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Section 7-7-211, Mississippi Code Annotated (1972) gives the Office of the State Auditor the authority to audit, with the exception of municipalities, any governmental entity in the state. In the case of municipalities, *Section 21-35-31, Mississippi Code Annotated (1972)* requires municipalities to obtain an annual audit performed by a private CPA firm and submit that audit report to the Office of the State Auditor. The Office of the State Auditor files these audit reports for review in case questions arise related to the municipality.

As a result, the following document was not prepared by the Office of the State Auditor. Instead, it was prepared by a private CPA firm and submitted to the Office of the State Auditor. The document was placed on this web page as it was submitted and no review of the report was performed by the Office of the State Auditor prior to finalization of the report. The Office of the State Auditor assumes no responsibility for its content or for any errors located in the document. Any questions of accuracy or authenticity concerning this document should be submitted to the CPA firm that prepared the document. The name and address of the CPA firm appears in the document.

TOWN OF LEAKESVILLE, MISSISSIPPI
FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

TOWN OF LEAKESVILLE

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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, 2020, 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 auditors' 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 auditors consider 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, 2020, 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

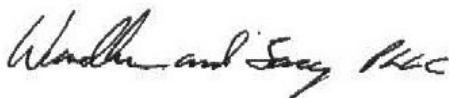
The Town of Leakesville, Mississippi, has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial 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
August 24, 2022

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, 2020

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	Total
Functions/Programs							
Governmental Activities:							
General government	\$ 412,024	26,674	42,605		(342,745)		(342,745)
Public safety	223,924		13,889		(210,035)		(210,035)
Public works	212,982	11,372			(201,610)		(201,610)
Culture and recreation	63,162				(63,162)		(63,162)
Interest on long-term debt	16,118				(16,118)		(16,118)
Total Governmental Activities	928,210	38,046	56,494	0	(833,670)	0	(833,670)
Business-type Activities:							
Water/Sewer	1,655,376	1,138,795				(516,581)	(516,581)
Total Business-type Activities	1,655,376	1,138,795	0	0	0	(516,581)	(516,581)
Total Government	\$ 2,583,586	1,176,841	56,494	0	(833,670)	(516,581)	(1,350,251)
General Receipts							
Taxes:							
Property taxes					\$ 173,551		173,551
Road & bridge privilege taxes					64,611		64,611
Sales tax					380,427		380,427
Franchise taxes					60,313		60,313
Unrestricted investment income					231	21	252
Loan proceeds					15,552	760,044	775,596
Miscellaneous					14,968		14,968
Transfers					203,386	(203,386)	
Total General Receipts					913,039	556,679	1,469,718
Change in Net Position					79,369	40,098	119,467
Net Position - Beginning					1,488	32,483	33,971
Net Position - Ending					\$ 80,857	72,581	153,438

(Continued)

TOWN OF LEAKESVILLE
Statement of Activities and Net Position - Cash Basis
As of and for the Year Ended September 30, 2020

ASSETS

Cash and cash equivalents	\$ 49,937
Restricted cash	<u>103,501</u>
Total Assets	\$ <u><u>153,438</u></u>

NET POSITION

Restricted:	
Restricted for debt service	\$ 59,829
Restricted for public safety	41,669
Restricted for meter deposits	2,003
Unrestricted	<u>49,937</u>
Total Net Position	\$ <u><u>153,438</u></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, 2020

	Governmental Activities				Business-type Activities		
	Major Funds		Non-Major Funds	Total	Major Fund	Non-Major Funds	Total
	General Fund	Fire Rebate Fund	Other Funds		Water/Sewer Fund	Other Funds	
RECEIPTS							
Ad valorem taxes	\$ 173,551			173,551			
Road and bridge tax	64,611			64,611			
License and permits	9,541			9,541			
Franchise taxes on utilities	60,313			60,313			
Intergovernmental revenues:							
Homestead exemption reimbursement	13,338			13,338			
State shared revenues:							
Sales taxes	380,427			380,427			
Gasoline tax	2,750			2,750			
MS Infrastructure Modernization Act of 2018	26,517			26,517			
Fire insurance rebate		5,417		5,417			
Local shared revenues:							
County fire insurance rebate		8,472		8,472			
Charges for services:							
Garbage	11,372			11,372	58,806		58,806
Water and sewer utility					1,079,989		1,079,989
Fines and forfeits	17,132			17,132			
Interest income		231		231	21		21
Miscellaneous revenue	14,968			14,968			
Total Receipts	<u>774,520</u>	<u>14,120</u>	<u>0</u>	<u>788,640</u>	<u>1,138,816</u>	<u>0</u>	<u>1,138,816</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, 2020

