



The following document was not prepared by the Office of the State Auditor, but was prepared by and submitted to the Office of the State Auditor by a private CPA firm. The document was placed on this web page as it was submitted. 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.



**PIKE COUNTY, MISSISSIPPI**

**Audited Financial Statements and Special Reports  
For the Year Ended September 30, 2014**

PIKE COUNTY  
TABLE OF CONTENTS

FINANCIAL SECTION .....	1
INDEPENDENT AUDITOR'S REPORT .....	2
FINANCIAL STATEMENTS .....	4
Statement of Net Position .....	5
Statement of Activities .....	6
Balance Sheet - Governmental Funds .....	7
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position.....	9
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds .....	10
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	12
Statement of Net Position - Proprietary Fund.....	13
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Fund.....	14
Statement of Cash Flows - Proprietary Fund.....	15
Statement of Fiduciary Assets and Liabilities .....	16
Notes to Financial Statements .....	17
REQUIRED SUPPLEMENTARY INFORMATION .....	33
Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) General Fund.....	34
Countywide Road Maintenance Fund .....	35
Notes to the Required Supplementary Information .....	36
OTHER INFORMATION .....	37
Schedule of Surety Bonds for County Officials .....	38
SPECIAL REPORTS.....	39
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	40
Independent Accountant's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules (Required by Section 31-7-115, Miss. Code Ann. (1972)).....	42
Limited Internal Control and Compliance Review Management Report .....	47
SCHEDULE OF FINDINGS AND RESPONSES .....	48

PIKE COUNTY

FINANCIAL SECTION

# Windham and Lacey, PLLC

## *Certified Public Accountants*

---

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

Members:  
American Institute of CPAs  
Mississippi Society of CPAs

### INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors  
Pike County, Mississippi

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund and the aggregate remaining fund information of Pike County, Mississippi, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the basic financial statements of the county's primary government 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. These financial statements are the responsibility of the county's management.

#### **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.

## Unmodified 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 aggregate discretely presented component unit, each major fund and the aggregate remaining fund information of Pike County, Mississippi, as of September 30, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and 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 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.

### *Omission of Required Supplementary Information*

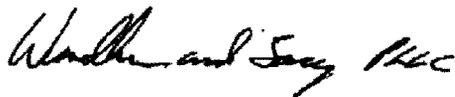
Pike County, Mississippi, has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America required to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements,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

### *Supplemental and Other Information*

The Schedule of Surety Bonds for County Officials 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 December 17, 2015, on our consideration of Pike County, 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 Pike County, Mississippi's internal control over financial reporting and compliance.



Windham and Lacey, PLLC  
December 17, 2015

PIKE COUNTY

FINANCIAL STATEMENTS

PIKE COUNTY  
Statement of Net Position  
September 30, 2014

Exhibit 1

	Primary Government	Component Unit
	Governmental Activities	Economic Development
<b>ASSETS</b>		
Cash	\$ 18,126,687	399,969
Accrued interest receivable	1,289	
Property tax receivable	10,038,658	
Accounts receivable, net of allowance for uncollectible of \$749,776	837,446	25,034
Fines receivable, net of allowance for uncollectible of \$11,572,273	1,378,455	
Loans receivable	450,000	
Intergovernmental receivables	668,587	
Other receivables	83,345	18
Inventories and prepaid items	21,377	
Capital assets:		
Land and construction in progress	6,262,858	881,895
Other capital assets, net	51,261,187	22,643
<b>Total Assets</b>	<b>89,129,889</b>	<b>1,329,559</b>
<b>LIABILITIES</b>		
Claims payable	408,965	1,311
Intergovernmental payables	403,559	44,012
Accrued interest payable	22,496	
Unearned revenue	170,328	
Other payables	528,988	
Long-term liabilities		
Due within one year:		
Capital related debt	884,980	
Due in more than one year:		
Capital related debt	12,003,175	
Non-capital debt	293,546	
<b>Total Liabilities</b>	<b>14,716,037</b>	<b>45,323</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property tax for future reporting period	10,038,658	
<b>Total Deferred Inflows of Resources</b>	<b>10,038,658</b>	<b>0</b>
<b>NET POSITION</b>		
Net investment in capital assets	44,635,890	904,538
Restricted net position:		
General government	746,278	
Debt service	253,483	
Public safety	3,047,006	
Public works	3,551,746	
Economic development	501,880	
Unemployment compensation	9,891	
Capital projects	6,726,302	
Other	128,583	
Unrestricted	4,774,135	379,698
<b>Total Net Position</b>	<b>\$ 64,375,194</b>	<b>1,284,236</b>

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

PIKE COUNTY  
Statement of Activities  
For the Year Ended September 30, 2014

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Fines, Fees and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Component Unit Economic Development
<b>Primary government:</b>						
<b>Governmental activities:</b>						
General government	\$ 7,260,513	1,391,163	142,183		(5,727,167)	
Public safety	5,563,688	969,873	832,726		(3,761,089)	
Public works	5,058,189	1,110,224	761,779	2,980,072	(206,114)	
Health and welfare	454,087		14,313		(439,774)	
Culture and recreation	72,714				(72,714)	
Conservation of natural resources	130,879				(130,879)	
Economic development and assistance	25,775				(25,775)	
Interest on long-term debt	306,789				(306,789)	
<b>Total Governmental Activities</b>	<b>\$ 18,872,634</b>	<b>3,471,260</b>	<b>1,751,001</b>	<b>2,980,072</b>	<b>(10,670,301)</b>	<b>0</b>
<b>Component unit:</b>						
Economic Development District	\$ 506,059	0	442,077	35,000	0	(28,982)
<b>General revenues:</b>						
Property taxes				\$ 12,172,041		
Road & bridge privilege taxes				494,735		
Grants and contributions not restricted to specific programs				1,257,696		
Unrestricted investment income				81,633		736
Miscellaneous				373,471		31,987
<b>Total General Revenues</b>				<b>14,379,576</b>		<b>32,723</b>
Changes in Net Position				3,709,275		3,741
Net Position - Beginning				60,665,919		1,280,495
<b>Net Position - Ending</b>				<b>\$ 64,375,194</b>		<b>1,284,236</b>

