension Liability: (TPL) and the plan's "Fiduciary Net Position" (FNP). The TPL is the present value of pension benefits that are allocated to current members due to past service by entry age normal actuarial cost method. The TPL includes benefits to projected salary and service, and automatic cost of living adjustments (COLA's). In addition, ad hoc COLA's are also included in the TPL to the extent they are substantively automatic. The FNP is determined on the same basis used by the pension plan. The Town's net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

<u>Net Pension Liability</u> Measurement Date	<u>June 30, 2015</u>
Total Pension Liability	\$ 7,956,833
Fiduciary Net Pension	<u>4,878,108</u>
Net Pension Liability	<u>\$ 3,078,725</u>

A schedule of net Pension Liability, in addition to the information above, includes multi-year trend information (beginning with FY 2014) and is presented in the Requirement Supplementary Information Section on Pages 43-44.



CITY OF LELAND, MISSISSIPPI
Notes to the Financial Statements
September 30, 2015

C. Schedule of Changes in Net Pension Liability

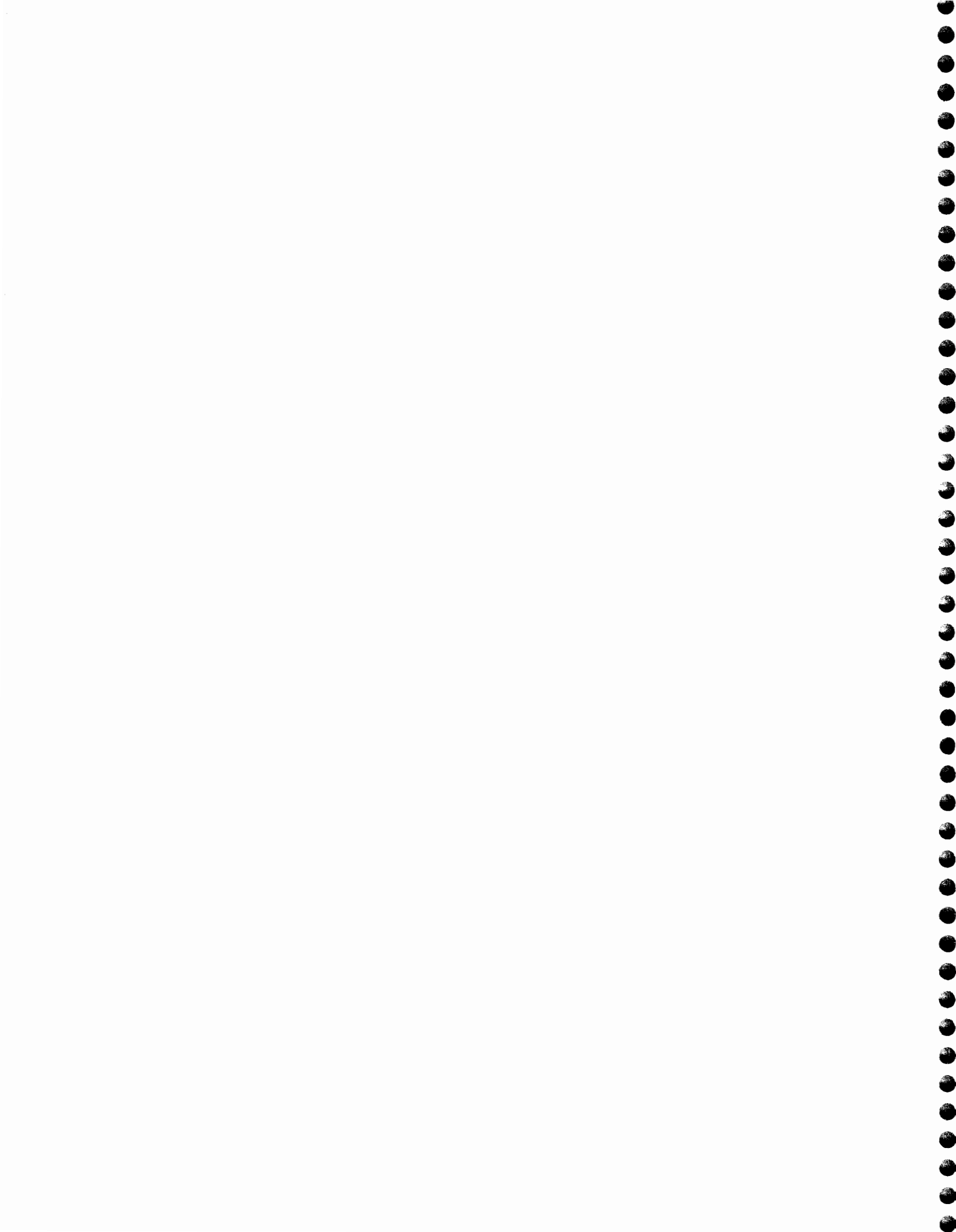
The change in Net Pension Liability the municipal pension plan for the fiscal year ended September 30, 2015 is as follows:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Change in Net Pension Liability			
Service cost	\$ 1,729,262	-	\$ 1,729,262
Interest on the total pension liability	5,686,504	-	5,686,504
Difference between expected and actual experience	(1,727,592)	-	(1,727,592)
Employer contribution	-	236,689	(236,689)
Employees contributions	-	135,251	(135,251)
Pension plan net investment income	-	3,716,057	(3,716,057)
Expenses portion of current period differences between projected and actual earnings on plan investments	-	1,115,709	(1,115,709)
Administrative expense	-	(325,598)	325,598
Other	(1,293,564)	-	(1,293,564)
Net Change	4,394,610	4,878,108	(483,498)
Net Pension Liability Beginning	3,562,223	-	3,562,223
Net Pension Liability Ending	<u>\$ 7,956,833</u>	<u>4,878,108</u>	<u>\$ 3,078,725</u>

D. Pension Expense

For the year ended September 30, 2015, the City recognized total pension expense of \$13,612. Pension expense recognized by the plan is as follows:

<u>Amount Recognized in Pension Expense</u>	<u>Pension Expense</u>
Changes for the Year:	
Service cost	\$ 172,926
Interest	511,328
Difference between expected and actual experience	(17,259)
Differences between projected and actual earnings on plan investments	(111,570)
Members contributions	(371,940)
Net investment income	(20,638)
Administrative expense	32,559
Total Pension Expense	<u>\$ 195,406</u>



CITY OF LELAND, MISSISSIPPI
Notes to the Financial Statements
September 30, 2015

E. Schedule of Deferred Outflows and Inflows of Resources

Deferred outflows of resources and deferred inflows of resources by source reported by the City at September 30, 2015 for the municipal plan is as follows:

Governmental Activities

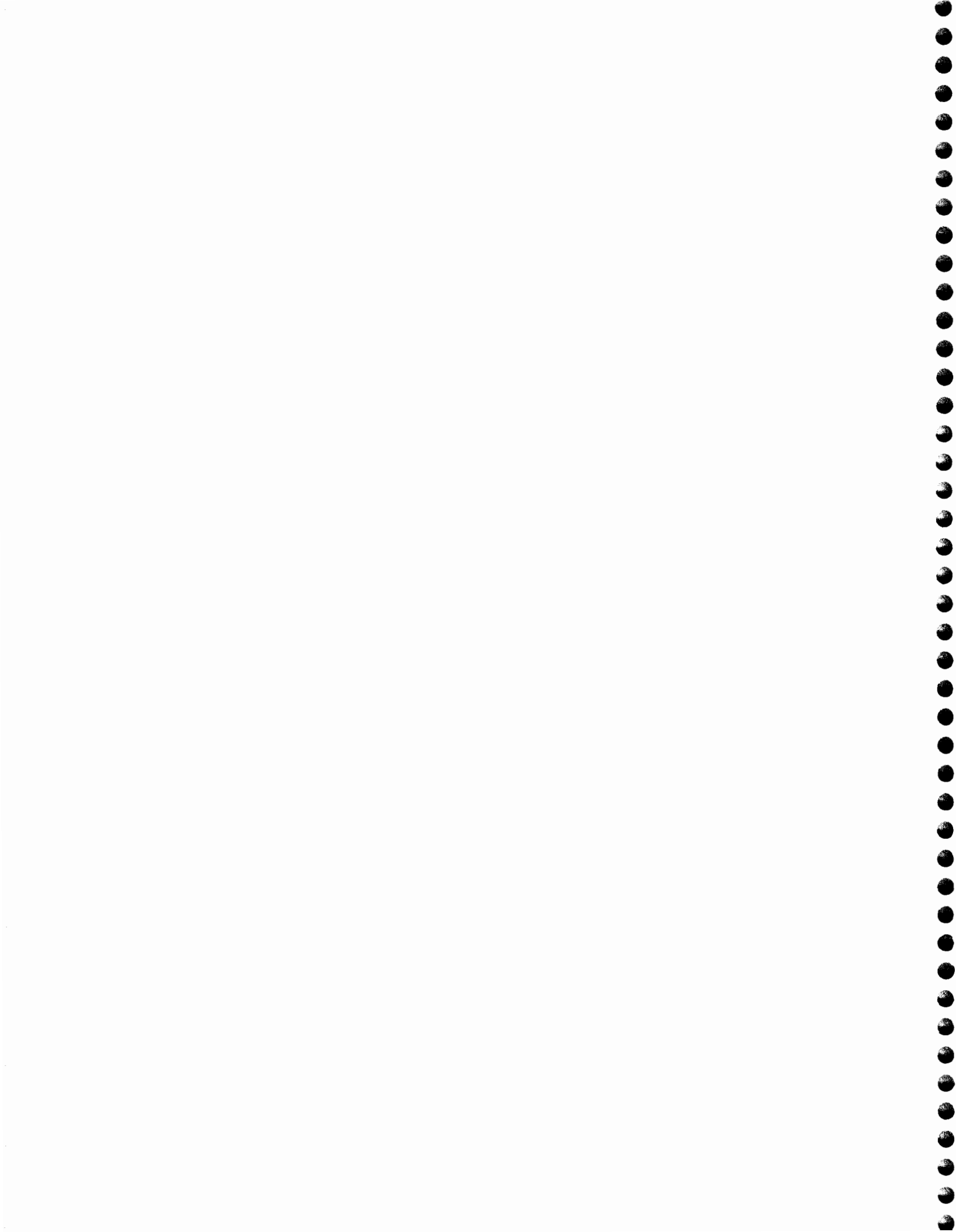
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 40,483	\$ -
Net Difference between projected and actual earnings on pension plan investments	-	406,890
Employers contributions subsequent to the measurement date	168,191	-
Total	<u>\$ 208,674</u>	<u>\$ 406,890</u>

Business Activities

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 7,544	\$ -
Net Difference between projected and actual earnings on pension plan investments	-	75,824
Employers contributions subsequent to the measurement date	31,342	-
Total	<u>\$ 38,886</u>	<u>\$ 75,824</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension at September 30, 2015 will be recognized in pension expense as follows:

<u>Year ended September 30</u>	<u>Amount</u>
2016	\$ 13,104
2017	13,104
2018	13,104
2019	10,222
Total	<u>\$ 49,534</u>