	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	381,351			381,351			
Public safety	207,062	1,690		208,752			
Public works	181,298			181,298			
Culture and recreation	63,162			63,162			
Water and sewer utility							
Personal services					258,964		258,964
Supplies					232,870		232,870
Utilities					99,703		99,703
Other services and charges					185,324		185,324
Total Disbursements	832,873	1,690	0	834,563	776,861	0	776,861
Excess of Receipts Over (Under) Disbursements	(58,353)	12,430	0	(45,923)	361,955	0	361,955
OTHER CASH SOURCES (USES)							
Loan proceeds	15,552			15,552	760,044		760,044
Capital outlay - equipment	(23,619)	(4,262)		(27,881)	(8,039)		(8,039)
Capital outlay - WWTP					(735,957)		(735,957)
Principal paid on bonds and notes	(49,647)			(49,647)	(80,894)		(80,894)
Interest paid on bonds and notes	(16,118)			(16,118)	(53,625)		(53,625)
Transfers in (out) from other funds	198,239	5,147		203,386	(203,386)		(203,386)
Total Other Cash Sources and (Uses)	124,407	885	0	125,292	(321,857)	0	(321,857)

(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, 2020

	Governmental Activities				Business-type Activities		
	Major Funds		Non-Major Funds	Total	Major Fund	Non-Major Funds	Total
	General Fund	Fire Rebate Fund	Other Funds		Water/Sewer Fund	Other Funds	
Excess (Deficiency) of Receipts and Other Cash Sources Over Disbursements and Other Cash Uses	66,054	13,315	0	79,369	40,098	0	40,098
CASH BASIS FUND BALANCE - Beginning of Year	(26,866)	28,285	69	1,488	32,467	16	32,483
CASH BASIS FUND BALANCE - End of Year	<u>\$ 39,188</u>	<u>41,600</u>	<u>69</u>	<u>80,857</u>	<u>72,565</u>	<u>16</u>	<u>72,581</u>
CASH BASIS ASSETS - End of Year							
Cash and cash equivalents	\$ 39,188			39,188	10,733	16	10,749
Restricted cash		41,600	69	41,669	61,832		61,832
Total Cash Basis Assets	<u>\$ 39,188</u>	<u>41,600</u>	<u>69</u>	<u>80,857</u>	<u>72,565</u>	<u>16</u>	<u>72,581</u>
CASH BASIS FUND BALANCES - End of Year							
Restricted:							
Restricted for debt service	\$				59,829		59,829
Restricted for public safety		41,600	69	41,669			
Restricted for meter deposits					2,003		2,003
Unassigned	39,188			39,188	10,733	16	10,749
Total Cash Basis Fund Balances	<u>\$ 39,188</u>	<u>41,600</u>	<u>69</u>	<u>80,857</u>	<u>72,565</u>	<u>16</u>	<u>72,581</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, 2020

(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, 2020

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 \$153,438 and the bank balance was \$166,599. 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, 2020

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, 2020, none of the Town's bank balance of \$166,599 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, 2020, 2019, and 2018 were \$57,319, \$54,741, and \$58,708, 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, 2020:

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	\$ 2,094

TOWN OF LEAKESVILLE

Notes to Financial Statements For the Year Ended September 30, 2020

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, 2020, assets under lease are as follows:

As Lessee:

On May 9, 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>
2021	\$ 7,500
2022	7,500
2023	7,500
2024	7,500
2025	7,500
2026 to 2030	<u>35,000</u>
Total	<u>\$ 72,500</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 August 24, 2022, and determined that the following events 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>
01/28/2021	1.75%	\$ 657,565	Anticipation note of federal grant or loan	Federal grant or loan
04/01/2022	2.65%	\$ 50,124	Promissory note	Ad valorem taxes
04/28/2022	4.79%	\$ 107,568	Lease purchase	Ad valorem taxes

TOWN OF LEAKESVILLE

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF LEAKESVILLE
Budgetary Comparison Schedule -
Budget and Actual
General Fund
For the Year Ended September 30, 2020 – UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUE				
License & permits	\$ 2,500	9,541	9,541	
State shared revenues	337,600	423,032	423,032	
Local government revenues	62,000	60,313	60,313	
Fines & forfeits	30,000	17,132	17,132	
Miscellaneous revenues	81,750	26,340	26,340	
Tax levy	200,500	238,162	238,162	
Total Revenue	<u>714,350</u>	<u>774,520</u>	<u>774,520</u>	<u>0</u>
EXPENDITURES				
Court	95,750	105,829	105,829	
Executive	45,150	46,757	46,757	
Financial administrative	207,111	228,765	228,765	
Police	222,540	195,383	195,383	
Fire	9,700	11,679	11,679	
Street	226,249	181,298	181,298	
Park and recreation	27,960	54,746	54,746	
Library	13,750	8,416	8,416	
Total Expenditures	<u>848,210</u>	<u>832,873</u>	<u>832,873</u>	<u>0</u>
Excess of Revenue				
Over (Under) Expenditures	<u>(133,860)</u>	<u>(58,353)</u>	<u>(58,353)</u>	<u>0</u>
OTHER CASH SOURCES (USES)				
Capital outlay - equipment		(23,619)	(23,619)	
Loan proceeds		15,552	15,552	
Principal paid on bonds and notes		(49,647)	(49,647)	
Interest paid on bonds and notes		(16,118)	(16,118)	
Transfers in (out) from other funds	127,000	198,239	198,239	
Total Other Cash Sources and (Uses)	<u>127,000</u>	<u>124,407</u>	<u>124,407</u>	<u>0</u>
Net Change in Cash Basis Fund Balance	(6,860)	66,054	66,054	0
Cash Basis Fund Balances - Beginning	<u>(26,866)</u>	<u>(26,866)</u>	<u>(26,866)</u>	<u>0</u>
Cash Basis Fund Balances - Ending	<u>\$ (33,726)</u>	<u>39,188</u>	<u>39,188</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, 2020 - UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUE				
State shared revenues	\$ 5,500	5,417	5,417	
Local shared government revenues	9,000	8,472	8,472	
Interest income	150	231	231	
Miscellaneous	110			
Total Revenue	<u>14,760</u>	<u>14,120</u>	<u>14,120</u>	<u>0</u>
EXPENDITURES				
Public safety	1,760	1,690	1,690	
Other	100			
Total Expenditures	<u>1,860</u>	<u>1,690</u>	<u>1,690</u>	<u>0</u>
Excess of Revenue				
Over (Under) Expenditures	<u>12,900</u>	<u>12,430</u>	<u>12,430</u>	<u>0</u>
OTHER CASH SOURCES (USES)				
Transfer in	100	5,147	5,147	
Transfer out	(100)			
Capital outlay - equipment	(100)	(4,262)	(4,262)	
Total Other Cash Sources and Uses	<u>(100)</u>	<u>885</u>	<u>885</u>	<u>0</u>
Net Change in Cash Basis Fund Balance	12,800	13,315	13,315	0
Cash Basis Fund Balances - Beginning	<u>28,285</u>	<u>28,285</u>	<u>28,285</u>	<u>0</u>
Cash Basis Fund Balances - Ending	<u>\$ 41,085</u>	<u>41,600</u>	<u>41,600</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, 2020 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, 2020 - UNAUDITED

