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TOWN OF LEAKESVILLE, MISSISSIPPI
FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

TOWN OF LEAKESVILLE

TABLE OF CONTENTS

FINANCIAL SECTION.....	1
INDEPENDENT AUDITORS' REPORT.....	2-3
FINANCIAL STATEMENTS	4
Statement of Activities and Net Position – Cash Basis	5-6
Statement of Cash Basis Assets and Fund Balances and Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances – Governmental and Business-type Funds	7-9
Notes to Financial Statements	10-13
REQUIRED SUPPLEMENTARY INFORMATION	14
Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) General Fund.....	15
Fire Rebate Fund.....	16
Notes to the Required Supplementary Information.....	17
OTHER REQUIRED SUPPLEMENTARY INFORMATION.....	18
Schedule of Changes in Long-term Debt	19
Schedule of Surety Bonds for Municipal Officials and Employees	20
Schedule of Capital Assets	21
SPECIAL REPORT.....	22
Independent Auditors' Report on Compliance with State Laws and Regulations	23-24
SCHEDULE OF FINDINGS AND RESPONSES	25-27

TOWN OF LEAKESVILLE

FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT ON BASIC FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Leakesville, Mississippi, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements on the basis of cash receipts and disbursements; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Leakesville, Mississippi, as of September 30, 2019, and the respective changes in cash basis financial position thereof for the year then ended in accordance with the basis of accounting described in Note 1.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedules be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Omission of Required Supplementary Information

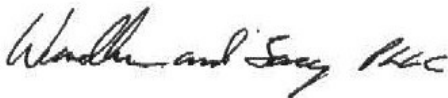
The Town of Leakesville, Mississippi, has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial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

Other Required Supplementary Information

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

Emphasis of Matter

As discussed in Note 1, the Town of Leakesville, Mississippi, prepares its financial statements on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.



Windham and Lacey, PLLC
December 31, 2021

TOWN OF LEAKESVILLE

FINANCIAL STATEMENTS

TOWN OF LEAKESVILLE
Statement of Activities and Net Position - Cash Basis
As of and for the Year Ended September 30, 2019

		Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets		
		Cash Disbursements	Fees, Fines & Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities
Functions/Programs							
Governmental Activities:							
General government	\$	452,801	40,234	17,929		(394,638)	(394,638)
Public safety		252,685		5,300		(247,385)	(247,385)
Public works		190,709	71,226			(119,483)	(119,483)
Culture and recreation		63,934				(63,934)	(63,934)
Interest on long-term debt		19,469				(19,469)	(19,469)
Total Governmental Activities		<u>979,598</u>	<u>111,460</u>	<u>23,229</u>	<u>0</u>	<u>(844,909)</u>	<u>0</u>
Business-type Activities:							
Water/Sewer		<u>800,551</u>	<u>977,607</u>			<u>177,056</u>	<u>177,056</u>
Total Business-type Activities		<u>800,551</u>	<u>977,607</u>	<u>0</u>	<u>0</u>	<u>177,056</u>	<u>177,056</u>
Total Government	\$	<u><u>1,780,149</u></u>	<u><u>1,089,067</u></u>	<u><u>23,229</u></u>	<u><u>0</u></u>	<u><u>(844,909)</u></u>	<u><u>177,056</u></u>
General Receipts							
Taxes:							
Property taxes					\$	170,332	170,332
Road & bridge privilege taxes						61,039	61,039
Sales tax						322,128	322,128
Franchise taxes						61,994	61,994
Unrestricted investment income						220	220
Miscellaneous						7,484	7,484
Transfers						<u>178,871</u>	<u>(178,871)</u>
Total General Receipts						<u>802,068</u>	<u>(178,871)</u>
Change in Net Position							
Net Position - Beginning						<u>44,329</u>	<u>34,298</u>
Net Position - Ending	\$					<u><u>1,488</u></u>	<u><u>32,483</u></u>

(Continued)

TOWN OF LEAKESVILLE
Statement of Activities and Net Position - Cash Basis
As of and for the Year Ended September 30, 2019

ASSETS

Cash and cash equivalents	\$ (57,639)
Restricted cash	<u>91,610</u>
Total Assets	<u>\$ 33,971</u>

NET POSITION

Restricted:	
Restricted for debt service	\$ 59,829
Restricted for public safety	28,354
Restricted for meter deposits	3,427
Unrestricted	<u>(57,639)</u>
Total Net Position	<u>\$ 33,971</u>