CITY OF LELAND, MISSISSIPPI
Notes to the Financial Statements
September 30, 2015

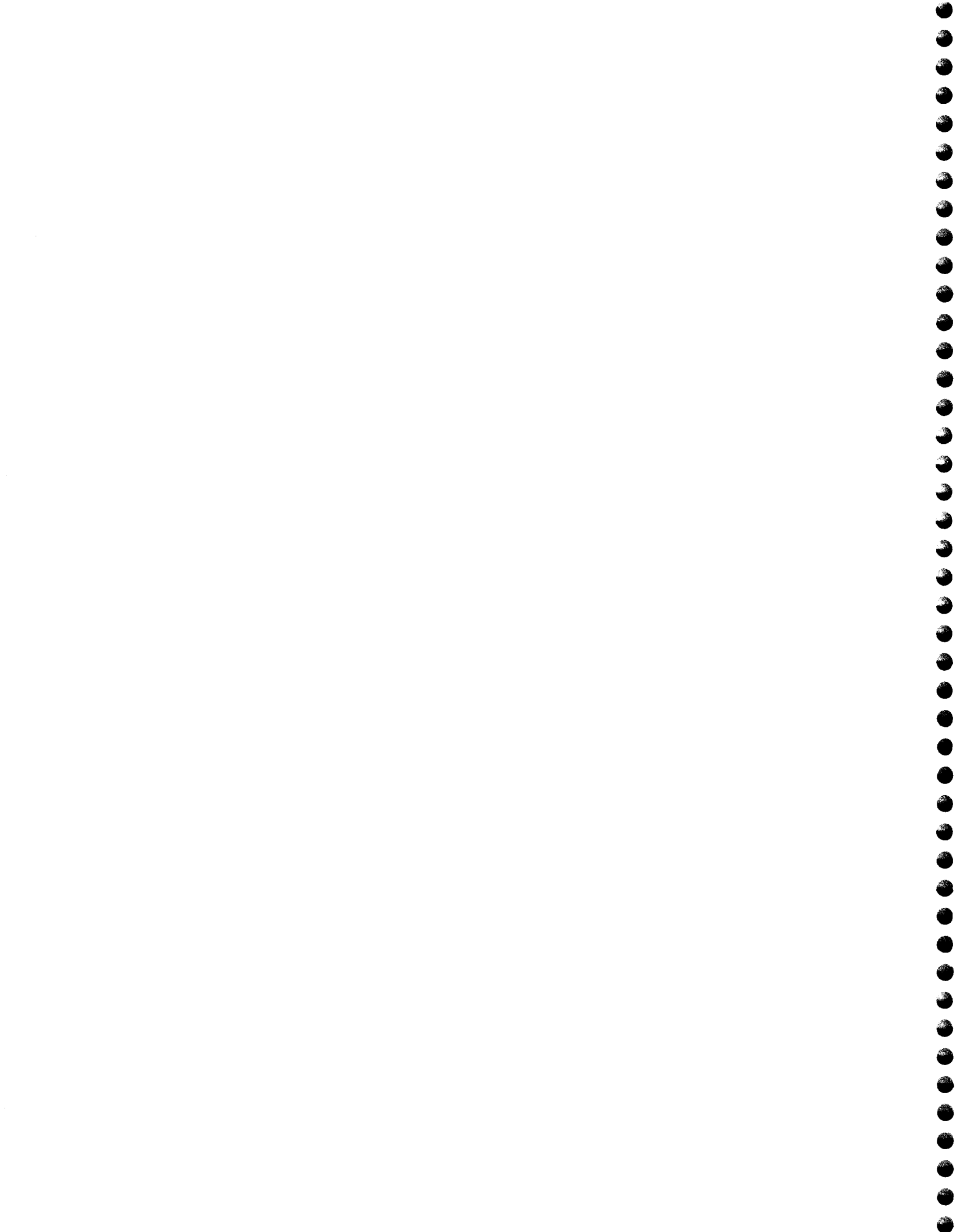
F. Actuarial assumptions.

Discount rate. The discount rate used to measure the total pension liability was 8.00 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to change in the discount rate. Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate. The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 8 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7 percent) or 1-percentage-point higher (9 percent) than current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of net pension liability	\$ 4,197,221	\$ 3,078,725	\$ 2,145,734

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.



CITY OF LELAND, MISSISSIPPI
Notes to the Financial Statements
September 30, 2015

G. Schedule of Assumptions

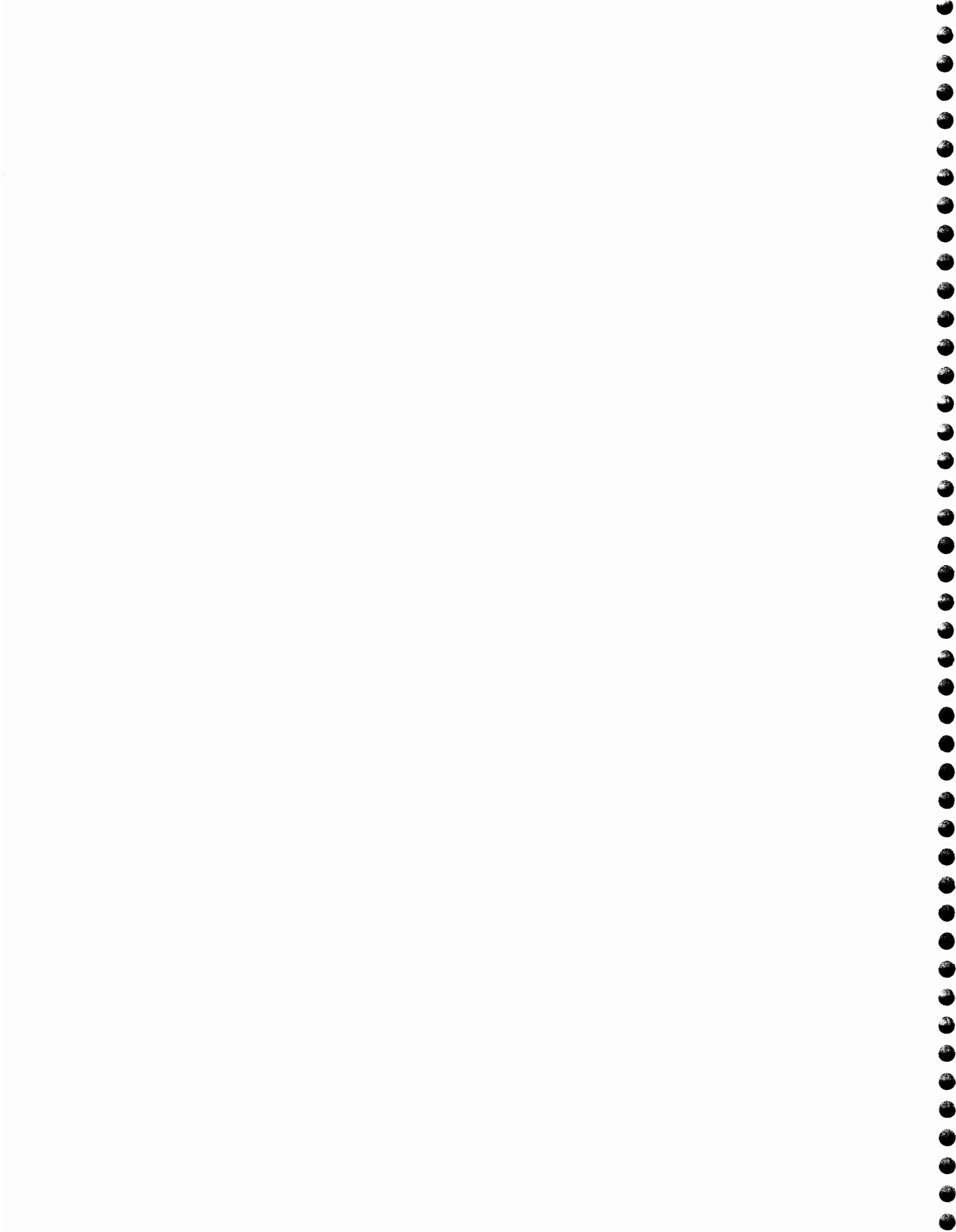
The total pension liability in the September 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

<u>Schedule of Assumptions</u>	<u>Municipal Pension</u>
Inflation	3.5 percent
Salary changes	4.25 - 19.50 %, including inflation
Investment rate of return	8.00%, net of pension plan investment expense, including inflation
Valuation Date	June 30, 2014
Actual Cost Method	Entry Age Normal Cost
Amortization Method	Level percentage of payroll
Amortization Period	30 Years
Asset Valuation Method	Market value of assets less a five-year phase in of the excess (shortfall) between expected investment return and actual income
Mortality Assumption	RP-2000 combined Mortality Table Projected with Scale AA to 2015, set forward two years for males.

The actuarial assumptions used in the September 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2012. The experience report is dated June 12, 2013.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U. S Broad	34%	5.20%
International Equity	19	5.00
Emerging Markets Equity	8	5.45
Fixed Income	20	0.25
Real Assets	10	4.00
Private Equity	8	6.15
Cash	1	.50
Total	100%	



CITY OF LELAND, MISSISSIPPI
Notes to the Financial Statements
September 30, 2015

NOTE 9 - COMPENSATION OF ELECTED OFFICIALS AND KEY EMPLOYEES

Per diem payments to the Board of Aldermen and salaries paid to the Mayor for the year ended September 30, 2015 were as follows:

<u>Elected Officials and Key Employees</u>	<u>Position</u>	<u>Amount</u>
Kenny Thomas	Mayor	\$ 11,989
Mala Brooks	Aldерwoman - Ward 1	5,995
Carl Williams	Alderman - Ward 2	5,995
Lisa Bush	Aldерwoman - Ward 3	7,194
Andy Petro	Alderman - Ward 4	5,995
Nancy Jo King	Aldерwoman - Ward 5	5,995
Cynthia Norals	City Clerk	41,000
Billy Barber	Police Chief	65,000

NOTE 10 - COMMITMENTS AND CONTINGENCIES

Litigation

The City has been named as a defendant in a lawsuit as of September 30, 2015. This suit has not been set for trial. It is not possible to predict at this time the extent of the City's liability. Losses, if any, are not expected to exceed available insurance coverage.

Street Resurfacing Project in Progress

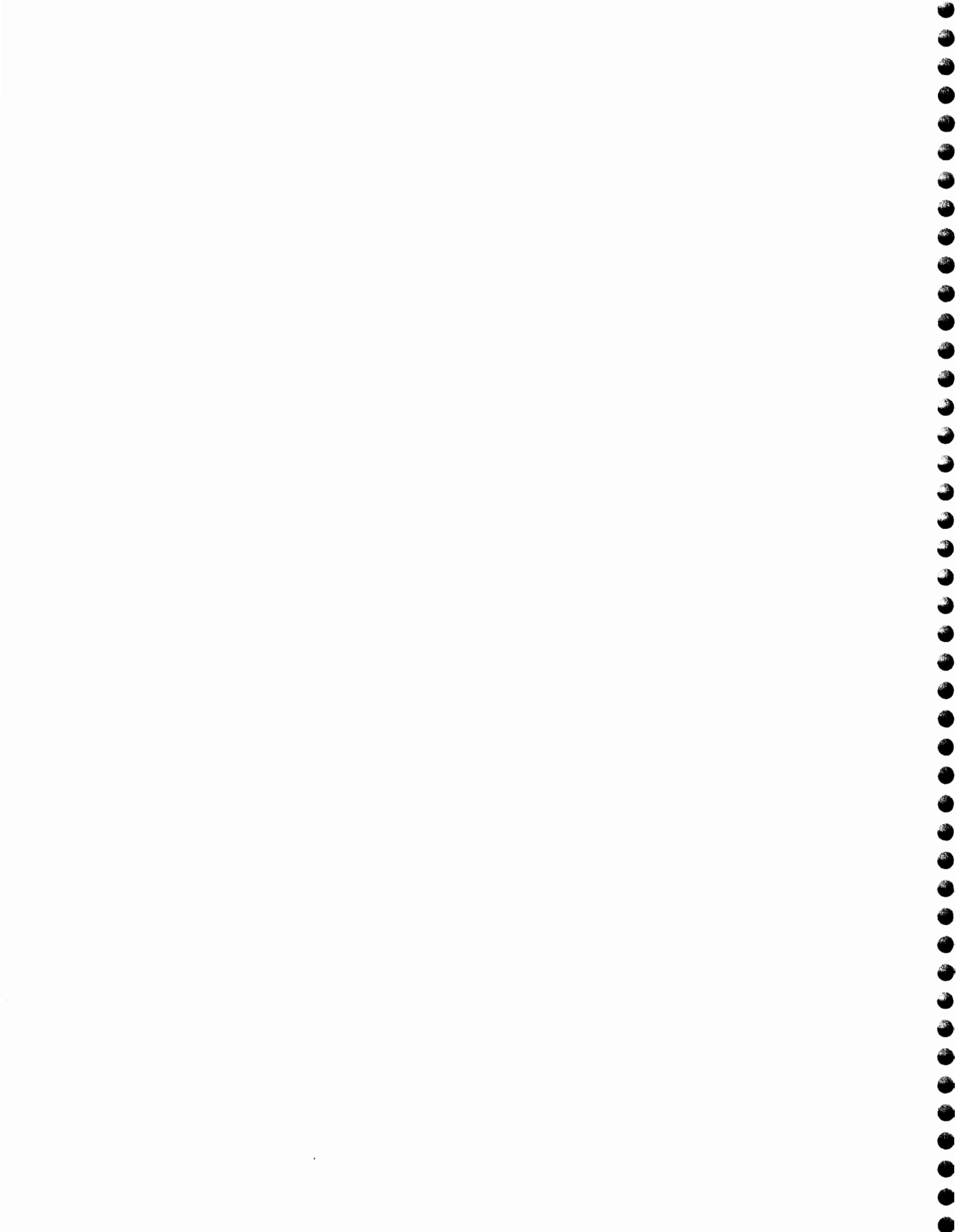
At September 30, 2015, the City of Leland has the following street resurfacing project in progress:

<u>Project Description:</u>	<u>Estimated Cost of Project</u>	<u>Balance 10/01/14</u>	<u>Additions</u>	<u>Balance 09/30/15</u>	<u>Estimated Cost to Complete</u>
Street Improvement Project	\$ <u>1,718,979</u>	<u>104,014</u>	<u>1,614,965</u>	<u>1,718,979</u>	\$ <u>-</u>

At September 30, 2015, this street resurfacing was completed.