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

PIKE COUNTY  
 Balance Sheet - Governmental Funds  
 September 30, 2014

Exhibit 3

	Major Funds					Total Governmental Funds
	General Fund	Countywide Road Maintenance Fund	Bridge Bond Projects	Gateway Industrial Park	Other Governmental Funds	
<b>ASSETS</b>						
Cash	\$ 3,561,461	2,131,933	3,639,605	3,006,288	5,787,400	18,126,687
Accrued interest receivable	381	334			573	1,288
Property tax receivable	5,732,345	1,325,593			2,980,720	10,038,658
Accounts receivable, net of allowance for uncollectible of \$749,776					837,446	837,446
Fines receivable, net of allowance for uncollectible of \$1,572,273	1,378,455					1,378,455
Loans receivable					450,000	450,000
Intergovernmental receivables	460,116	49,719			158,753	668,588
Other receivables	8,885	25,808			47,990	82,683
Due from other funds		64,481			52,936	117,417
Inventories and prepaid items	12,571				8,805	21,376
<b>Total Assets</b>	<b>\$ 11,154,214</b>	<b>3,597,868</b>	<b>3,639,605</b>	<b>3,006,288</b>	<b>10,324,623</b>	<b>31,722,598</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Claims payable	\$ 146,281	102,232	4,048	81,013	75,391	408,965
Intergovernmental payables	372,094				3,948	376,042
Due to other funds	144,934					144,934
Unearned revenue					170,328	170,328
Other payables	528,988					528,988
<b>Total Liabilities</b>	<b>1,192,297</b>	<b>102,232</b>	<b>4,048</b>	<b>81,013</b>	<b>249,667</b>	<b>1,629,257</b>
<b>Deferred Inflows of Resources</b>						
Property tax for future reporting period	5,732,345	1,325,593			2,980,720	10,038,658
Unavailable revenue - fines	1,378,455				837,446	2,215,901
<b>Total Deferred Inflows of Resources</b>	<b>7,110,800</b>	<b>1,325,593</b>	<b>0</b>	<b>0</b>	<b>3,818,166</b>	<b>12,254,559</b>

PIKE COUNTY  
 Balance Sheet - Governmental Funds  
 September 30, 2014

Exhibit 3 (Continued)

	<u>Major Funds</u>					
	<u>General Fund</u>	<u>Countywide Road Maintenance Fund</u>	<u>Bridge Bond Projects</u>	<u>Gateway Industrial Park</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balances:						
Restricted:						
General government					1,180,427	1,180,427
Public safety					2,856,140	2,856,140
Public works		2,170,043			1,305,683	3,475,726
Debt service					275,979	275,979
Economic development					450,000	450,000
Committed:						
Public safety					18,468	18,468
Economic development					4,623	4,623
Capital projects			3,635,557	2,925,275	165,470	6,726,302
Unassigned	2,851,117					2,851,117
Total Fund Balances	<u>2,851,117</u>	<u>2,170,043</u>	<u>3,635,557</u>	<u>2,925,275</u>	<u>6,256,790</u>	<u>17,838,782</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 11,154,214</u>	<u>3,597,868</u>	<u>3,639,605</u>	<u>3,006,288</u>	<u>10,324,623</u>	<u>31,722,598</u>

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

PIKE COUNTY

Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position  
September 30, 2014

Exhibit 3-1

	<u>Amount</u>
Total fund balance - governmental funds (Exhibit 3)	\$ 17,838,782
Amounts reported for governmental services in the Statement of Net Position (Exhibit 1) are different because:	
Capital assets are used in governmental activities, are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$69,153,144.	57,524,045
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	2,215,902
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(13,181,701)
Internal Service Funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the Statement of Net Position.	662
Liabilities not due and payable in the current period are not reported in the funds: Accrued bond interest payable	<u>(22,496)</u>
Total net position - governmental activities (Exhibit 1)	<u>\$ 64,375,194</u>

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

PIKE COUNTY

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds  
 For the Fiscal Year Ending September 30, 2014

Exhibit 4

	Major Funds					Total Governmental Funds
	General Fund	Countywide Road Maintenance Fund	Bridge Bond Projects	Gateway Industrial Park	Other Governmental Funds	
<b>REVENUES</b>						
Property taxes	\$ 7,273,680	1,591,885	15,766		3,290,711	12,172,042
Road and bridge privilege tax		494,735				494,735
Licenses, commissions & other	472,443				90,144	562,587
Fines and forfeitures	791,925				178,469	970,394
Intergovernmental revenues	1,624,226	925,631			774,826	3,324,683
Charges for services	442,701				1,524,380	1,967,081
Interest income	50,191	4,252	8,033	6,288	12,868	81,632
Miscellaneous revenues	274,845	30,112			53,429	358,386
<b>Total Revenues</b>	<b>10,930,011</b>	<b>3,046,615</b>	<b>23,799</b>	<b>6,288</b>	<b>5,924,827</b>	<b>19,931,540</b>
<b>EXPENDITURES</b>						
Current:						
General government	5,773,804				1,240,679	7,014,483
Public safety	4,200,600				1,170,896	5,371,496
Public works	24,774	2,739,772			2,224,105	4,988,651
Health and welfare	413,363					413,363
Culture and recreation	3,500				13,501	17,001
Conservation of natural resources	130,879					130,879
Economic development and assistance	69,524		397,253	81,013	790,076	1,337,866
Debt Service:						
Principal	52,910				705,000	757,910
Interest	3,791				308,901	312,692
Bond issue costs					7,940	7,940
<b>Total Expenditures</b>	<b>10,673,145</b>	<b>2,739,772</b>	<b>397,253</b>	<b>81,013</b>	<b>6,461,098</b>	<b>20,352,281</b>
Excess (Deficiency) of Revenue Over (Under) Expenditures	256,866	306,843	(373,454)	(74,725)	(536,271)	(420,741)

PIKE COUNTY

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds  
For the Fiscal Year Ending September 30, 2014

Exhibit 4 (Continued)

	Major Funds					Total Governmental Funds
	General Fund	Countywide Road Maintenance Fund	Bridge Bond Projects	Gateway Industrial Park	Other Governmental Funds	
OTHER FINANCING SOURCES (USES)						
Proceeds from long-term debt				3,000,000		3,000,000
Proceeds sale - capital assets	6,475	43,875				50,350
Transfers in		170,627			215,429	386,056
Transfers out	(548,076)	(13,320)			(135,056)	(696,452)
Total Other Financing Sources and Uses	<u>(541,601)</u>	<u>201,182</u>	<u>0</u>	<u>3,000,000</u>	<u>80,373</u>	<u>2,739,954</u>
Net Change in Fund Balances	(284,735)	508,025	(373,454)	2,925,275	(455,898)	2,319,213
Fund Balances - Beginning	<u>3,135,852</u>	<u>1,662,018</u>	<u>4,009,011</u>	<u>0</u>	<u>6,712,688</u>	<u>15,519,569</u>
Fund Balances - Ending	<u>\$ 2,851,117</u>	<u>2,170,043</u>	<u>3,635,557</u>	<u>2,925,275</u>	<u>6,256,790</u>	<u>17,838,782</u>