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

TOWN OF LEAKESVILLE
Statement of Cash Basis Assets and Fund Balances and
Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental and Business-type Funds
As of and for the Year Ended September 30, 2019

	<u>Governmental Activities</u>				<u>Business-type Activities</u>		
	<u>Major Funds</u>		<u>Non-Major Funds</u>	<u>Total</u>	<u>Major Fund</u>	<u>Non-Major Funds</u>	<u>Total</u>
	<u>General Fund</u>	<u>Fire Rebate Fund</u>	<u>Other Funds</u>		<u>Water/Sewer Fund</u>	<u>Other Funds</u>	
RECEIPTS							
Ad valorem taxes	\$ 170,332			170,332			
Road and bridge tax	61,039			61,039			
License and permits	14,717			14,717			
Franchise taxes on utilities	61,994			61,994			
Intergovernmental revenues:							
Homestead exemption reimbursement	14,731			14,731			
State shared revenues:							
Sales taxes	322,128			322,128			
Gasoline tax	2,750			2,750			
Municipal aid	448			448			
Fire insurance rebate	5,300			5,300			
Charges for services:							
Garbage	71,226			71,226			
Water and sewer utility					977,607		977,607
Fines and forfeits	25,517			25,517			
Interest income		220		220			
Miscellaneous revenue	7,484			7,484			
Total Receipts	<u>757,666</u>	<u>220</u>	<u>0</u>	<u>757,886</u>	<u>977,607</u>	<u>0</u>	<u>977,607</u>

(Continued)

TOWN OF LEAKESVILLE
Statement of Cash Basis Assets and Fund Balances and
Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental and Business-type Funds
As of and for the Year Ended September 30, 2019

	Governmental Activities				Business-type Activities		
	Major Funds		Non-Major Funds		Major Fund	Non-Major Funds	
	General Fund	Fire Rebate Fund	Other Funds	Total	Water/Sewer Fund	Other Funds	Total
DISBURSEMENTS							
General government	383,667			383,667			
Public safety	219,307	4,561	37	223,905			
Public works	177,134			177,134			
Culture and recreation	63,934			63,934			
Water and sewer utility:							
Personal services					259,315		259,315
Supplies					98,880		98,880
Utilities					103,620		103,620
Other services and charges					167,053		167,053
Total Disbursements	<u>844,042</u>	<u>4,561</u>	<u>37</u>	<u>848,640</u>	<u>628,868</u>	<u>0</u>	<u>628,868</u>
Excess of Receipts Over (Under) Disbursements	<u>(86,376)</u>	<u>(4,341)</u>	<u>(37)</u>	<u>(90,754)</u>	<u>348,739</u>	<u>0</u>	<u>348,739</u>
OTHER CASH SOURCES (USES)							
Capital outlay - equipment	(5,332)	(16,758)		(22,090)			
Capital outlay - CIP					(30,530)		(30,530)
Principal paid on bonds and notes	(89,399)			(89,399)	(83,340)		(83,340)
Interest paid on bonds and notes	(19,469)			(19,469)	(57,813)		(57,813)
Transfers in (out) from other funds	<u>183,824</u>		<u>(4,953)</u>	<u>178,871</u>	<u>(178,871)</u>		<u>(178,871)</u>
Total Other Cash Sources and (Uses)	<u>69,624</u>	<u>(16,758)</u>	<u>(4,953)</u>	<u>47,913</u>	<u>(350,554)</u>	<u>0</u>	<u>(350,554)</u>

(Continued)

TOWN OF LEAKESVILLE
Statement of Cash Basis Assets and Fund Balances and
Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental and Business-type Funds
As of and for the Year Ended September 30, 2019

	Governmental Activities				Business-type Activities		
	Major Funds		Non-Major Funds		Major Fund	Non-Major Funds	
	General Fund	Fire Rebate Fund	Other Funds	Total	Water/Sewer Fund	Other Funds	Total
Excess (Deficiency) of Receipts and Other Cash Sources Over Disbursements and Other Cash Uses	(16,752)	(21,099)	(4,990)	(42,841)	(1,815)	0	(1,815)
CASH BASIS FUND BALANCE – Beginning of Year	(10,114)	49,384	5,059	44,329	34,282	16	34,298
CASH BASIS FUND BALANCE – End of Year	<u>\$ (26,866)</u>	<u>28,285</u>	<u>69</u>	<u>1,488</u>	<u>32,467</u>	<u>16</u>	<u>32,483</u>
CASH BASIS ASSETS - End of Year							
Cash and cash equivalents	\$ (26,866)			(26,866)	(30,789)	16	(30,773)
Restricted cash		28,285	69	28,354	63,256		63,256
Total Cash Basis Assets	<u>\$ (26,866)</u>	<u>28,285</u>	<u>69</u>	<u>1,488</u>	<u>32,467</u>	<u>16</u>	<u>32,483</u>
CASH BASIS FUND BALANCES - End of Year							
Restricted:							
Restricted for debt service	\$				59,829		59,829
Restricted for public safety		28,285	69	28,354			
Restricted for meter deposits					3,427		3,427
Unassigned	(26,866)			(26,866)	(30,789)	16	(30,773)
Total Cash Basis Fund Balances	<u>\$ (26,866)</u>	<u>28,285</u>	<u>69</u>	<u>1,488</u>	<u>32,467</u>	<u>16</u>	<u>32,483</u>