NOTE 11 - RESERVED FUND BALANCES AND RETAINED EARNINGS

Various bond covenants require the City to maintain cash reserves that can only be used under specific circumstances. Since these funds are available only under specific circumstances, the amounts are presented as restricted.



CITY OF LELAND, MISSISSIPPI
Notes to the Financial Statements
September 30, 2015

NOTE 12 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks of loss are covered by participation in a public entity risk pool that operates as a common insurance program and by acquiring commercial insurance coverage. Claims resulting from these risks have historically not exceeded insurance coverage.

NOTE 13 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through September 16, 2016, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

NOTE 14 - PROPERTY TAXES RECEIVABLE AND PROPERTY TAX CALENDAR

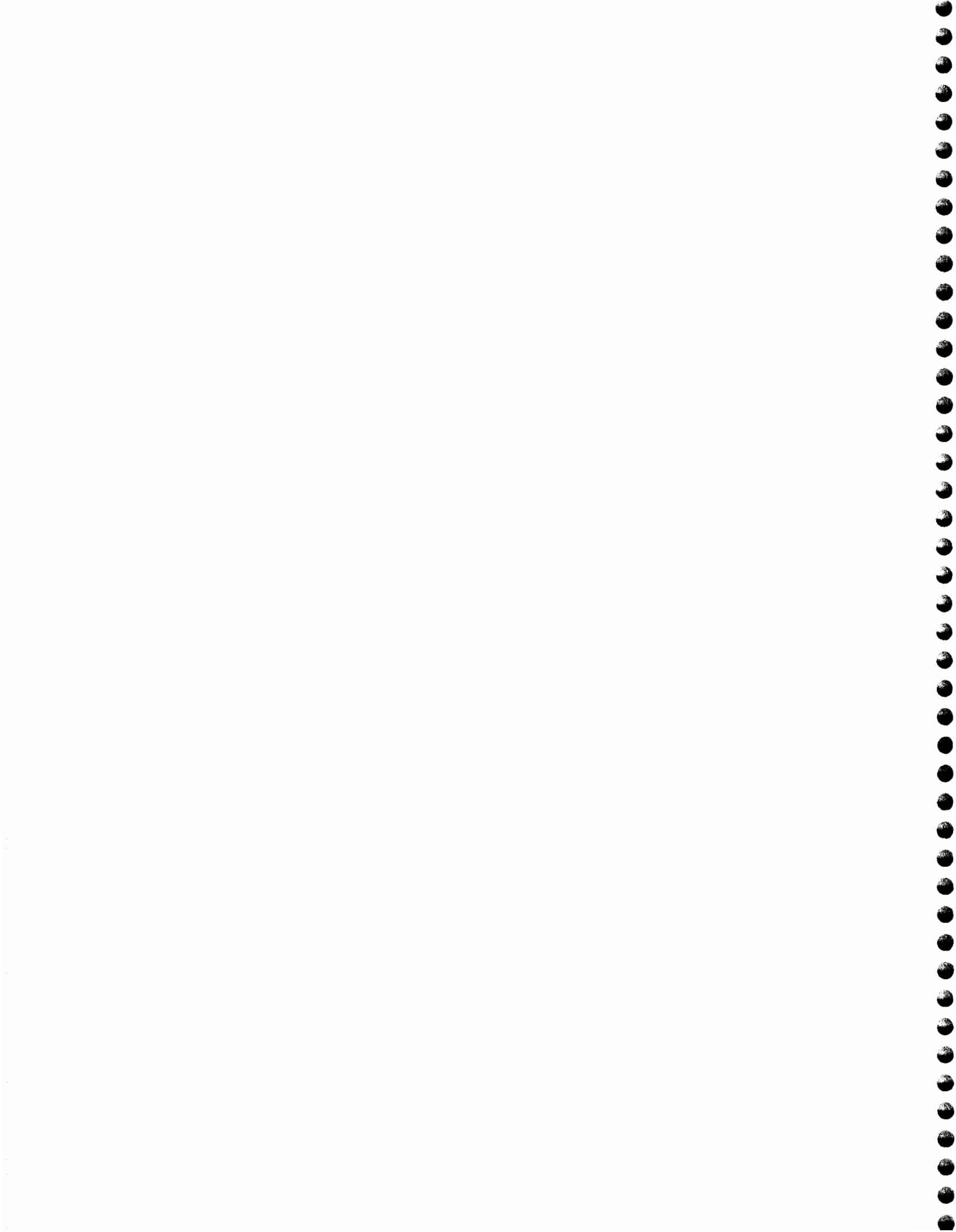
Property taxes receivable are recorded in the general fund after the general fund budget is approved by the Board of Aldermen/Aldermwomen. At fiscal year-end, the receivable represent delinquent taxes.

Property taxes on real, personal and public utilities attach as an enforceable lien on the levy date or January 1 for the preceding calendar year. Washington County bills and collects the real, personal and ad valorem taxes for the City of Leland, Mississippi. The taxes are remitted to the City on a monthly basis.

The taxes are due on or before February 1; however, installment payments can be made one-half of balance due February 1 and one-fourth each on May 1 and August 1. Major tax payments are received February through May, are recognized as revenue in the year received. Delinquent tax payments, received throughout the year, are recognized as revenue in the year received.

NOTE 15 - RELATED PARTY TRANSACTIONS

The City of Leland is a participant in the Municipal Energy Agency of Mississippi (MEAM). The function of MEAM is to provide a continuing source of electrical power to its participants at the best possible rates. In 1994, the City entered into a Power Purchase Contract with MEAM, which provides that the City will purchase its electrical power from MEAM through August 1, 2022, including a payment of a 2 mil per kilowatt hour assessment. MEAM has pledged its revenue from the Power Purchase contracts on Revenue Bonds issued to finance the construction of electric generation equipment at certain participants' generation plants which benefit all MEAM participants. The City of Leland's ongoing responsibility in MEAM is limited to obligations to purchase allocated amounts of electricity during the contract period at such rates as the Board of Commissioners of MEAM may deem appropriate to produce revenues for MEAM sufficient to service the Revenue Bonds. In the event that the City should cease to purchase power prior to the expiration date of the contract, the City would be obligated to repay MEAM its proportionate share of the underdepreciated cost of the constructed equipment. After the expiration date of the contract, the City of Leland may withdraw from MEAM at any time and purchase its power directly from outside sources.



CITY OF LELAND, MISSISSIPPI
Notes to the Financial Statements
September 30, 2015

The financial statements of MEAM are audited on an annual basis. These separate financial statements are available at the offices of MEAM in Jackson, Mississippi. During the current fiscal year, the City of Leland purchased \$1,987,059 of electricity from MEAM under its Power Purchase Contracts and owed MEAM \$265,964 at September 30, 2015.

NOTE 16 - PRIOR PERIOD ADJUSTMENT

The following prior period adjustment was made to the government wide beginning Net Position during fiscal year 2015:

	Governmental Activity	Business Activity	Total
Beginning Balance, as previously reported	\$ 5,221,427	5,335,914	\$10,557,341
Net adjustment to record net pension liability per GASB 68 and GASB 71 implementation	<u>(2,797,819)</u>	<u>(520,187)</u>	<u>(3,318,006)</u>
Beginning Balance, as restated	<u>\$ 5,221,427</u>	<u>5,335,914</u>	<u>\$10,557,341</u>

Below is a summary of significant Net Pension/Fund Balance adjustments resulting from the implementation of GASB statement number 68 and GASB 71 as follows for the City's Municipal Employees' Retirement System:

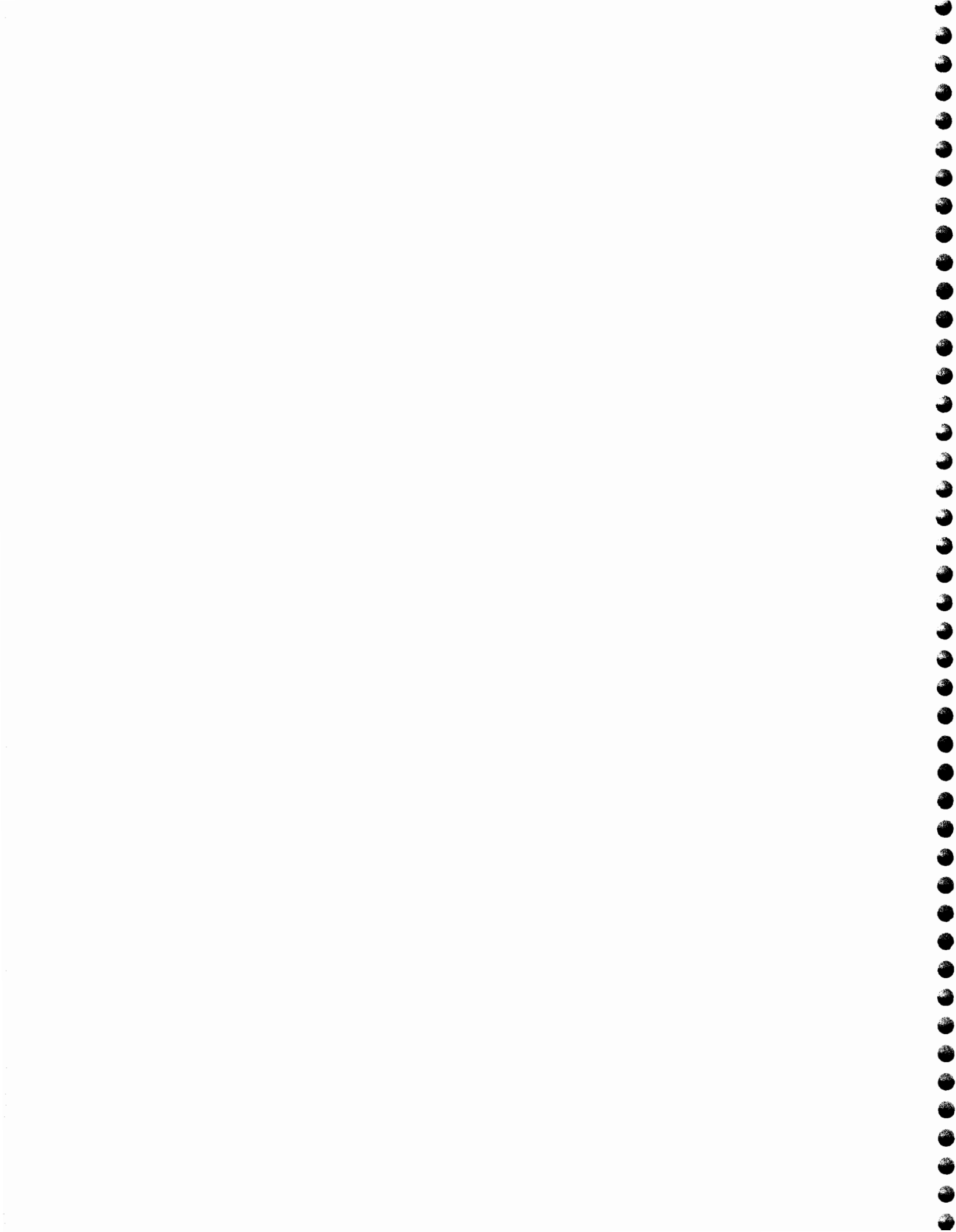
	Governmental Activities	Business Activities	Total
Implementation of GASB 68 and 71			
Net pension liability at September 30, 2014	\$ (3,003,675)	\$ (558,548)	\$(3,562,223)
Deferred outflows - contributions made during fiscal year 2014	<u>205,856</u>	<u>38,361</u>	<u>244,217</u>
Total prior period adjustment related to GASB 68 and 71	<u>\$ (2,797,819)</u>	<u>\$ (520,187)</u>	<u>\$(3,318,006)</u>

NOTE 17 - EFFECT OF DEFERRED AMOUNTS ON NET POSITION (GASB Statement No. 68 and 71)

The unrestricted net position amount of \$1,800,000 includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. The \$14,373,964 balance of deferred outflow of resources, at September 30, 2015 will be recognized as an expense and will decrease the unrestricted net position over the next three (3) years.

The unrestricted net position amount of \$199,533 includes the effect of deferring the recognition of revenues resulting from a deferred inflow from pensions. The \$- balance of deferred inflow of resources at September 30, 2015 will be recognized as revenue and will increase the unrestricted net position over the next four (4) years.