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

PIKE COUNTY

Exhibit 4-1

Reconciliation of the Statement of Revenues, Expenditures and Changes in  
Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended September 30, 2014

Net changes in fund balances - total governmental funds (Exhibit 4) \$ 2,319,213

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

Governmental funds report capital outlays as expenditures. However, in the  
Statement of Activities the cost of those assets is allocated over their estimated  
useful lives and reported as depreciation expense. Thus, the change in net position  
differs from the change in fund balances by the amount that capital outlays  
\$4,812,949 exceeded depreciation expense \$1,159,474 in the current period. 3,653,475

In the Statement of Activities, only gains and losses from the sale of capital assets  
are reported, whereas in the governmental funds, proceeds from the sale of  
capital assets increase financial resources and loss from the sale of capital  
assets decrease financial resources. Thus, the change in net position differs  
from the change in fund balances by the amount of the net gain of \$8,799 and  
the proceeds from the sale in the current period of \$50,350. (41,551)

Fine revenue recognized on the modified accrual basis in the funds during the  
current year is reduced because prior year recognition would have been required  
on the Statement of Activities using the full-accrual basis of accounting. (95,499)

Solid waste revenue recognized on the modified accrual basis in the funds during the  
current year is reduced because prior year recognition would have been required on the  
Statement of Activities using the full-accrual basis of accounting. 68,526

Debt proceeds provide current financial resources to governmental funds, but  
issuing debt increases long-term liabilities in the Statement of Net Position. Repayment  
of debt principal is an expenditure in the governmental funds, but the repayment  
reduces long-term liabilities in the Statement of Net Position. Thus, the change in  
net position differs from the change in fund balances by the amount that debt  
proceeds of \$3,000,000 exceeded debt repayments of \$757,910. (2,242,090)

Under the modified accrual basis of accounting used in the 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, 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 balances by a combination of the following items:

Accrued bond interest payable	5,903
Change in compensated absences	(5,816)

An Internal Service Fund is used by management to charge the cost of insurance  
to individual funds. The change in net position is reported within governmental activities. 47,114

Change in net position of governmental activities (Exhibit 2) \$ 3,709,275

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

PIKE COUNTY  
 Statement of Net Position - Proprietary Fund  
 September 30, 2014

Exhibit 5

	Governmental Activities
	<u>Self-Insurance Internal Service Fund</u>
ASSETS	
Current Assets:	
Other receivables	\$ <u>662</u>
Total Assets	\$ <u>662</u>
NET POSITION	
Restricted for health insurance	\$ <u>662</u>
Total Net Position	\$ <u><u>662</u></u>

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

PIKE COUNTY  
Statement of Revenues, Expenses, and Changes in Fund Net Position  
Proprietary Fund  
For the Year Ended September 30, 2014

Exhibit 6

	Governmental Activities
	Self-Insurance Internal Service Fund
OPERATING REVENUES	
Premiums	\$ 241,689
Total Operating Revenues	<u>241,689</u>
OPERATING EXPENSES	
Claims payments	443,025
Insurance premiums	39,676
Administrative fees	22,272
Total Operating Expenses	<u>504,973</u>
Operating Income (Loss)	<u>(263,284)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	2
Transfers in	310,396
Total Nonoperating Revenue (Expenses)	<u>310,398</u>
Change in Net Position	47,114
Total Net Position - Beginning	<u>(46,452)</u>
Total Net Position - Ending	<u>\$ 662</u>

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

PIKE COUNTY  
Statement of Cash Flows - Proprietary Fund  
For the Year Ended September 30, 2014

Exhibit 7

	Governmental Activities
	<u>Self-Insurance Internal Service Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from premiums	\$ 361,117
Payments to administrator for services	(22,272)
Payments for re-insurance premiums	(45,995)
Payments for insurance claims	(603,248)
Net Cash Provided (Used) by Operating Activities	<u>(310,398)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfers from other funds	310,396
Net Cash Provided (Used) by Noncapital Financing Activities	<u>310,396</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest on investments	2
Net Cash Provided (Used) by Investing Activities	<u>2</u>
Net Increase (Decrease) in Cash and Cash Equivalents	0
Cash and Cash Equivalents - Beginning of Year	<u>0</u>
Cash and Cash Equivalents - End of Year	<u>\$ 0</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>	
Operating income (loss)	\$ (263,284)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:	
Change in assets and liabilities:	
(Increase) decrease in other receivables	119,428
Increase (decrease) in accounts payable	(6,319)
Increase (decrease) in claims and judgements payable	(160,223)
Total adjustments	<u>(47,114)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (310,398)</u>

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

PIKE COUNTY  
Statement of Fiduciary Assets and Liabilities  
September 30, 2014

Exhibit 8

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash	\$ 474,835
Accrued interest receivable	8
Due from other funds	27,517
Other receivable	<u>2,530</u>
 Total Assets	 \$ <u><u>504,890</u></u>
<b>LIABILITIES</b>	
Claims payable	\$ 74,748
Intergovernmental payables	<u>430,142</u>
 Total Liabilities	 \$ <u><u>504,890</u></u>

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

## PIKE COUNTY

### Notes to the Financial Statements For the Year Ended September 30, 2014

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

Pike County is a political subdivision of the State of Mississippi. The county is governed by an elected five-member Board of Supervisors. Accounting principles generally accepted in the United States of America require Pike County to present these financial statements on the primary government and its component units which have significant operational or financial relationships with the county.

State law pertaining to county government provides for the independent election of county officials. The following elected and appointed officials are all part of the county legal entity and, therefore, are reported as part of the primary government financial statements.

- Board of Supervisors
- Chancery Clerk
- Circuit Clerk
- Justice Court Clerk
- Purchase Clerk
- Tax Assessor-Collector
- Sheriff

B. Individual Component Unit Disclosures.

Discretely Presented Component Units

The component unit column in the financial statements includes the financial data of the following component unit of the county. It is reported in a separate column to emphasize that it is legally separate from the county. A majority of the members of the governing body of this component unit is appointed by the county Board of Supervisors.

Pike County Economic Development District is a legally separate entity organized under Section 57-31-1, Miss. Code Ann. (1972), for the purpose of promoting economic development within the county. The entity is governed by an 11-member board of directors. Pike County appoints six board members; one from each supervisor district and one at-large. The Cities of McComb, Summit, Osyka and Magnolia each appoint one board member. The Pike County Chamber of Commerce appoints one board member. Pike County funds almost all of the entity's entire operating budget.

C. Basis of Presentation.

The county's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities and fund financial statements and accompanying note disclosures, which provide a detailed level of financial information.

## PIKE COUNTY

### Notes to the Financial Statements For the Year Ended September 30, 2014

#### Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information concerning the county as a whole. The statements include all nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental revenues and other nonexchange revenues. The primary government is reported separately from its legally separate component unit for which the primary government is financially accountable.