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

TOWN OF LEAKESVILLE

Notes to Financial Statements For the Year Ended September 30, 2019

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

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

The financial statements of the Town have been prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

B. Government-wide and Fund Financial Statements.

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The Town combines the Statement of Activities and Statement of Net Position.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct disbursements* are those that are clearly identifiable with a specific function or segment. *Program receipts* include (1) receipts from customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program receipts are reported instead as *general receipts*.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation.

The government-wide financial statements are reported using the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when collected and expenditures are recorded when cash is spent.

Governmental fund financial statements are reported using the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recognized as soon as they are collected. Expenditures generally are recorded when cash is spent.

The Town reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

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

The Town reports the following major proprietary fund:

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

TOWN OF LEAKESVILLE

Notes to Financial Statements For the Year Ended September 30, 2019

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

Amounts reported as *program receipts* include (1) receipts from customers or applicants for goods, services or privileges provided, (2) operating grants and contributions and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general receipts* rather than as program receipts.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets and Net Position or Equity.

1. *Cash.*

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

2. *Net Position.*

Restricted net position - Consists of cash with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or law through constitutional provisions or enabling legislation.

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

3. *Fund Balances.*

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

Restricted - Includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Unassigned - Includes positive fund balance with the General Fund which has not been classified within the abovementioned categories and negative fund balances in other governmental funds.

The Town uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the Town would first use committed, then assigned, and lastly, unassigned amounts of unrestricted fund balance when expenditures are made.

(2) Cash and Cash Equivalents.

At year-end, the Town's carrying amount of deposits was \$33,971 and the bank balance was \$99,284. The collateral for public entities' deposits in financial institutions are held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation.

TOWN OF LEAKESVILLE

Notes to Financial Statements For the Year Ended September 30, 2019

Custodial Credit Risk - Deposits and Investments: Custodial credit risk is defined as the risk that, in the event of a failure of a financial institution, the Town will not be able to recover deposits or collateral securities that are in the possession of an outside party. The Town does not have a formal policy for custodial credit risk. However, the Mississippi State Treasury manages the risk on behalf of the Town. Deposits above FDIC coverage are collateralized by the pledging financial institution trust department or agent in the name of the Mississippi State Treasury on behalf of the Town. As of September 30, 2019, none of the Town's bank balance of \$99,284 was exposed to custodial risk.

Interest Rate Risk: The Town does not have a formal investment policy that limits investments maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk: State law limits investments to those prescribed in Sections 27-105-33(d) and 27-105-33(e), Miss. Code Ann. (1972). The Town does not have a formal investment policy that would further limit its investment choices or one that addresses credit risk.

(3) Defined Benefit Pension Plan.

Plan Description: The Town of Leakesville contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, at 429 Mississippi Street, Jackson, MS 39201-1005 or by calling (601) 359-3589 or 1-800-444-PERS.

Funding Policy: PERS members are required to contribute 9.00% of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current rate is 17.40% of annual covered payroll. The contribution requirements of PERS' members are established and may be amended only by the State of Mississippi Legislature. The Town's contributions to PERS for the years ended September 30, 2019, 2018, and 2017 were \$54,741, \$58,708, and \$58,670, respectively, which is equal to the required contributions for each year.

(4) Tax Abatements.