CITY OF LELAND
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CITY OF LELAND, MISSISSIPPI
Notes to the Financial Statements
September 30, 2015

NOTE 18 - GASB 54 FUND BALANCE PRESENTATION - CLASSIFICATION TOTAL

The City adopted GASB Statement 54 during the year ended September 30, 2015 as such, fund balance of the governmental funds are classified by specific purpose as follows:

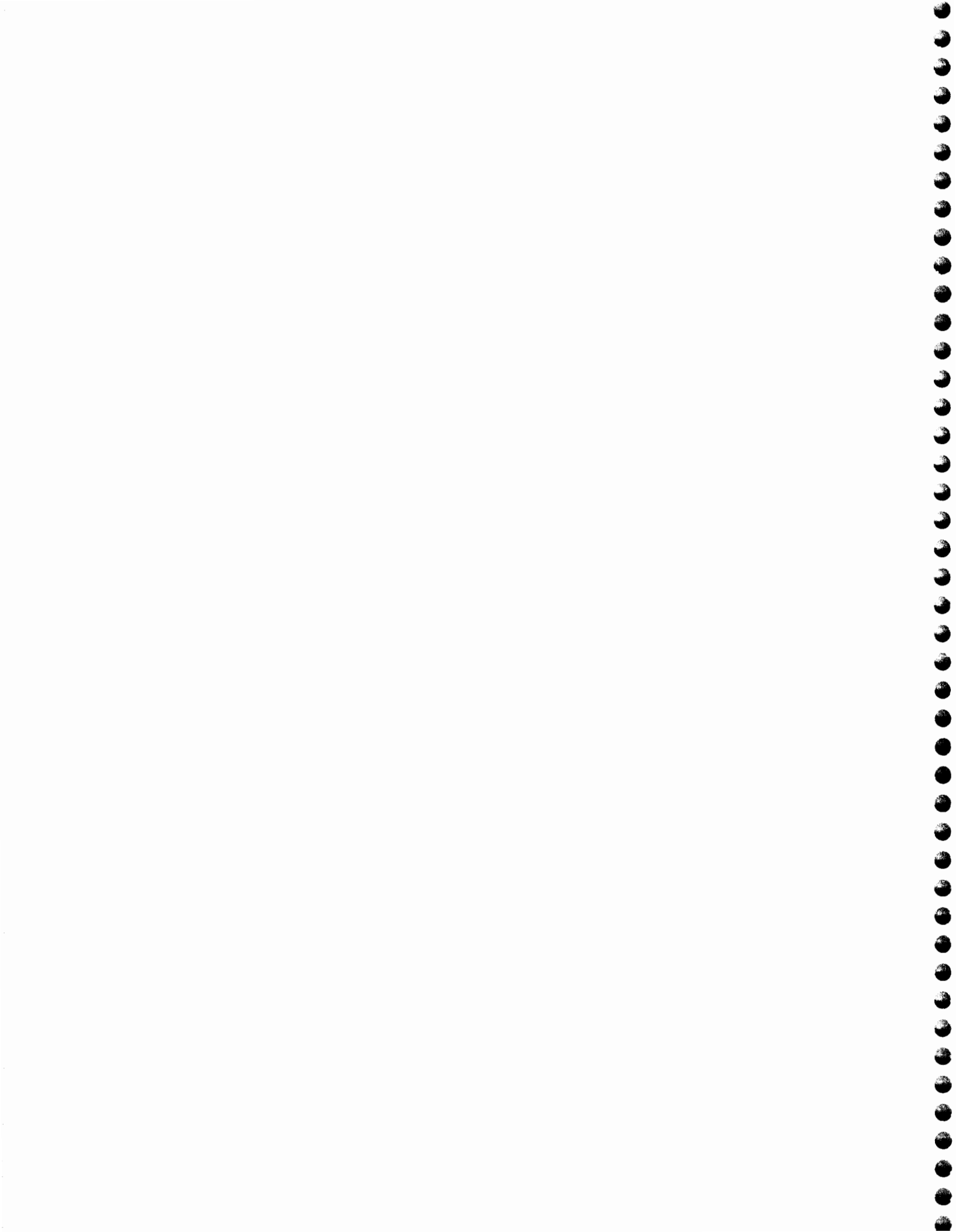
<u>Fund Balances:</u>	<u>General Fund</u>	<u>Sanitation Fund</u>	<u>Fire Protection Fund</u>	<u>Library Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Committed for:						
Library support	\$ -	-	-	330,921	-	\$ 330,921
Debt service	-	-	-	-	(33,091)	(33,091)
Sanitation fund	-	<u>3,525,164</u>	-	-	-	<u>3,525,164</u>
Total Committed	<u>-</u>	<u>3,525,164</u>	<u>-</u>	<u>330,921</u>	<u>(33,091)</u>	<u>3,822,994</u>
Restricted for:						
Fire protection	-	-	168,362	-	-	168,362
Drug enforcement	-	-	-	-	1,156	1,156
Animal shelter	-	-	-	-	613	613
Jim Henson exhibit	-	-	-	-	5,098	5,098
Hospital repair fund	-	-	-	-	397	397
CDBG fund	-	-	-	-	(23,516)	(23,516)
Total Restricted	<u>-</u>	<u>-</u>	<u>168,362</u>	<u>-</u>	<u>(16,252)</u>	<u>152,110</u>
Unassigned						
Other purposes	<u>(210,940)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(210,940)</u>
Total Fund Balances	<u>\$ (210,940)</u>	<u>3,525,164</u>	<u>168,362</u>	<u>330,921</u>	<u>(49,343)</u>	<u>\$ 3,764,164</u>

NOTE 19 - NEW ACCOUNTING STANDARDS

The City will adopt the following new accounting pronouncements in future years:

In June 2012, the GASB issued Statement no. 68, "Accounting and Financial Reporting for Pension". This statement will improve financial reporting of public employee pensions by state and local governments. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2014. The City has implemented GASB No. 68 in this annual report.

In January 2013, the GASB issued Statement No. 69, "Government Combinations and Disposals of Government Operations". This statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2013. The City has implemented GASB No. 69 in this annual report, however, it does not have an current impact on the City.



CITY OF LELAND, MISSISSIPPI
Notes to the Financial Statements
September 30, 2015

In November 2013, the GASB issued Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date". This statement will eliminate the source of a potential significant understatement of restated beginning net position and expense in the year of implementation of Statement 68 in the accrual-basis financial statements of employers and nonemployer contributing entities. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2014. The City has implemented GASB No. 71 in this annual report.

In February 2015, the GASB issued Statement No. 72, "Fair Value Measurement and Application." This statement address accounting and financial reporting issues related to fair value measurements. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2015. The City is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

In June 2015, the GASB issued Statement No. 73, "Accounting and Financial Reporting for Pensions and Related Assets That are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statement 67 and 68". This statement will improve the usefulness of information for decisions made by the various users of the general purpose external financial reports. The requirements of this statement are effective for financial statements for the periods beginning after June 15, 2015. The City is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

In June 2015, the GASB issued Statement No. 74, "Financial Reporting for Postemployment Benefits Plans Other Than Pension Plans". This statement will improve the usefulness of information about postemployment benefits other than pensions (Other Postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2016. The City is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

In June 2015, the GASB issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". This statement will improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). This requirements of this statement are effective for financial statements for periods beginning after June 15, 2017. The City is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

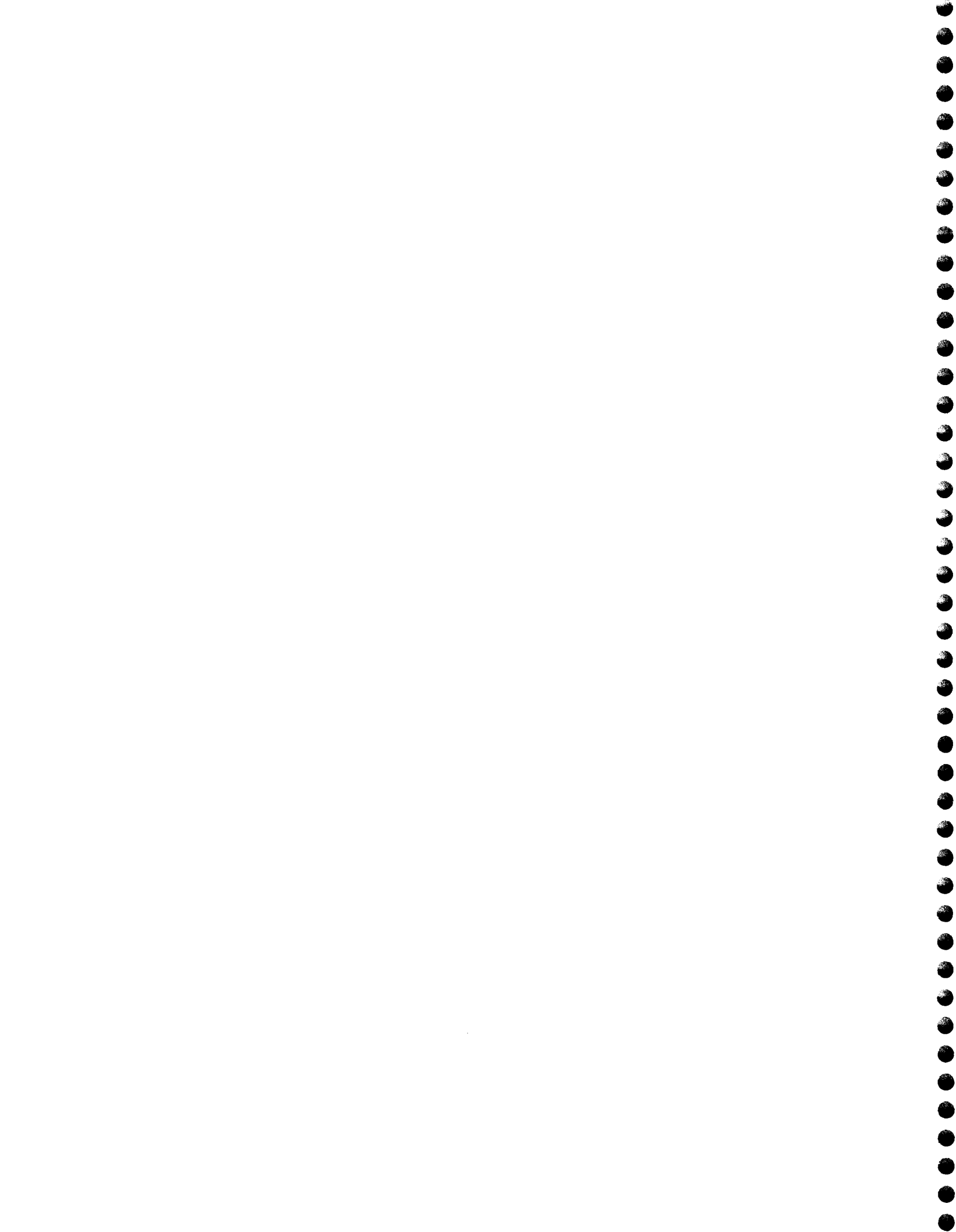
In June 2015, the GASB issued Statement No. 76, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments". This statement will establish the hierarchy of GAAP for state and local governments. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2015. The City is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.