Description	Outstanding Balance Oct. 1, 2019	Additions	Redeemed	Outstanding Balance Sept. 30, 2020
<u>Long-term Debt</u>				
Governmental Fund Debt:				
General obligation street improvement bond, Series 2011, No. 9712	\$ 344,736		22,815	321,921
Hancock Bank lease purchase - police car	2,843		2,843	
Hancock Bank lease purchase - backhoe	99,827		15,315	84,512
Community Bank ballfield loan	26,827		7,858	18,969
Lawn mower 2020, lease No. 1		7,776	408	7,368
Lawn mower 2020, lease No. 2		7,776	408	7,368
Enterprise Fund Debt:				
Rural water system revenue bond, No. 9104	6,119		6,119	
Capital improvement loan, No. 357	114,607		27,879	86,728
Combined water and sewer system revenue bonds, No. 9107	120,536		4,291	116,245
Combined water and sewer system junior lien revenue bonds, No. 9210	972,846		22,788	950,058
Capital improvement loan, No. 50731	378,894		19,817	359,077
MDEQ WPCRLF program - waste water treatment facility		760,044		760,044
Compensated absences payable - Governmental and Enterprise	6,764		3,316	3,448
Total	\$ 2,073,999	775,596	133,857	2,715,738

TOWN OF LEAKESVILLE
Schedule of Surety Bonds for Municipal Officials and Employees
September 30, 2020 - 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
Ramona Smith	Water Billing Clerk	Travelers	\$ 50,000
Wendel Garris	Police Chief	Travelers	\$ 50,000

TOWN OF LEAKESVILLE
Schedule of Capital Assets
For the Year Ended September 30, 2020 - 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>904,347</u>	<u>27,881</u>		<u>932,228</u>
Total Governmental Activities Capital Assets	\$ <u>2,181,073</u>	<u>27,881</u>	<u>0</u>	<u>2,208,954</u>
Business-type Activities				
Capital Assets:				
Machinery, equipment, and vehicles	\$ 70,414	8,039		78,453
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 - completed	65,915		65,915	
Wastewater treatment facility	<u></u>	<u>801,872</u>		<u>801,872</u>
Total Business-type Activities Capital Assets	\$ <u>8,458,294</u>	<u>809,911</u>	<u>65,915</u>	<u>9,202,290</u>

TOWN OF LEAKESVILLE

SPECIAL REPORT

Windham and Lacey, PLLC

Certified Public Accountants

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Mississippi Society of CPAs

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

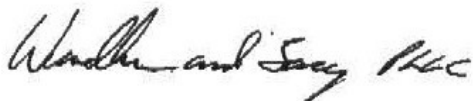
Honorable Mayor and
Members of the Board of Aldermen
Town of Leakesville, Mississippi

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, 2020, and have issued our report thereon dated August 24, 2022. 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.

With respect to the items tested, the results of those procedures and our audit of the basic financial statements disclosed no instances of noncompliance with state laws and regulations.

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



Windham and Lacey, PLLC
August 24, 2022

TOWN OF LEAKESVILLE

SCHEDULE OF FINDINGS AND RESPONSES

TOWN OF LEAKESVILLE

Schedule of Findings and Responses For the Year Ended September 30, 2020

Section 1: Summary of Auditors' Results

Financial Statements:

- | | | |
|----|--|------------|
| 1. | Type of auditors' 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 20-001.

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 20-002.

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, 2020**

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.