For the year beginning October 1, 2016, the Governmental Accounting Standards Board (GASB) implemented Statement No. 77, *Tax Abatement Disclosures*. This statement requires governmental entities to disclose the reduction in tax revenues resulting from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forego tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

The Leakesville Board of Aldermen and the Greene County Board of Supervisors negotiates property tax abatements on an individual basis. The Town had a tax abatement agreement with one entity as of September 30, 2019:

Category	Percentage of Taxes Abated During the Fiscal Year	Amount of Taxes Abated During the Fiscal Year
Construction and expansion of a manufacturing facility	100	\$ 2,349

TOWN OF LEAKESVILLE

Notes to Financial Statements For the Year Ended September 30, 2019

The agreement was negotiated in accordance with Section 27-31-101, et. seq., Miss. Code (Ann.) 1972, which allows localities to abate property taxes for a variety of economic development purposes. The abatements may be granted for a period up to ten years and for up to 100% of annual property taxes through a direct reduction in the entity's property tax bill.

(5) Operating Leases.

At September 30, 2019, assets under lease are as follows:

As Lessee:

On May 9th, 2018, the Town of Leakesville, Mississippi entered into an operating lease agreement with Greene County, Mississippi, for the lease of a building to use or market for economic, civic, acquire a tenant, sublease, purchase or for social development purposes, which are authorized by law. The lease stipulated the Town would pay the lessor \$625 per month for 12 years. The lease agreement includes an option for lessee to purchase the property for a total amount of \$120,000 at any time during the term of the lease with lease payments paid being deducted from the purchase price.

The future minimum lease payments for this lease are as follows:

<u>Year Ending September 30:</u>	<u>Amount</u>
2020	\$ 7,500
2021	7,500
2022	7,500
2023	7,500
2024	7,500
2025 to 2029	37,500
3030	<u>5,000</u>
Total	<u>\$ 80,000</u>

(6) Subsequent Events.

Events that occur after the Statement of Activities and Net Position - Cash Basis date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Activities and Net Position - Cash Basis date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Activities and Net Position - Cash Basis date require disclosure in the accompanying notes. Management of the Town of Leakesville evaluated the activity of the Town through December 31, 2021, and determined that the following event occurred subsequent to the Statement of Activities Net Position - Cash Basis date, requiring disclosure in the notes to the financial statements:

<u>Issue Date</u>	<u>Interest Rate</u>	<u>Issue Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
07/13/2020	4.00%	\$15,552	Lease purchase	Ad valorem taxes
10/01/2020	1.75%	\$760,044	State of Mississippi WPCRLF	State of Mississippi sales tax reimbursement

TOWN OF LEAKESVILLE

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF LEAKESVILLE
Budgetary Comparison Schedule -
Budget and Actual
General Fund
For the Year Ended September 30, 2019 - UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUE				
License & permits	\$ 2,600	14,717	14,717	
State shared revenues	336,100	345,357	345,357	
Local government revenues	67,250	71,226	71,226	
Fines & forfeits	30,000	25,517	25,517	
Miscellaneous revenues	76,200	69,478	69,478	
Tax levy	197,500	231,371	231,371	
Total Revenue	<u>709,650</u>	<u>757,666</u>	<u>757,666</u>	<u>0</u>
EXPENDITURES				
Executive and judicial	140,900	144,517	144,517	
Financial administrative	199,100	239,150	239,150	
Police	227,090	206,007	206,007	
Fire	9,700	13,300	13,300	
Street	226,249	177,134	177,134	
Park and recreation	27,860	52,798	52,798	
Library	13,750	11,136	11,136	
Total Expenditures	<u>844,649</u>	<u>844,042</u>	<u>844,042</u>	<u>0</u>
Excess of Revenue				
Over (Under) Expenditures	<u>(134,999)</u>	<u>(86,376)</u>	<u>(86,376)</u>	<u>0</u>
OTHER CASH SOURCES (USES)				
Capital outlay - equipment		(5,332)	(5,332)	
Principal paid on bonds and notes		(89,399)	(89,399)	
Interest paid on bonds and notes		(19,469)	(19,469)	
Transfers in (out) from other funds	174,000	183,824	183,824	
Total Other Cash Sources and (Uses)	<u>174,000</u>	<u>69,624</u>	<u>69,624</u>	<u>0</u>
Net Change in Cash Basis Fund Balance	39,001	(16,752)	(16,752)	0
Cash Basis Fund Balances - Beginning	<u>(10,114)</u>	<u>(10,114)</u>	<u>(10,114)</u>	<u>0</u>
Cash Basis Fund Balances - Ending	<u>\$ 28,887</u>	<u>(26,866)</u>	<u>(26,866)</u>	<u>0</u>

The accompanying notes to the required supplementary information are an integral part of this schedule.