CITY OF LELAND, MISSISSIPPI

REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2015



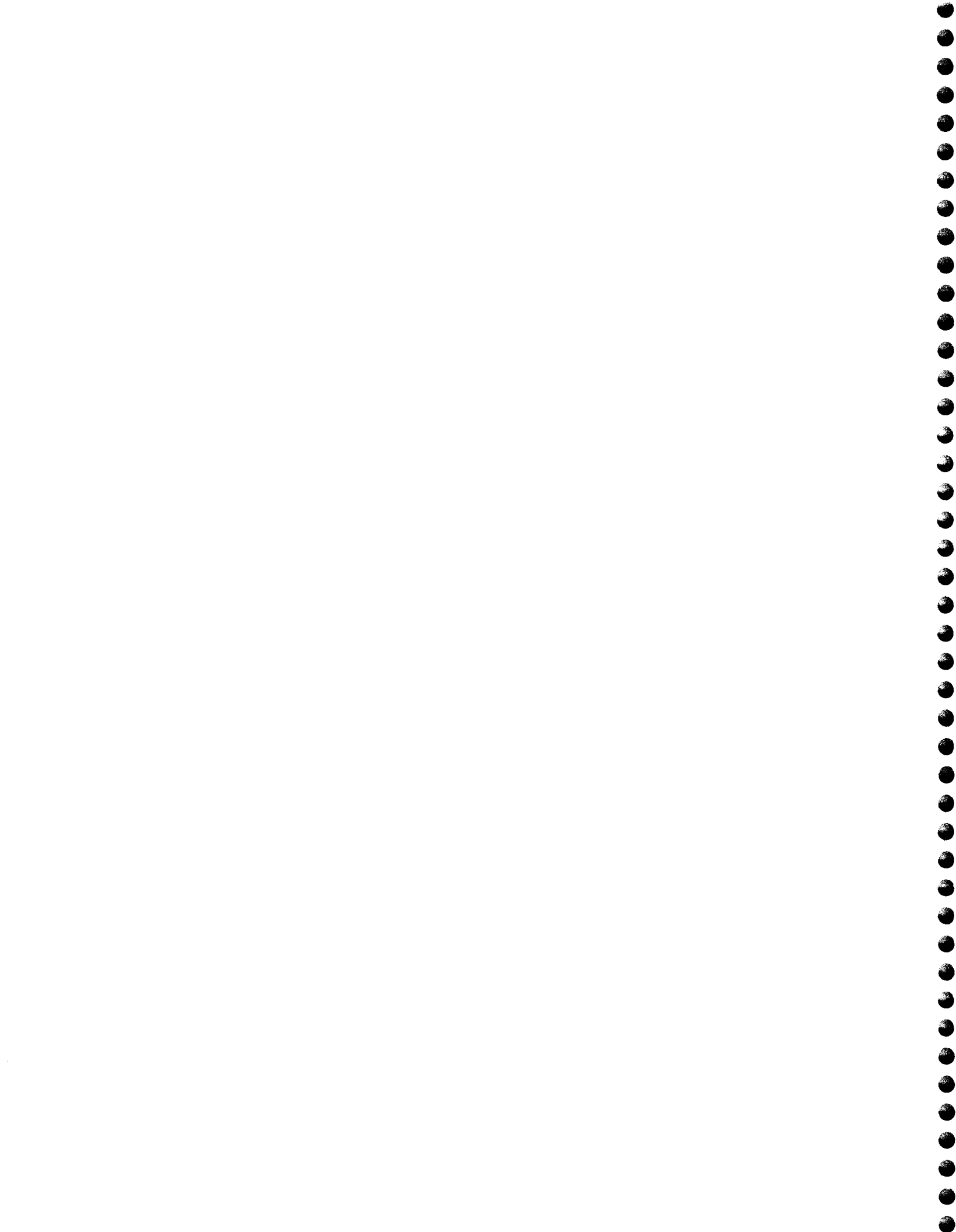
CITY OF LELAND, MISSISSIPPI
 Required Supplementary Information
 Schedule of the City's Proportionate Share of the Net Pension Liability
 PERS
 Last 10 Fiscal Years*
 September 30, 2015

	<u>2015</u>
City's proportion of the net pension liability (asset)	\$ 3,078,725
City's proportionate share of the net pension liability (asset)	0.02536400%
City's covered-employee payroll	1,492,831
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	206.23 %
Plan fiduciary net position as a percentage of the total pension liability	(0.29)%

*The amounts presented for each fiscal year were determined as of the measurement date of 6/30 of the year prior to the fiscal year presented.

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in the fiscal year September 30, 2015 , and, until a full 10-year trend is compiled, the City has only presented information for the years in which information is available.

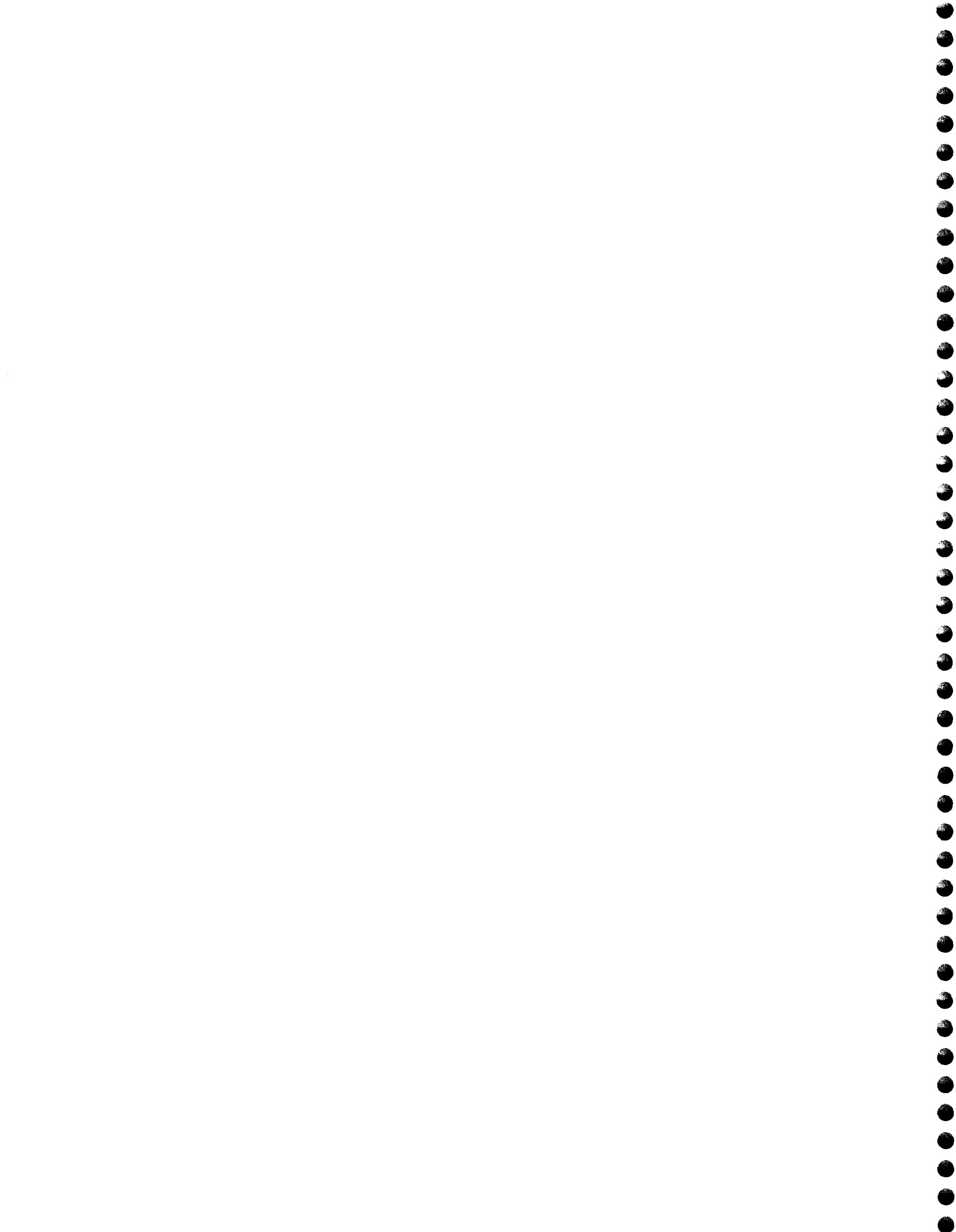
The accompanying notes are an integral part of these financial statements.



City of Leland, Mississippi
Required Supplementary Information
Schedule of the City Contributions
PERS
Last 10 Fiscal Years*

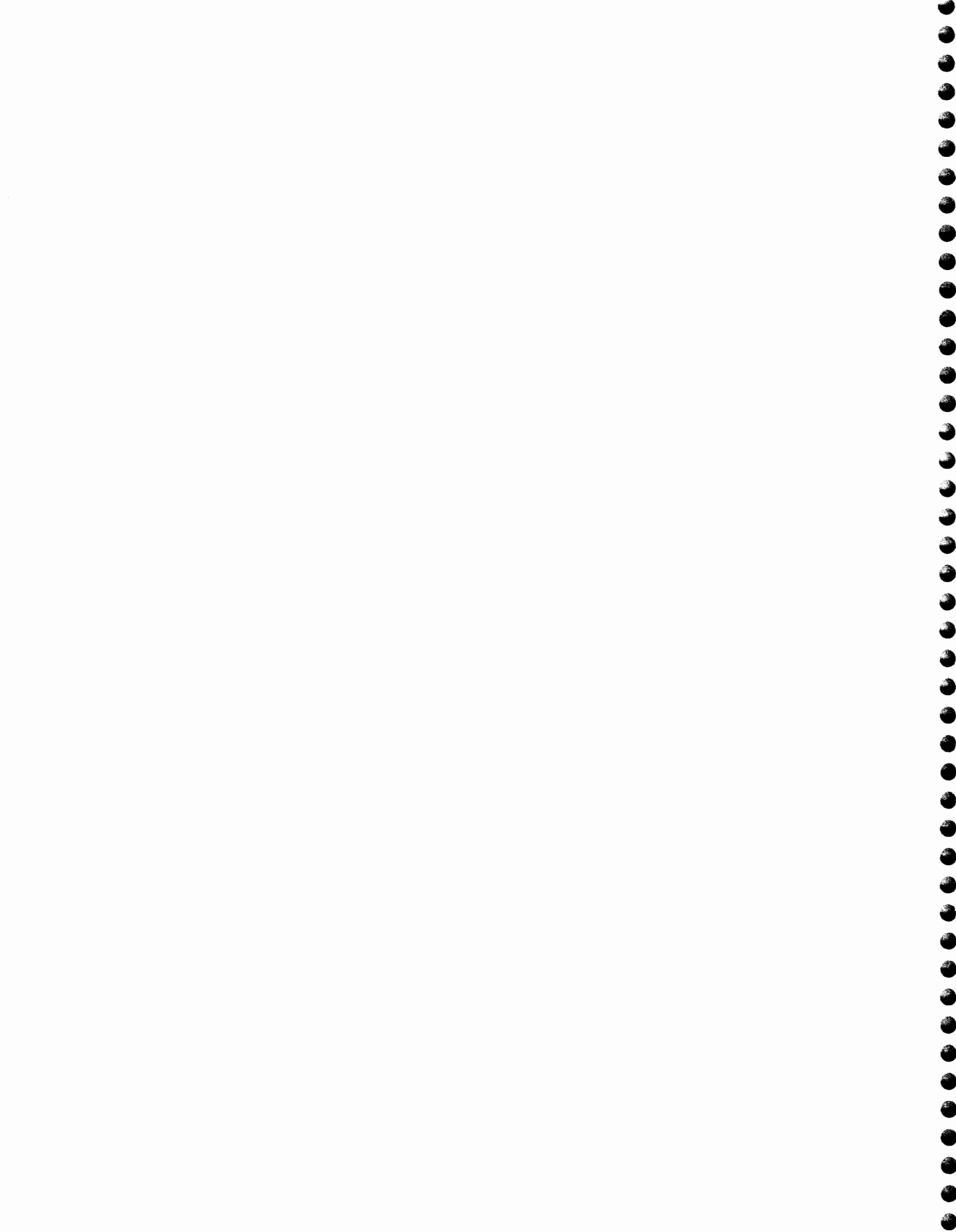
	<u>2015</u>	
City's Contribution	\$ <u>199,533</u>	
		<u>2015</u>
Contractually required Contribution	\$	235,117
Contribution in relation to the contractually required contribution		<u>235,117</u>
Contribution deficiency (excess)	\$	<u>-</u>
City's covered-employee payroll	\$	1,492,831
Contributions as a percentage of covered-employee payroll		15.75

The accompanying notes are an integral part of these financial statements.