The Statement of Net Position presents the financial condition of the governmental activities of the county at year-end. The Government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of the county's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other revenues not classified as program revenues, are presented as general revenues of the county, with certain limited exceptions. Internal service fund balances have been eliminated against the expenses and program revenue. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the county.

#### Fund Financial Statements:

Fund financial statements of the county are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues and expenditures. Funds are organized into governmental, proprietary and fiduciary. Major individual Governmental Funds and major individual Proprietary Funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

#### D. Measurement Focus and Basis of Accounting.

The Government-wide, Proprietary Funds and Fiduciary Funds (excluding Agency Funds) financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Shared revenues are recognized when the provider government recognizes the liability to the county. Grants are recognized as revenues as soon as all eligibility requirements have been satisfied. Agency funds have no measurement focus, but use the accrual basis of accounting.

The county's Proprietary Fund applies all applicable Governmental Accounting Standards Board (GASB) pronouncements and only the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

The revenues and expenses of the Proprietary Fund are classified as operating or nonoperating. Operating revenues and expenses generally result from providing services in connection with a Proprietary Fund's primary operations. All other revenues and expenses are reported as nonoperating.

PIKE COUNTY

Notes to the Financial Statements  
For the Year Ended September 30, 2014

Governmental financial statements are presented using a current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period when they are both measurable and available to finance operations during the year or to liquidate liabilities existing at the end of the year. Available means collected in the current period or within 60 days after year-end to liquidate liabilities existing at the end of the year. Measurable means knowing or being able to reasonably estimate the amount. Expenditures are recognized in the accounting period when the related fund liabilities are incurred. Debt service expenditures and expenditures related to compensated absences and claims and judgments, are recognized only when payment is due. Property taxes, state appropriations and federal awards are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period.

The county reports the following major Governmental Funds:

General Fund - This fund is used to account for all activities of the general government for which a separate fund has not been established.

Countywide Road Maintenance Fund - This fund is used to account for monies from specific revenue sources that are restricted for road maintenance.

Bridge Bond Projects - This capital project fund is used to account for monies from a bond issue that are committed for bridge construction.

Gateway Industrial Park - This capital project fund is used to account for monies from a bond issue that are committed for economic development.

The county reports the following major Proprietary Fund:

Self-Insurance Internal Service Fund - This fund is used to account for the health insurance activities provided to governmental departments on a cost reimbursement basis.

Additionally, the county reports the following fund types:

GOVERNMENTAL FUND TYPES

Special Revenue Funds - These funds are used to account for the proceeds of specific revenue sources (other than for major capital projects) that are legally restricted to expenditures for specified purposes. Special Revenue Funds account for, among others, certain federal grant programs, taxes levied with statutorily defined distributions and other resources restricted as to purpose.

Debt Service Funds - These funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Capital Projects Funds - These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities. Such resources are derived principally from proceeds of general obligation bond issues and federal grants.

PROPRIETARY FUND TYPE

Internal Service Funds - These funds are used to account for those operations that provide services to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis. The county's internal service fund reports on self-insurance programs for employee medical benefits.

PIKE COUNTY

Notes to the Financial Statements  
For the Year Ended September 30, 2014

FIDUCIARY FUND TYPE

Agency Funds - These funds account for various taxes, deposits and other monies collected or held by the county, acting in the capacity of an agent, for distribution to other governmental units or designated beneficiaries.

E. Account Classifications.

The account classifications used in the financial statements conform to the broad classifications recommended in *Governmental Accounting, Auditing and Financial Reporting* as issued in 2012 by the Government Finance Officers Association.

F. Deposits and Investments.

State law authorizes the county to invest in interest bearing time certificates of deposit for periods of fourteen days to one year with depositories and in obligations of the U.S. Treasury, State of Mississippi, or any county, municipality or school district of this state. Further, the county may invest in certain repurchase agreements.

Cash includes cash on hand, demand deposits, all certificates of deposit and cash equivalents, which are short-term highly liquid investments that are readily convertible to cash (generally three months or less). Investments in governmental securities are stated at fair value. However, the county did not invest in any governmental securities during the fiscal year.

G. Receivables.

Receivables are reported net of allowances for uncollectible accounts, where applicable.

H. Interfund Transactions and Balances.

Transactions between funds that are representative of short-term lending/borrowing arrangements and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as "due to/from other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

I. Inventories and Prepaid Items.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items, such as prepaid insurance, are not reported for Governmental Fund Types since the costs of such items are accounted for as expenditures in the period of acquisition.

PIKE COUNTY

Notes to the Financial Statements  
For the Year Ended September 30, 2014

J. Capital Assets.

Capital acquisition and construction are reflected as expenditures in Governmental Fund statements and the related assets are reported as capital assets in the governmental activities column in the government-wide financial statements. All purchased capital assets are stated at historical cost where records are available and at an estimated historical cost where no records exist. Capital assets include significant amounts of infrastructure which have been valued at estimated historical cost. The estimated historical cost was based on replacement cost multiplied by the consumer price index implicit price deflator for the year of acquisition. The extent to which capital assets, other than infrastructure, costs have been estimated and the methods of estimation are not readily available. Donated capital assets are recorded at estimated fair market value at the time of donation. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend their respective lives are not capitalized; however, improvements are capitalized. Interest expenditures are not capitalized on capital assets.

Capitalization thresholds (dollar value above which asset acquisitions are added to the capital asset accounts) and estimated useful lives are used to report capital assets in the government-wide statements. Depreciation is calculated on the straight-line basis for all assets, except land. A full year's depreciation expense is taken for all purchases and sales of capital assets during the year. The following schedule details those thresholds and estimated useful lives:

	Capitalization Thresholds	Estimated Useful Life
Land	\$ 0	N/A
Infrastructure	0	20-50 years
Buildings	50,000	40 years
Improvements other than buildings	25,000	20 years
Mobile equipment	5,000	5-10 years
Furniture and equipment	5,000	3-7 years
Leased property under capital leases	*	*

\* Leased property capitalization policy and estimated useful life will correspond with the amounts for the asset classification, as listed above.

K. Deferred Inflows of Resources.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Property tax for future reporting period – property taxes – Deferred inflows of resources should be reported when resources associated with imposed nonexchange revenue transactions are received or reported as a receivable before the period for which property taxes are levied.

Unavailable revenue – When an asset is recorded in the governmental fund financial statements but the revenue is not available, the government should report a deferred inflow of resources until such time as the revenue becomes available. Included in this category are:

Fines

PIKE COUNTY

Notes to the Financial Statements  
For the Year Ended September 30, 2014

L. Long-term Liabilities.

Long-term liabilities are the unmatured principal of bonds, loans, notes or other forms of noncurrent or long-term general obligation indebtedness. Long-term liabilities are not limited to liabilities from debt issuances, but may also include liabilities on lease purchase agreements and other commitments.