TOWN OF LEAKESVILLE
Budgetary Comparison Schedule -
Budget and Actual
Fire Rebate Fund
For the Year Ended September 30, 2019 - UNAUDITED

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUE				
State shared revenues	\$ 5,500			
Local shared government revenues	9,000			
Interest income	150	220	220	
Miscellaneous	10			
Total Revenue	<u>14,660</u>	<u>220</u>	<u>220</u>	<u>0</u>
EXPENDITURES				
Fire	<u>1,760</u>	<u>4,561</u>	<u>4,561</u>	
Total Expenditures	<u>1,760</u>	<u>4,561</u>	<u>4,561</u>	<u>0</u>
Excess of Revenue				
Over (Under) Expenditures	<u>12,900</u>	<u>(4,341)</u>	<u>(4,341)</u>	<u>0</u>
OTHER CASH SOURCES (USES)				
Capital outlay - equipment	<u>(100)</u>	<u>(16,758)</u>	<u>(16,758)</u>	
Total Other Cash Sources and Uses	<u>(100)</u>	<u>(16,758)</u>	<u>(16,758)</u>	<u>0</u>
Net Change in Cash Basis Fund Balance	12,800	(21,099)	(21,099)	0
Cash Basis Fund Balances - Beginning	<u>49,384</u>	<u>49,384</u>	<u>49,384</u>	<u>0</u>
Cash Basis Fund Balances - Ending	<u>\$ 62,184</u>	<u>28,285</u>	<u>28,285</u>	<u>0</u>

The accompanying notes to the required supplementary information are an integral part of this schedule.

TOWN OF LEAKESVILLE

**Notes to the Required Supplementary Information
For the Year Ended September 30, 2019
UNAUDITED**

A. Budgetary Information.

Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the Board of Aldermen of the Town, using historical and anticipated fiscal data, prepares an original budget for the General Fund for said fiscal year. The completed budget for the fiscal year includes every source of revenue, each general item of expenditure, and the unencumbered cash and investment balances. When during the fiscal year it appears to the Board of Aldermen that budgetary estimates will not be met, it may make revisions to the budget.

The Town's budget is prepared on the cash basis of accounting. All appropriations lapse at year-end, and there are no encumbrances to budget because state law does not require that funds be available when goods or services are ordered, only when payment is made.

B. Basis of Presentation.

The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) presents the original adopted budget, the final adopted budget, actual amounts on a budgetary (Non-GAAP) basis and variances between the final budget and the actual amounts. The schedule is presented for the General Fund and Fire Rebate Fund.

C. Budget Reconciliation.

As discussed in Note 1, the financial statements are prepared on the basis of cash receipts and disbursements which is the same as the basis used for budget preparation.

TOWN OF LEAKESVILLE

OTHER REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF LEAKESVILLE
Schedule of Changes in Long-term Debt
For the Year Ended September 30, 2019 - UNAUDITED

<u>Description</u>	<u>Outstanding Balance Oct. 1, 2018</u>	<u>Additions</u>	<u>Redeemed</u>	<u>Outstanding Balance Sept. 30, 2019</u>
<u>Long-term Debt</u>				
Governmental Fund Debt:				
General obligation street improvement bond, Series 2011 No. 12	\$ 366,725		21,989	344,736
First State Bank loan 00008512485000006	40,057		40,057	
Hancock Bank lease purchase	9,533		6,690	2,843
Hancock Bank lease purchase - backhoe	113,402		13,575	99,827
Community Bank ballfield loan	33,915		7,088	26,827
Enterprise Fund Debt:				
Rural water system revenue bond No. 04	18,674		12,555	6,119
Capital improvement loan No. 357	141,260		26,653	114,607
Combined water and sewer system revenue bonds No. 07	124,226		3,690	120,536
Combined water and sewer system junior lien revenue bonds No. 10	994,742		21,896	972,846
Capital improvement loan No. 50731	397,441		18,547	378,894
Compensated absences payable – Governmental and Enterprise	<u>7,534</u>		<u>770</u>	<u>6,764</u>
Total	<u>\$ 2,247,509</u>	<u>0</u>	<u>173,510</u>	<u>2,073,999</u>

TOWN OF LEAKESVILLE
Schedule of Surety Bonds for Municipal Officials and Employees
September 30, 2019 - UNAUDITED

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

TOWN OF LEAKESVILLE
Schedule of Capital Assets
For the Year Ended September 30, 2019 - UNAUDITED