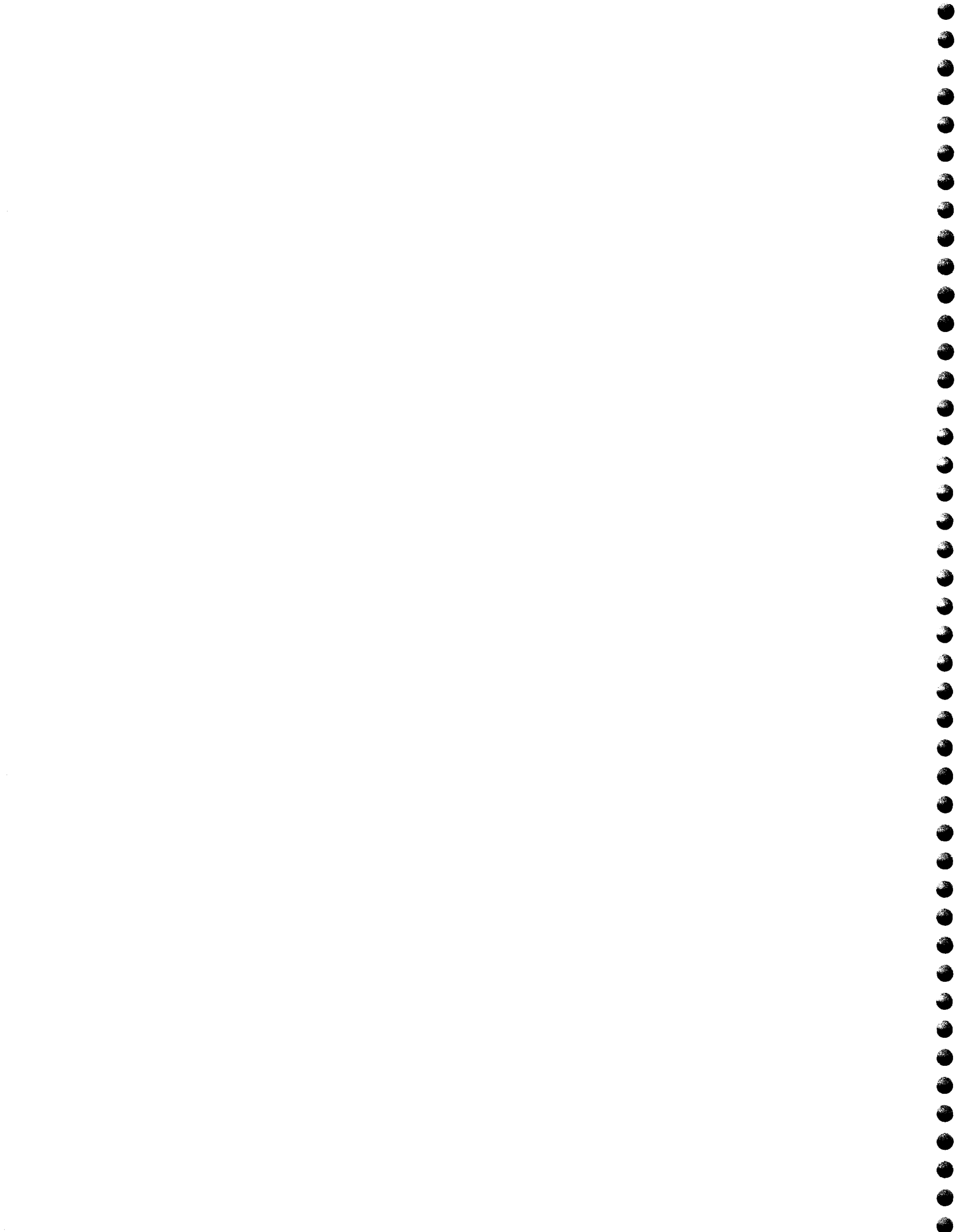
CITY OF LELAND, MISSISSIPPI
Combining Balance Sheet
Nonmajor Governmental Funds
For the Year Ended September 30, 2015

	Special Revenue				Capital Project				
	Drug Enforcement Fund	Hurricane Grant	CDBG HOME Grant	Animal Shelter	Jim Henson Exhibit	Debt Service	CDBG Grant Fund	Hospital Repair Fund	Total
ASSETS									
Cash	\$ 1,156	-	29	613	5,098	11,788	-	397	\$ 19,081
Certificate of deposit	-	-	-	-	-	198,051	-	-	198,051
Intergovernmental receivable	-	-	27,396	-	-	-	-	-	27,396
Due from other funds	-	-	2,996	-	-	2,823	-	-	5,819
TOTAL ASSETS	\$ 1,156	-	30,421	613	5,098	212,662	-	397	\$ 250,347
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payables	\$ -	-	30,392	-	-	245,753	-	-	\$ 276,145
Due to other funds	-	-	-	-	-	-	23,516	-	23,516
Total Liabilities	-	-	30,392	-	-	245,753	23,516	-	299,661
Fund Balances:									
Committed	-	-	-	-	-	(33,091)	-	-	(33,091)
Restricted	1,156	-	29	613	5,098	-	(23,516)	397	(16,223)
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,156	-	30,421	613	5,098	212,662	-	397	\$ 250,347



CITY OF LELAND, MISSISSIPPI
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended September 30, 2015

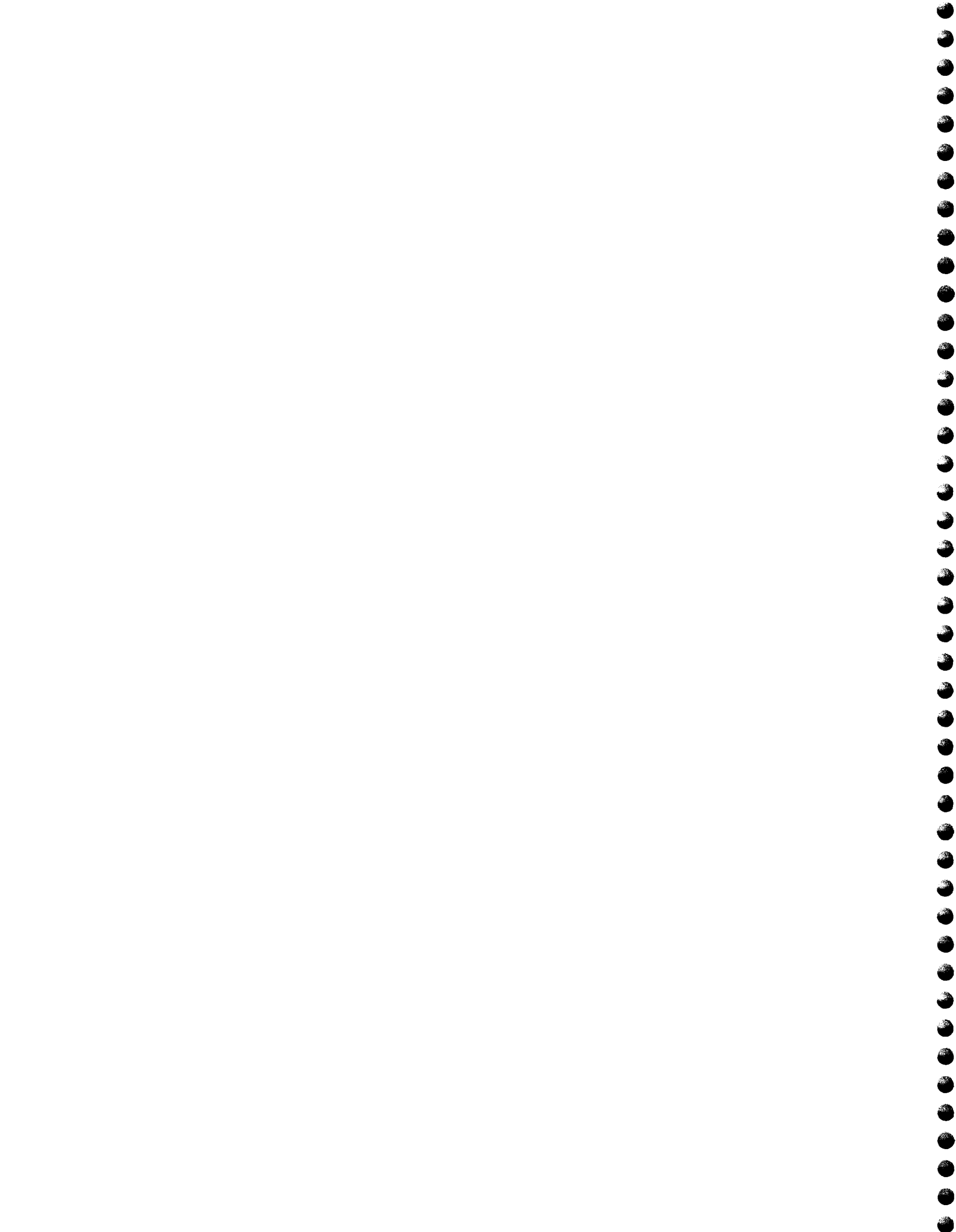
	Special Revenue				Jim Henson Exhibit	Capital Project Debt Service Fund	CDBG Grant Fund	Hospital Repair Fund	Total
	Drug Enforcement Fund	Hurricane Grant	CDBG Grant	Animal Shelter					
REVENUES									
General property taxes	\$ -	-	-	-	-	79,092	-	-	\$ 79,092
Intergovernmental revenues	-	-	355,876	-	-	-	-	26,731	382,607
Interest income	-	-	-	-	-	1,984	2	-	1,986
Miscellaneous	-	-	-	190	5,000	-	-	-	5,190
Total Revenues	-	-	355,876	190	5,000	81,076	2	26,731	468,875
EXPENDITURES									
General government	-	-	-	9	-	6	-	19,795	19,810
Public safety	500	-	-	-	-	-	-	-	500
Public works	-	-	-	-	-	-	4	-	4
Debt Service	-	-	-	-	-	202,183	-	-	202,183
Capital outlay	-	-	467,201	-	-	1,576,581	-	-	2,043,782
Total Expenditures	500	-	467,201	9	-	1,778,770	4	19,795	2,266,279
Excess (deficiency) of Revenues Over (Under) Expenditures	(500)	-	(111,325)	181	5,000	(1,697,694)	(2)	6,936	(1,797,404)
Other Financing Sources (Uses)									
Operating transfers in	-	-	111,	-	-	79,712	-	-	191,066
Operating transfers out	-	-	-	-	-	(108,358)	(24,	(7,039)	(139,545)
Proceeds from long-term debt	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	111,	-	-	(28,646)	(24,	(7,039)	51,521
Net Change in Fund Balance	(500)	-	-	181	5,000	(1,726,340)	(24,150)	(103)	(1,745,883)
Fund Balance, Beginning of Year, as previously reported	1,656	-	-	432	98	1,693,249	634	500	1,696,569
Reallocation of fund balance	-	-	-	-	-	-	-	-	-
Fund Balance, End of Year, as restated	1,656	-	-	432	98	1,693,249	634	500	1,696,569
Fund Balance, End of Year	\$ 1,156	-	29	613	5,098	(33,091)	(23,516)	397	\$ (49,314)



SCHEDULE C

CITY OF LELAND, MISSISSIPPI
Statement of Fiduciary Net Position
Fiduciary Fund
For the Year Ended September 30, 2015

	Insurance Fund
Assets	
Cash and cash equivalents	\$ -
Total Assets	\$ -
Net Position	
Held in trust for claims and other purposes	\$ -
Total Net Position	\$ -

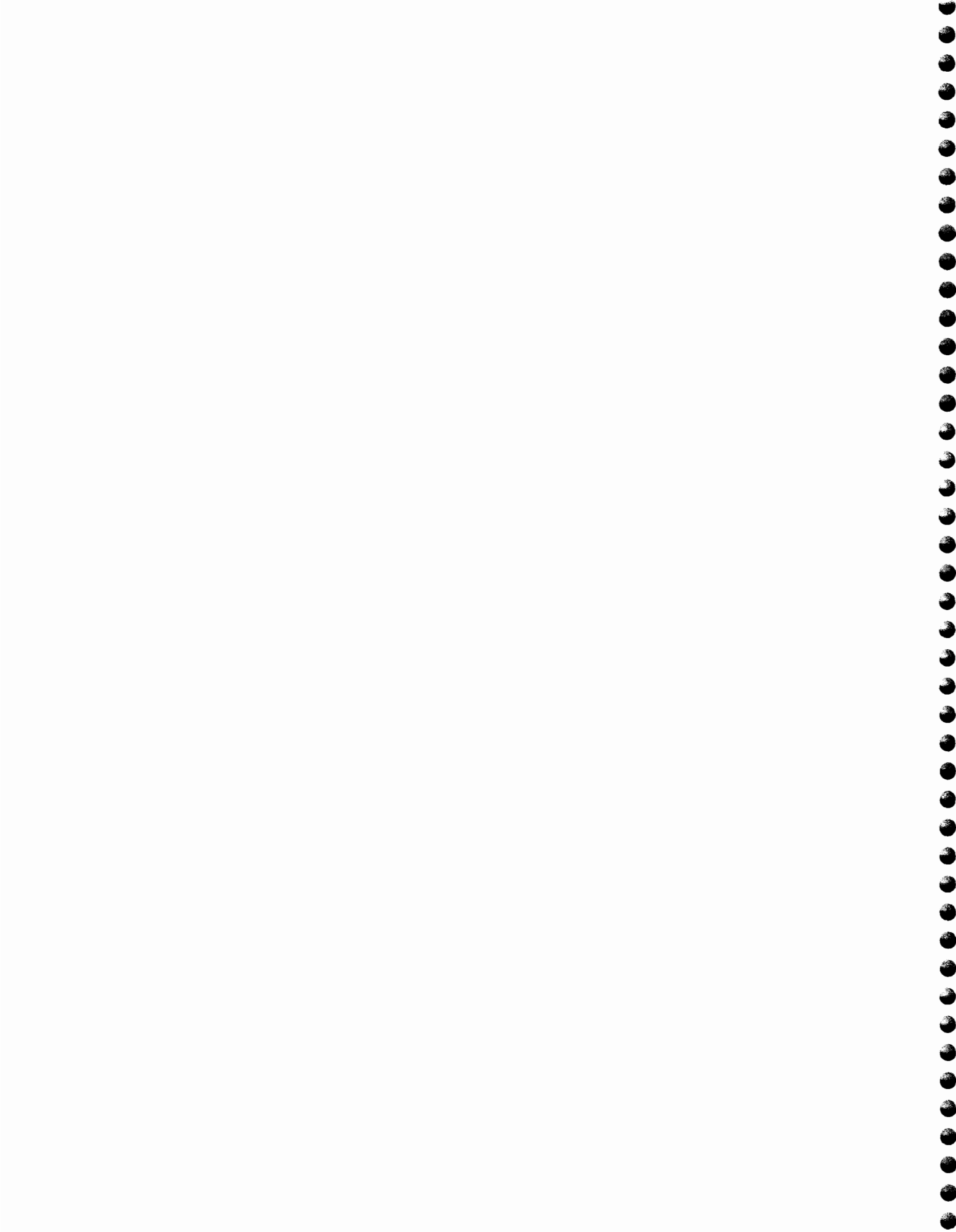


SCHEDULE D

CITY OF LELAND, MISSISSIPPI
Statement of Changes in Net Position
Fiduciary Fund
For the Year Ended September 30, 2015