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities, Statement of Net Position.

M. Equity Classifications.

Government-wide Financial Statements:

Equity is classified as net position and displayed in three components:

Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings attributable to the acquisition, construction or improvement of those assets.

Restricted net position - Consists of net position 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" or "net investment in capital assets."

Net Position Flow Assumption:

When an expense is incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) resources are available, it is the county's general policy to use restricted resources first. When expenses are incurred for purposes for which unrestricted (committed and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the county's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

Fund Financial Statements:

Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on specific purposes for which amounts in those funds can be spent.

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

Non-spendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints. The county currently has no amount reported as non-spendable fund balance.

Restricted - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation. The county currently has \$8,238,272 reported as restricted fund balance.

## PIKE COUNTY

### Notes to the Financial Statements For the Year Ended September 30, 2014

Committed - includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end. The county currently has \$6,749,393 reported as committed fund balance.

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

#### Fund Balance Flow Assumption:

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed or unassigned) resources are available, it is the county's general policy to use restricted resources first. When expenditures are incurred for purposes for which unrestricted (committed, assigned and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the county's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

#### N. Property Tax Revenues.

Numerous statutes exist under which the Board of Supervisors may levy property taxes. The selection of authorities is made based on the objectives and responsibilities of the county. Restrictions associated with property tax levies vary with the statutory authority. The amount of increase in certain property taxes is limited by state law. Generally, this restriction provides that these tax levies shall produce no more than 110% of the amount which resulted from the assessments of the previous year.

The Board of Supervisors, each year at a meeting in September, levies property taxes for the ensuing fiscal year which begins on October 1. Real property taxes become a lien on January 1 of the current year, and personal property taxes become a lien on March 1 of the current year. Taxes on both real and personal property, however, are due on or before February 1 of the next succeeding year. Taxes on motor vehicles and mobile homes become a lien and are due in the month that coincides with the month of original purchase.

Accounting principles generally accepted in the United States of America require property taxes to be recognized at the levy date if measurable and available. All property taxes are recognized as revenue in the year for which they are levied. Motor vehicle and mobile home taxes do not meet the measurability and collectibility criteria for property tax recognition because the lien and due date cannot be established until the date of original purchase occurs.

#### O. Intergovernmental Revenues in Governmental Funds.

Intergovernmental revenues, consisting of grants, entitlements and shared revenues, are usually recorded in Governmental Funds when measurable and available. However, the "available" criterion applies for certain federal grants and shared revenues when the expenditure is made because expenditure is the prime factor for determining eligibility. Similarly, if cost sharing or matching requirements exist, revenue recognition depends on compliance with these requirements.

#### P. Compensated Absences.

The county has adopted a policy of compensation for accumulated unpaid employee personal leave. No payment is authorized for accrued major medical leave. Accounting principles generally accepted in the United States of America require accrual of accumulated unpaid employee benefits as long-term liabilities in the government-wide financial statements. In fund

PIKE COUNTY

Notes to the Financial Statements  
For the Year Ended September 30, 2014

financial statements, Governmental Funds report the compensated absence liability payable only if the payable has matured, for example an employee resigns or retires.

(2) Deposits.

The carrying amount of the county's total deposits with financial institutions at September 30, 2014, was \$18,601,522, and the bank balance was \$19,823,885. The carrying amount of the component unit's total deposits with financial institutions at September 30, 2014, was \$399,969, and the bank balance was \$418,445. The collateral for public entities' deposits in financial institutions is 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 Deposit Insurance Corporation (FDIC).

**Custodial Credit Risk - Deposits.** Custodial credit risk is the risk that in the event of the failure of a financial institution, the county will not be able to recover deposits or collateral securities that are in the possession of an outside party. The county does not have a formal policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the county. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the county.

(3) Interfund Transactions and Balances.

The following is a summary of interfund balances at September 30, 2014:

A. Due From/To Other Funds:

Receivable Fund	Payable Fund	Amount
Countywide Road	General Fund	\$ 64,481
Other Governmental Funds	General Fund	52,936
Agency Funds	General Fund	27,517
Total		\$ 144,934

All amounts listed are the tax revenues or court fees collected but not settled until October, 2014. All interfund balances are expected to be repaid within one year from the date of the financial statements.

PIKE COUNTY

Notes to the Financial Statements  
For the Year Ended September 30, 2014

B. Transfers In/Out:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Other Governmental Funds	General Fund	\$ 110,600
Other Governmental Funds	Other Governmental Funds	104,829
Countywide Road Maintenance	General Fund	147,000
Countywide Road Maintenance	Other Governmental Funds	23,627
Internal Service Fund	General Fund	290,476
Internal Service Fund	Countywide Road Maintenance	13,320
Internal Service Fund	Other Governmental Funds	6,600
Total		<u>\$ 696,452</u>

The principal purpose of interfund transfers was to allocate Grand Gulf proceeds received from the state, to allocate reappraisal escrow funds, to cover health insurance claims, and to transfer released seizure funds. All interfund transfers were routine and consistent with the activities of the fund making the transfer.

(4) Intergovernmental Receivables.

Intergovernmental receivables at September 30, 2014, consisted of the following:

<u>Description</u>	<u>Amount</u>
Legislative tag credit	\$ 221,371
Oil severance	57,641
Heavy truck privilege tax	19,127
Motor vehicle fuel tax	26,903
Reimbursement for prisoners	50,394
Grants	236,909
Other	56,243
Total Governmental Activities	<u>\$ 668,587</u>

(5) Loans Receivable.

Loans receivable balances at September 30, 2014, are as follows:

<u>Description</u>	<u>Date of Loan</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance Payable</u>
Low income housing loan	3/10/2000	1.00%	3/10/2050	\$ 450,000

PIKE COUNTY

Notes to the Financial Statements  
For the Year Ended September 30, 2014

(6) Capital Assets.