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets:				
Land	\$ 96,300			96,300
Buildings	263,763			263,763
Recreation improvements	699,406			699,406
Street improvements	217,257			217,257
Machinery, equipment and vehicles	<u>882,257</u>	<u>22,090</u>		<u>904,347</u>
Total Governmental Activities Capital Assets	<u>\$ 2,158,983</u>	<u>22,090</u>	<u>0</u>	<u>2,181,073</u>
Business-type Activities				
Capital Assets:				
Machinery, equipment, and vehicles	\$ 70,414			70,414
Water tanks, treatment plants, and lines	4,897,406			4,897,406
Water improvements	1,026,377			1,026,377
Sewer improvements	2,398,182			2,398,182
CIP - Wastewater treatment facility	<u>35,385</u>	<u>30,530</u>		<u>65,915</u>
Total Business-type Activities Capital Assets	<u>\$ 8,427,764</u>	<u>30,530</u>	<u>0</u>	<u>8,458,294</u>

TOWN OF LEAKESVILLE

SPECIAL REPORT

Windham and Lacey, PLLC

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Mississippi Society of CPAs

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Leakesville, Mississippi, as of and for the year ended September 30, 2019, and have issued our report thereon dated December 31, 2021. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the procedures prescribed by the Office of the State Auditor, and accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

As required by the state legal compliance audit program prescribed by the Office of the State Auditor, we have also performed procedures to test compliance with certain state laws and regulations. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Town's compliance with these requirements. Accordingly, we do not express such an opinion.

The results of those procedures and our audit of the general purpose financial statements disclosed the following instances of noncompliance with state laws and regulations. Our findings and recommendations and your responses are as follows:

1. *Finding*

State law Section 21-35-15, Miss. Code (Ann.) 1972, requires that governing authorities shall at all times keep within the annual revenues and cash reserves named in their said budget. The Town's expenditures exceeded its revenues and cash reserves of the General Fund for the fiscal year-end September 30, 2019.

Recommendation

The Town should comply with Section 21-35-15.

Town's Response

We have complied or will comply with the code sections for following fiscal years.

2. Finding

State law Section 31-7-3, Miss. Code (Ann.) 1972, requires through the Department of Finance and Administration, Mississippi Procurement Manual, Chapter 10.112.01 balances on accounts: Balances on credit cards shall not be carried over to the next month except on disputed claims and only for the disputed amount. The Town carried over undisputed credit card balances during the fiscal year-end September 30, 2019.

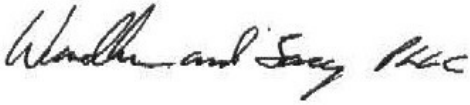
Recommendation

The Town should comply with Section 31-7-3.

Town's Response

We have complied or will comply with the code sections for following fiscal years.

This report is intended solely for the information and use of management and the Office of the State Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, appearing to read "Windham and Lacey, PLLC".

Windham and Lacey, PLLC
December 31, 2021

TOWN OF LEAKESVILLE

SCHEDULE OF FINDINGS AND RESPONSES

TOWN OF LEAKESVILLE

Schedule of Findings and Responses For the Year Ended September 30, 2019

Section 1: Summary of Auditor's Results

Financial Statements:

- | | | |
|----|--|------------|
| 1. | Type of auditor's report issued on the primary government financial statements: | Unmodified |
| 2. | Internal control over financial reporting: | |
| a. | Material weaknesses identified? | Yes |
| b. | Significant deficiencies identified that are not considered to be material weaknesses? | No |
| 3. | Noncompliance material to the financial statements? | No |

Section 2: Financial Statement Findings

Finding 19-001.

Significant Deficiency - Material Weakness

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

Recommendation

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

Town's Response

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

Finding 19-002.

Significant Deficiency - Material Weakness

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

Recommendation

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

TOWN OF LEAKESVILLE
Schedule of Findings and Responses
For the Year Ended September 30, 2019

Town's Response

In June of 2018 the Town contracted with an outside bookkeeping service to perform bank reconciliations for all general ledger cash bank accounts. The town will continue to strengthen internal control over monthly bank reconciliations of all general ledger cash bank accounts.

Finding 19-003.

Significant Deficiency - Material Weakness

The Board of Aldermen has not exercised sufficient oversight over expenditures to prevent overspending of available unrestricted cash. As a result, the Town has spent cash that is restricted for various reasons in order to pay its expenditures. This resulted in violations of debt covenants, restrictions on funds received for customer water meter deposits, and obligations to water customers.

Recommendation

The Board of Aldermen must exercise sufficient oversight of spending to prevent spending of restricted cash.

Town's Response

The Board of Aldermen will improve oversight over expenditures.