	Insurance Fund
Additions:	
Employer contributions	\$ -
Total contributions	-
Investment earnings:	
Interest	-
Total investment earnings:	-
Total Additions	-
Deductions:	
Benefits	10
Transfer to other funds	19,529
Total deductions	19,539
Change in net position	(19,539)
Net Position, October 1, 2014	19,539
Net Position, September 30, 2015	\$ -

11/11/15
11/11/2015

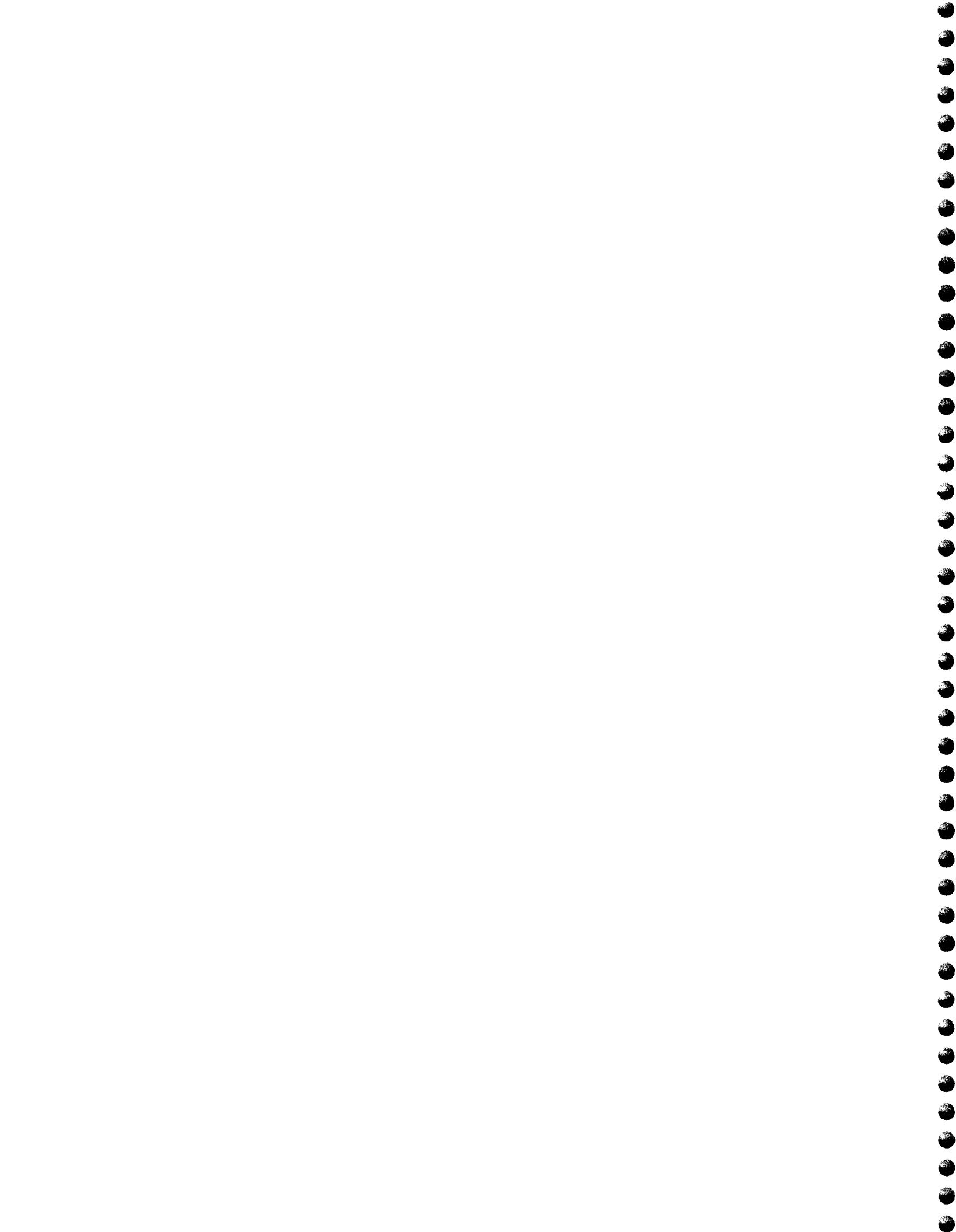


SCHEDULE E

CITY OF LELAND, MISSISSIPPI
Schedule of Donated Space
September 30, 2015

In-kind space was donated by the City of Leland, Mississippi during the year ended September 30, 2015 to the following nonprofit organizations:

<u>AGENCY</u>	<u>Value of Donated Space</u>
Washington County Project Headstart	\$ 2,880
Christians United of Leland, Inc.	<u>4,200</u>
Total	<u>\$ 7,080</u>





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

To the Honorable Mayor Kenny Thomas and
Honorable Members of the Board of Alderman
Leland, Mississippi

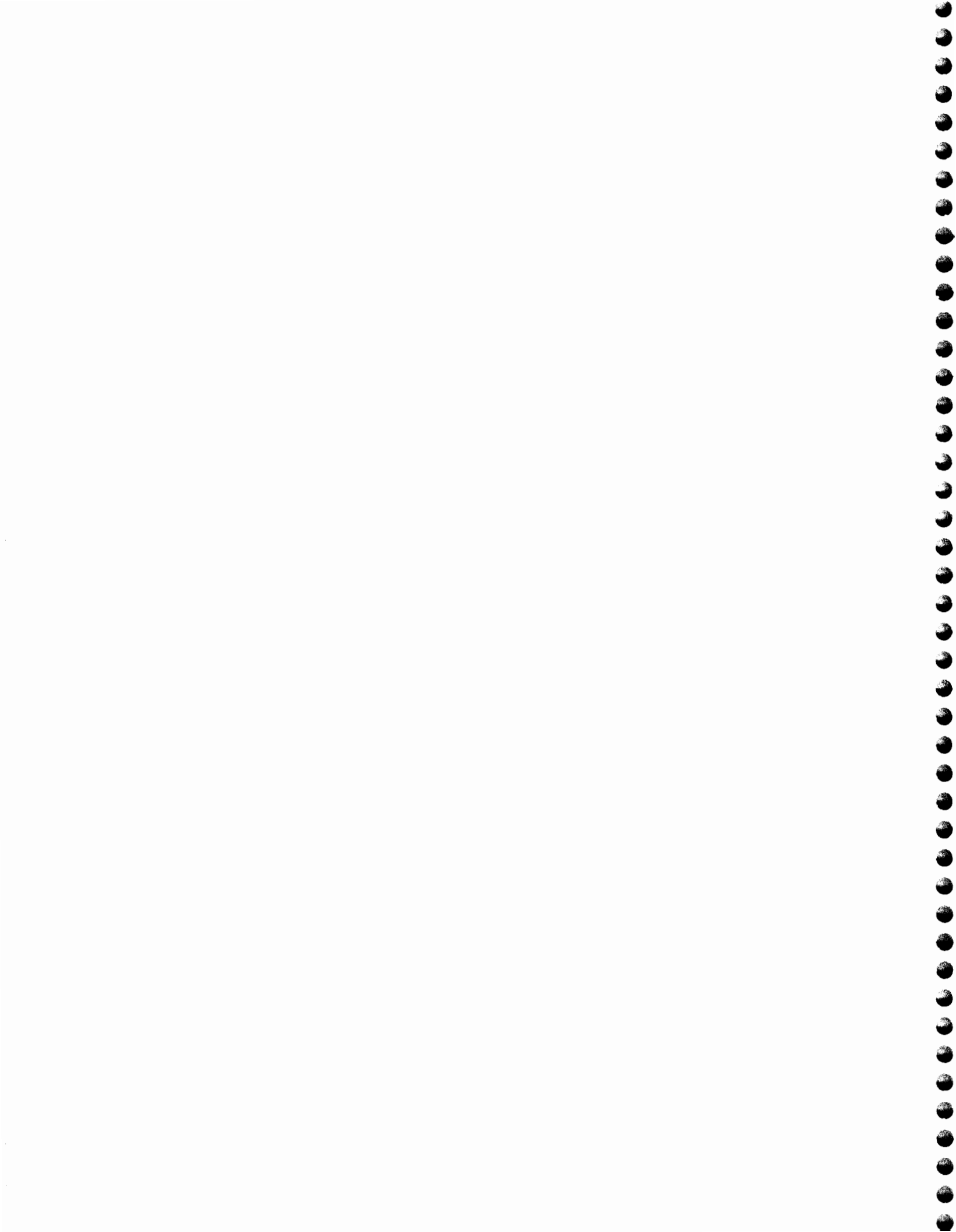
We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Leland, Mississippi, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Leland, Mississippi's basic financial statements, and have issued our report thereon dated September 16, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Leland, Mississippi's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Leland, Mississippi's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Leland, Mississippi's internal control.

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

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



Compliance and Other Matters

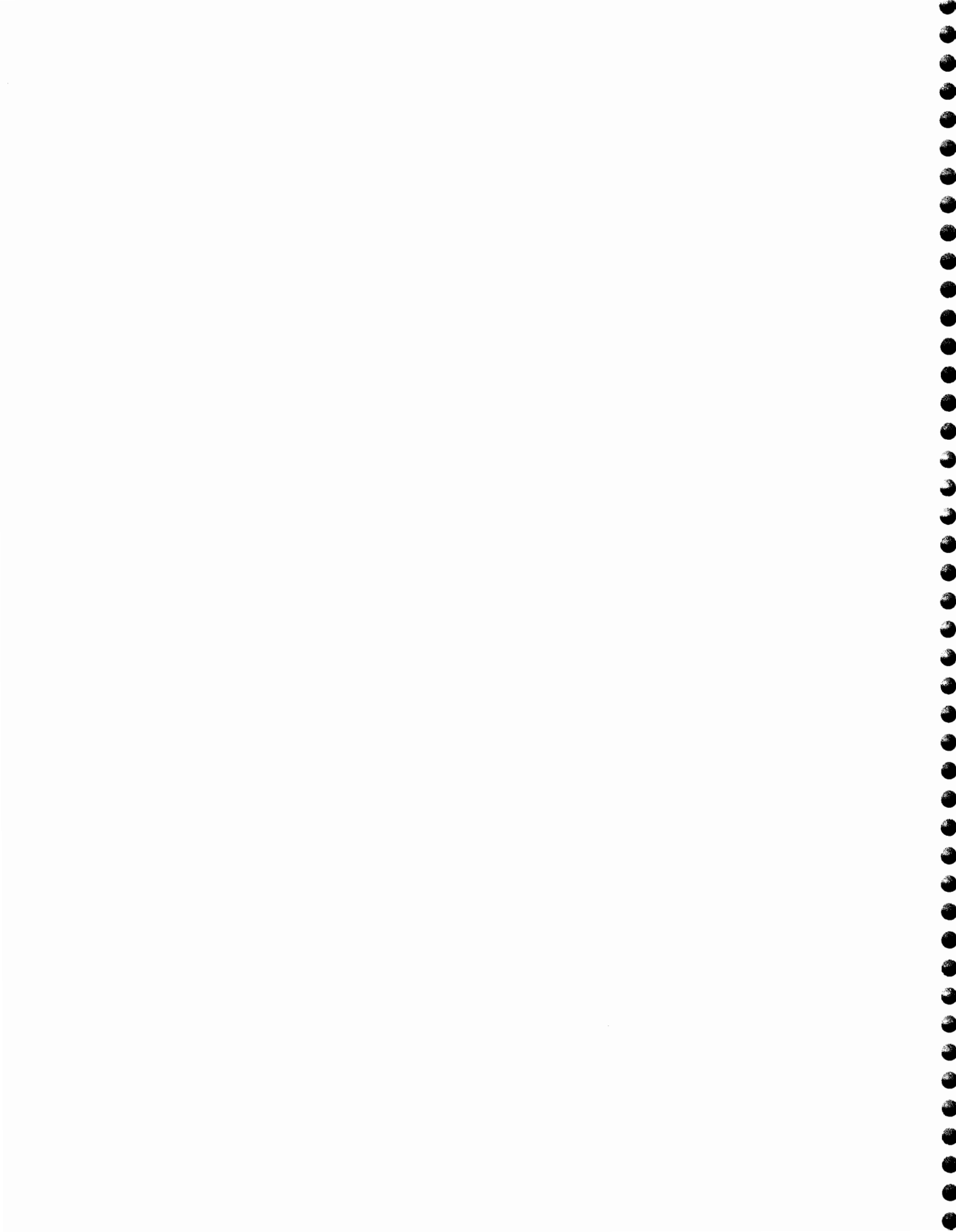
As part of obtaining reasonable assurance about whether the City of Leland, Mississippi's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