The following is a summary of capital assets activity for the year ended September 30, 2014:

Governmental Activities:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Adjustments *</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 2,016,201	1,321,680			3,337,881
Construction in progress	300,808	2,767,065		(142,896)	2,924,977
Total capital assets, not being depreciated	<u>2,317,009</u>	<u>4,088,745</u>	<u>0</u>	<u>(142,896)</u>	<u>6,262,858</u>
Capital assets, being depreciated:					
Buildings	17,561,639				17,561,639
Improvements other than buildings	1,065,361				1,065,361
Mobile equipment	5,553,911	393,183	(394,404)		5,552,690
Furniture and equipment	1,164,792	206,078	(210,648)		1,160,222
Infrastructure	94,806,580	124,943		142,896	95,074,419
Total capital assets being depreciated	<u>120,152,283</u>	<u>724,204</u>	<u>(605,052)</u>	<u>142,896</u>	<u>120,414,331</u>
Less: Accumulated depreciation for:					
Buildings	5,109,168	346,572			5,455,740
Improvements other than buildings	198,200	33,126			231,326
Mobile equipment	4,047,068	334,699	(354,960)		4,026,807
Furniture and equipment	818,004	182,047	(208,541)		791,510
Infrastructure	58,384,731	263,030			58,647,761
Total accumulated depreciation	<u>68,557,171</u>	<u>1,159,474</u>	<u>(563,501)</u>	<u>0</u>	<u>69,153,144</u>
Total capital assets, being depreciated, net	<u>51,595,112</u>	<u>(435,270)</u>	<u>(41,551)</u>	<u>142,896</u>	<u>51,261,187</u>
Governmental activities capital assets, net	<u>\$ 53,912,121</u>	<u>3,653,475</u>	<u>(41,551)</u>	<u>0</u>	<u>57,524,045</u>

\* Adjustments are made to capital assets to transfer completed projects from construction in progress to infrastructure.

Depreciation expense was charged to the following functions:

Governmental activities:	
General government	\$ 361,456
Public safety	238,342
Public works	456,649
Health and welfare	40,724
Culture and recreation	55,713
Economic development and assistance	<u>6,590</u>
Total depreciation expense - governmental activities	<u>\$ 1,159,474</u>

PIKE COUNTY

Notes to the Financial Statements  
For the Year Ended September 30, 2014

COMPONENT UNIT - PIKE COUNTY ECONOMIC DEVELOPMENT DISTRICT

The following is a summary of capital assets activity for the year ended September 30, 2014:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 881,895			881,895
Total capital assets, not being depreciated	<u>881,895</u>	<u>0</u>	<u>0</u>	<u>881,895</u>
Capital assets, being depreciated:				
Machinery & equipment	54,528	5,690		60,218
Total capital assets being depreciated	<u>54,528</u>	<u>5,690</u>	<u>0</u>	<u>60,218</u>
Less: Accumulated depreciation for:				
Machinery & equipment	33,481	4,094		37,575
Total accumulated depreciation	<u>33,481</u>	<u>4,094</u>	<u>0</u>	<u>37,575</u>
Total capital assets, being depreciated, net	<u>21,047</u>	<u>1,596</u>	<u>0</u>	<u>22,643</u>
Governmental activities capital assets, net	<u>\$ 902,942</u>	<u>1,596</u>	<u>0</u>	<u>904,538</u>

(7) Claims and Judgments.

Risk Financing.

The county finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The county pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2014, to January 1, 2015. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

In 2014, the county changed from self-funded employee health, accident and dental coverage to a fully-insured employee health, accident and dental plan. Pike County pays the premium on a single coverage policy for its respective employees. Employees desiring additional and/or dependent coverage pay the additional premium through a payroll deduction.

PIKE COUNTY

Notes to the Financial Statements  
For the Year Ended September 30, 2014

Prior to this change, the county was exposed to risk of loss relating to employee health, accident and dental coverage. Beginning in January 2002, and pursuant to Section 25-15-101, Miss. Code Ann. (1972), the county established a risk management fund (included as an Internal Service Fund) to account for and finance its uninsured risk of loss. Under the plan, amounts payable to the risk management fund were based on actuarial estimates. The county had a minimum uninsured risk retention to the extent that actual claims submitted exceed the predetermined premium. The county implemented the following plan to minimize this potential loss:

The county purchased coinsurance which functions as a specific stop loss coverage. This coverage was purchased from an outside commercial carrier. For the current fiscal year, the specific coverage begins when an individual participant's claim exceeds \$60,000.

Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). At September 30, 2014, there was no liability because all claims had been paid and the self-funded plan was closed. An analysis of claims activities is presented below:

	<u>2013</u>	<u>2014</u>
Claims Liability, Beginning of Fiscal Year	\$ 101,764	160,223
Incurred Claims	1,471,208	443,025
Claim Payments	<u>1,412,749</u>	<u>603,248</u>
Claims Liability, End of Fiscal Year	<u>\$ 160,223</u>	<u>0</u>

(8) Long-term Debt.

Debt outstanding as of September 30, 2014, consisted of the following:

<u>Description and Purpose</u>	<u>Amount Outstanding</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>
Governmental Activities:			
A. General Obligation Bonds:			
Series 2012A, John E. Lewis Drive	\$ 1,245,000	1.80% - 2.50%	04/01/2022
Jail renovation	2,200,000	4.00 - 5.50%	08/01/2026
Refunding issue 2011	1,185,000	2.00 - 3.25%	07/01/2021
Series 2012B, bridge bonds	5,090,000	2.40 - 3.40%	10/01/2032
Industrial park bonds	<u>3,000,000</u>	5.25%	09/15/2034
Total General Obligation Bonds	<u>\$ 12,720,000</u>		
B. Loans:			
Mark Street loan, Trustmark National Bank	<u>\$ 168,155</u>	1.92%	09/15/2017
Total Loans	<u>\$ 168,155</u>		

PIKE COUNTY

Notes to the Financial Statements  
For the Year Ended September 30, 2014

Annual debt service requirements to maturity for the following debt reported in the Statement of Net Position are as follows:

Governmental Activities:

Year Ending September 30,	General Obligation Bonds		Other Loans	
	Principal	Interest	Principal	Interest
2015	\$ 830,000	438,855	54,980	2,748
2016	850,000	410,500	56,045	1,681
2017	880,000	383,530	57,130	596
2018	900,000	354,835		
2019	780,000	324,881		
2020-2024	3,655,000	1,227,944		
2025-2029	2,755,000	682,981		
2029-2034	2,070,000	238,955		
Total	\$ 12,720,000	4,062,482	168,155	5,026

Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the county is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the county, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the county. As of September 30, 2014, the amount of outstanding debt was equal to 3.72% of the latest property assessments.

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2014:

	Balance Oct. 1, 2013	Additions	Reductions	Balance Sept. 30, 2014	Amount due within one year
Governmental Activities:					
Compensated absences	\$ 287,730	5,816		293,546	
General obligation bonds	10,425,000	3,000,000	705,000	12,720,000	830,000
Other loans	221,065		52,910	168,155	54,980
Total	\$ 10,933,795	3,005,816	757,910	13,181,701	884,980

Compensated absences will be paid from the fund from which the employees' salaries were paid which are generally the General Fund and the Road Maintenance Fund.