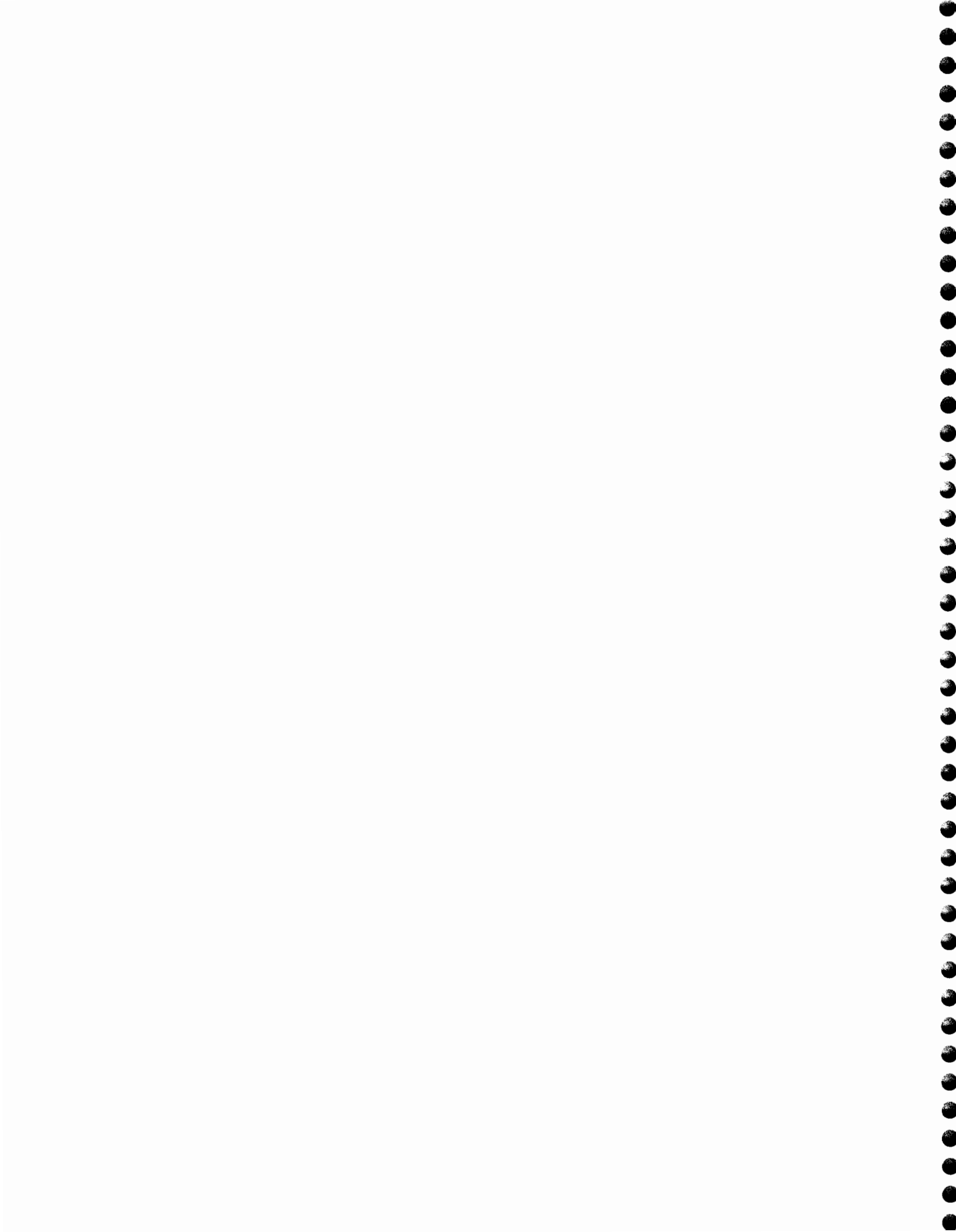
Banks, Finley, White & Co.

Jackson, Mississippi
September 16, 2016



CITY OF LELAND, MISSISSIPPI
AUDITEE'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended September 30, 2015

The City did not have any findings noted the their fiscal year 2014 audit report dated August 13, 2015.





**BANKS, FINLEY,
WHITE & CO.**
CERTIFIED PUBLIC ACCOUNTANTS

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

To the Honorable Mayor Kenny Thomas
Honorable Members of the Board of Alderman
of the City of Leland, Mississippi

We have audited the accompanying financial statements of the governmental activities, the business activities, each major fund and the aggregate remaining fund information of the City of Leland, Mississippi (the City) as of and for the year ended September 30, 2015, which collectively comprise the City of Leland, Mississippi's basic financial statements and have issued our report thereon dated September 16, 2016. We conducted our audit in accordance with auditing standards generally accepted in the United States America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States.

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 other state laws and regulations. However, providing an opinion on compliance with all state laws and regulations was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of procedures performed to test compliance with certain other laws and regulations and our audit of the financial statements disclosed no instance of noncompliance with other state laws and regulations.

This report is intended solely for the information and use of the Mayor, Board of Alderman, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Banks, Finley, White & Co.

Jackson, Mississippi
September 16, 2016

CITY OF LELAND, MISSISSIPPI
Schedule of Surety Bonds for Municipal Officials
September 30, 2015

<u>Name</u>	<u>Position</u>	<u>Bonding Company</u>	<u>Bond Amount</u>
Kenny Thomas	Mayor	Scott Insurance Agency	\$ 50,000
Mala Brooks	Alderwoman	Scott Insurance Agency	50,000
Carl Williams	Alderman	Scott Insurance Agency	50,000
Lisa Bush	Alderwoman	Scott Insurance Agency	50,000
Andy Petro	Alderman	Scott Insurance Agency	50,000
Nancy Jo King	Alderwoman	Scott Insurance Agency	50,000
Cynthia Norals	City Clerk	Scott Insurance Agency	50,000
Keona Jackson	Deputy Clerk	St. Paul Travelers	50,000
Lisa Sabbatini	Deputy Clerk	St. Paul Travelers	50,000
Aundrea Barber	Deputy Clerk	St. Paul Travelers	50,000
Billy Barber	Police Chief	St. Paul Travelers	50,000
Robert Johnson	Fire Chief	St. Paul Travelers	50,000



CITY OF LELAND, MISSISSIPPI
Statement of Legal Debt Limit
September 30, 2015

Authorized Debt Limit Percent Rule

	15%	20%
Authorized Debt Limit Percent		
2015 Tax Roll Estimation	\$ 16,350,230	\$ 16,350,230
Less: 2015 Homestead Exemption	<u>(57,577)</u>	<u>(57,577)</u>
Net 2015 Estimation Tax Roll	<u>\$ 16,292,653</u>	<u>\$ 16,292,653</u>
Assessed Valuation under respective debt limit	\$ 2,443,898	\$ 3,258,531
Less: All Bonded Indebtness	1,478,000	1,478,000
Deduct: Authorized Exemptions	-	-
Present debt subject to limitation	<u>1,478,000</u>	<u>1,478,000</u>
Margin for further debt under respective debt limits	<u>\$ 965,898</u>	<u>\$ 1,780,531</u>

Section 21-31-301 of Mississippi Code of Ordinances 1972 Annotated - Limitation of indebtedness as amended April 8, 1985, March 30, 1987, October 1, 1989, March 1, 1992, and July 1, 1995.

No municipality shall hereafter issue bonds secured by a pledge of its full faith and credit for the purposes authorized by law in amount which, when added to the then outstanding bonded indebtedness of such municipality, shall exceed either (a) fifteen percent (15%), until September 30, 1999, and then ten percent (10%) thereafter of the assessed value of the taxable property within such municipality, according to the last completed assessment for taxation, or (b) ten percent (10%) of the assessment upon which taxes were levied for its fiscal year ending September 30, 1984, whichever is greater. In computing such indebtedness, there may be deducted all bonds or other evidences of indebtedness, heretofore or hereafter issued, for school, water, sewerage systems, gas, and light and power purposes, and for the construction of special improvements primarily chargeable to the property benefited, or for the purpose of paying the municipality contract and indebtedness which, when added to all of the outstanding general obligation indebtedness, both bonded and floating, shall exceed either (a) twenty percent (20%) until September 30, 1999, and fifteen percent (15%) thereafter of the assessed value of all taxable property within such municipality according to the last completed assessment for taxation or (b) fifteen percent (15%) of the assessment upon which taxes were levied for its fiscal year ending September 30, 1984, whichever is greater. Nothing herein contained shall be construed to apply to contract obligations in any form heretofore or hereafter incurred by any municipality which are subject to annual appropriations therefore or to bonds heretofore issued by any municipality for school purposes, or to contract obligations in any form heretofore or hereafter incurred by any municipality which are payable exclusively from the revenues of any municipality-owned utility, or to bonds issued by any municipality under the provisions of Sections 57-1-1 through 57-1-51, or to any special assessment improvement bonds issued by any municipality under the provisions of Sections 21-41-1 through 21-41-53.



CITY OF LELAND, MISSISSIPPI
Schedule of Bonds and Notes Payable
September 30, 2015

	Interest Rates	Issue Date	Final Maturity Date	Authorized	Issued	Balance Outstanding Oct. 1, 2014	Additions	Retired	Balance Outstanding Sept. 30, 2015
<u>General Government:</u>									
NOTES PAYABLE:									
Bank note	2.25%	07/08/2014	07/08/2015	\$ 76,500	\$ 76,500	26,500	-	26,500	\$ -
Bank note	3.904%	09/28/2011	03/28/2016	<u>309,615</u>	<u>\$ 309,615</u>	<u>119,259</u>	<u>-</u>	<u>64,810</u>	<u>54,449</u>
Total Bank Notes				<u>386,115</u>	<u>386,115</u>	<u>145,759</u>	<u>-</u>	<u>91,310</u>	<u>54,449</u>
GENERAL OBLIGATION BONDS:									
Series 2013 General Obligation Coupon Bonds	2.00% to 2.750%	09/01/2013	09/01/2023	<u>1,800,000</u>	<u>1,800,000</u>	<u>1,641,000</u>	<u>-</u>	<u>163,000</u>	<u>1,478,000</u>
Total General Obligation Bonds				<u>1,800,000</u>	<u>1,800,000</u>	<u>1,641,000</u>	<u>-</u>	<u>163,000</u>	<u>1,478,000</u>
Total General Government Debt				<u>2,186,115</u>	<u>2,186,115</u>	<u>1,786,759</u>	<u>-</u>	<u>254,310</u>	<u>1,532,449</u>
<u>Proprietary:</u>									
NOTES PAYABLE:									
State revolving loan (DEQ) # 01	2.00%	07/16/2007	11/01/2026	844,714	844,714	564,928	-	41,429	523,499
State revolving loan (DEQ) # 02	2.50%	06/1/2008	01/01/2028	583,133	583,133	426,970	-	27,326	399,644
Bank note	3.30%	04/01/2009	04/01/2014	<u>250,000</u>	<u>250,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Proprietary Debt				<u>1,677,847</u>	<u>1,677,847</u>	<u>991,898</u>	<u>-</u>	<u>68,755</u>	<u>923,143</u>
Grand Total				<u>\$ 3,863,962</u>	<u>\$ 3,863,962</u>	<u>\$ 2,778,657</u>	<u>\$ -</u>	<u>\$ 323,065</u>	<u>\$ 2,455,592</u>