## PIKE COUNTY

### Notes to the Financial Statements For the Year Ended September 30, 2014

(9) Contingencies.

Federal Grants - The county has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a grantor audit may become a liability of the county. No provision for any liability that may result has been recognized in the county's financial statements.

Litigation - The county is party to legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate ultimate outcome or liability, if any, of the county with respect to the various proceedings. However, the county's legal counsel believes that ultimate liability resulting from these lawsuits will not have a material adverse effect on the financial condition of the county.

(10) Joint Ventures.

The county participates in the following joint ventures:

Pike County participates in an interlocal agreement pertaining to a Multi-Jurisdictional Narcotics Enforcement Unit formed collectively with Walthall and Lincoln Counties, the municipalities of McComb and Brookhaven, the District Attorney's Office of the Fourteenth Circuit Court District and the Mississippi Bureau of Narcotics. The interlocal narcotics agreement, authorized under Sections 17-13-1 through 17-13-11, Miss. Code Ann. (1972), was formed as a joint effort to provide the maximum effectiveness and efficiency in the enforcement of the criminal laws of the state regarding controlled substances. Pike County's annual share of financing the unit is \$13,000, which is appropriated from the General Fund. These non-tax revenues are received from seizures made by the Narcotics Enforcement Unit and subsequently forfeited by the defendants through the courts. The agreement terminates yearly but may be renewed by the parties hereto. The county's intention is to renew, yearly, its commitment to the agreement for the indefinite future.

Pike County is a participant with the City of McComb in a joint venture, authorized by Section 61-3-5, Miss. Code Ann. (1972), to operate the McComb-Pike County Airport. The joint venture was created to furnish the McComb-Pike County area with air service. The two entities each appoint three members to the six-member board of commissioners. The county's contribution to the joint venture was \$32,112 in fiscal year 2014. Complete financial statements for the McComb-Pike County Airport can be obtained from 2051 John E. Lewis Drive, McComb, MS 39648.

Pike County is a participant with Amite County and the City of McComb in a joint venture, authorized by Section 41-13-15, Miss. Code Ann. (1972), to operate the Southwest Mississippi Regional Medical Center. The joint venture was created to provide medical service for the residents of the local area and is governed by seven board members. One member is appointed by Amite County, two by Pike County, two by the City of McComb and two jointly by Pike County and the City of McComb. The hospital is basically self-supporting. However, the counties and city have the power to approve or disapprove the hospital's budget and are authorized to levy taxes for the maintenance and operation of the hospital. Complete financial statements for the Southwest Mississippi Regional Medical Center can be obtained from 215 Marion Avenue, McComb, MS 39648.

## PIKE COUNTY

### Notes to the Financial Statements For the Year Ended September 30, 2014

Pike County is a participant with the Counties of Amite and Walthall in a joint venture, authorized by Section 39-3-11, Miss. Code Ann. (1972), to operate the Pike-Amite-Walthall Regional Library System. The joint venture was created to provide library service for the three counties and is governed by five board members. The Counties of Amite and Pike appoint two board members each and Walthall County appoints one board member. By contractual agreement, the county's appropriation to the joint venture was \$340,400 in fiscal year 2014. Complete financial statements for the Pike-Amite-Walthall Regional Library System can be obtained from 1022 Virginia Avenue, McComb, MS 39648.

#### (11) Jointly Governed Organizations.

The county participates in the following jointly governed organizations:

Southwest Mississippi Planning and Development District operates in a district composed of the Counties of Adams, Amite, Claiborne, Franklin, Jefferson, Lawrence, Lincoln, Pike, Walthall and Wilkinson. The Pike County Board of Supervisors appoints four of the 40 members of the board of directors. The county appropriated \$59,144 for support of the district in fiscal year 2014.

Southwest Mississippi Mental Health Complex operates in a district composed of the Counties of Adams, Amite, Claiborne, Franklin, Jefferson, Lawrence, Lincoln, Pike, Walthall and Wilkinson. The Pike County Board of Supervisors appoints one of the ten members of the board of commissioners. The county appropriated \$89,450 for its support in fiscal year 2014.

Southwest Mississippi Community College operates in a district composed of the Counties of Amite, Pike, Walthall and Wilkinson. The Pike County Board of Supervisors appoints six of the 14 members of the college board of trustees. The county appropriated \$1,558,173 for the operations and maintenance of the college in fiscal year 2014.

Southwest Mississippi Development Corporation operates in a district comprised of the Counties of Adams, Amite, Claiborne, Franklin, Jefferson, Lawrence, Lincoln, Pike, Walthall and Wilkinson. The entity is governed by ten members appointed by each county's lead industrial foundation or chamber of commerce. If no industrial foundation or chamber of commerce is present, the member is appointed by the county's Board of Supervisors. The member counties provide only modest financial support for the entity.

#### (12) Defined Benefit Pension Plan.

**Plan Description.** Pike County, 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. 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, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

**Funding Policy.** PERS members are required to contribute 9% of their annual covered salary, and the county is required to contribute at an actuarially determined rate. The rate at September 30, 2014 was 15.75% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The county's contributions (employer share only) to PERS for the years ending September 30, 2014, 2013 and 2012 were \$1,120,301, \$1,076,018 and \$914,830, respectively, equal to the required contributions for each year.

PIKE COUNTY

Notes to the Financial Statements  
For the Year Ended September 30, 2014

Funding Policy for the Pike County Economic Development District. PERS members are required to contribute 9% of their annual covered salary, and the district is required to contribute at an actuarially determined rate. The rate at September 30, 2013 was 15.75% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The district's contributions (employer share only) to PERS for the years ending September 30, 2014, 2013 and 2012 were \$21,137, \$27,512 and \$24,362, respectively, equal to the required contributions for each year.

(13) Subsequent Events.

Pike County has evaluated events and transactions for potential recognition or disclosure through December 17, 2015, which is the date the financial statements were available to be issued.

As of December 17, 2015, Pike County issued the following debt obligation:

General obligation bonds with variable interest rates, issued April 15, 2015, in the amount of \$900,000, to be financed with ad valorem taxes.

PIKE COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

PIKE COUNTY  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis)  
 General Fund  
 For the Year Ended September 30, 2014

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 7,034,500	7,270,016	7,270,016	
Licenses, commissions and other revenue	560,000	461,684	461,684	
Fines and forfeitures	1,033,000	807,808	807,808	
Intergovernmental revenues	1,616,591	1,582,491	1,582,491	
Charges for services	397,500	452,117	452,117	
Interest income	38,194	50,230	50,230	
Miscellaneous revenues	238,700	259,920	259,920	
Total Revenues	<u>10,918,485</u>	<u>10,884,266</u>	<u>10,884,266</u>	<u>0</u>
<b>EXPENDITURES</b>				
Current:				
General government	5,793,537	5,832,057	5,832,057	
Public safety	4,188,461	4,208,416	4,208,416	
Public works	26,000	32,112	32,112	
Health and welfare	442,881	418,204	418,204	
Culture and recreation	3,500	3,500	3,500	
Conservation of natural resources	160,048	130,085	130,085	
Economic development and assistance	67,408	70,089	70,089	
Debt service:				
Principal	54,000	53,935	53,935	
Interest	3,800	3,791	3,791	
Total Expenditures	<u>10,739,635</u>	<u>10,752,189</u>	<u>10,752,189</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>178,850</u>	<u>132,077</u>	<u>132,077</u>	<u>0</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Long-term debt issued				
Proceeds sale - capital assets	5,000	6,475	6,475	
Transfers in	47,275	308,275	308,275	
Transfers out	(534,275)	(856,351)	(856,351)	
Total Other Financing Sources and Uses	<u>(482,000)</u>	<u>(541,601)</u>	<u>(541,601)</u>	<u>0</u>
Net Change in Fund Balance	(303,150)	(409,524)	(409,524)	
Fund Balances - Beginning	<u>2,326,850</u>	<u>3,011,919</u>	<u>3,011,919</u>	
Fund Balances - Ending	<u>\$ 2,023,700</u>	<u>2,602,395</u>	<u>2,602,395</u>	<u>0</u>

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

PIKE COUNTY  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis)  
 Countywide Road Maintenance Fund  
 For the Year Ended September 30, 2014

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 1,555,000	1,591,563	1,591,563	
Road and bridge privilege taxes	480,000	492,403	492,403	
Intergovernmental revenues	773,500	868,946	868,946	
Interest income	4,000	4,171	4,171	
Miscellaneous revenues	2,650	4,303	4,303	
Total Revenues	<u>2,815,150</u>	<u>2,961,386</u>	<u>2,961,386</u>	<u>0</u>
<b>EXPENDITURES</b>				
Current:				
Public works	3,180,151	2,668,384	2,668,384	
Debt service:				
Principal	114,000			
Total Expenditures	<u>3,294,151</u>	<u>2,668,384</u>	<u>2,668,384</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>(479,001)</u>	<u>293,002</u>	<u>293,002</u>	<u>0</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of assets		43,875	43,875	
Transfers in	404,000	170,627	170,627	
Transfers out		(13,320)	(13,320)	
Total Other Financing Sources and Uses	<u>404,000</u>	<u>201,182</u>	<u>201,182</u>	<u>0</u>
Net Change in Fund Balance	(75,001)	494,184	494,184	
Fund Balances - Beginning	<u>1,425,000</u>	<u>1,696,433</u>	<u>1,696,433</u>	
Fund Balances - Ending	<u>\$ 1,349,999</u>	<u>2,190,617</u>	<u>2,190,617</u>	<u>0</u>

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

PIKE COUNTY

Notes to the Required Supplementary Information  
For the Year Ended September 30, 2014

A. Budgetary Information.

Statutory requirements dictate how and when the county's budget is to be prepared. Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the Board of Supervisors of the county, using historical and anticipated fiscal data and proposed budgets submitted by the Sheriff and the Tax Assessor-Collector for his or her respective department, prepares an original budget for each of the Governmental Funds for said fiscal year. The completed budget for the fiscal year includes for each fund 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 Supervisors that budgetary estimates will not be met, it may make revisions to the budget.

The county's budget is prepared principally 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 legally adopted budget, the final legally 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 each major Special Revenue Fund. The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) is a part of required supplemental information.

C. Budget/GAAP Reconciliation.

The major differences between the budgetary basis and the GAAP basis are:

1. Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

The following schedule reconciles the budgetary basis schedules to the GAAP basis financial statements for the General Fund and the major Special Revenue Fund:

	<u>Governmental Fund Types</u>	
	<u>General Fund</u>	<u>Countywide Road Maintenance Fund</u>
Net Change in Fund Balance - Budget (Cash Basis)	\$ (409,524)	494,184
Increase (decrease):		
Net adjustments for revenue accruals	45,745	85,229
Net adjustments for expenditure accruals	79,044	(71,388)
Net Change in Fund Balance GAAP Basis	<u>\$ (284,735)</u>	<u>508,025</u>

PIKE COUNTY

OTHER INFORMATION

PIKE COUNTY  
Schedule of Surety Bonds for County Officials - UNAUDITED  
For the Year Ended September 30, 2014

Name	Position	Company	Bond
Tazwell Bowsky	Supervisor District 1	Western Surety	\$100,000
Faye Hodges	Supervisor District 2	Western Surety	\$100,000
Chuck E. Lambert	Supervisor District 3	Western Surety	\$100,000
Luther Brewer	Supervisor District 4	Western Surety	\$100,000
Gary Honea	Supervisor District 5	Western Surety	\$100,000
Andrew Alford	County Administrator	RLI Surety	\$100,000
Doug Touchstone	Chancery Clerk	Western Surety	\$100,000
Tanuyon Dangerfield	Purchase Clerk	Western Surety	\$75,000
Andrew Alford	Assistant Purchase Clerk	RLI Surety	\$50,000
Karen Robinson	Receiving Clerk	Western Surety	\$75,000
Velma Royal	Assistant Receiving Clerk	Western Surety	\$50,000
Gwen Nunnery	Tax Collector	Western Surety	\$100,000
Patricia Honea	Inventory Control Clerk	Western Surety	\$75,000
Michael Duncan	Road Manager	Western Surety	\$75,000
Dennis Johnson	Constable	Brierfield	\$50,000
Billy Young	Constable	Western Surety	\$50,000
Oliver James	Constable	Western Surety	\$50,000
Roger Graves	Circuit Clerk	Western Surety	\$100,000
Mark Shepherd	Sheriff	Western Surety	\$100,000
Aubrey Rimes	Justice Court Judge	Western Surety	\$50,000
Melvin Hollins	Justice Court Judge	Western Surety	\$50,000
Bryan Harbour	Justice Court Judge	Western Surety	\$50,000
Sharon Miller	Justice Court Clerk	Western Surety	\$50,000
Loretta Conerly	Deputy Justice Court Clerk	Western Surety	\$50,000
Pam Williams	Deputy Justice Court Clerk	Western Surety	\$50,000
Linda Moore	Deputy Justice Court Clerk	Western Surety	\$50,000
Latoya Todd	Deputy Justice Court Clerk	Western Surety	\$50,000
Danyelle Martin	Deputy Justice Court Clerk	Western Surety	\$50,000
Jim Duckworth	Tax Assessor	Western Surety	\$50,000

PIKE COUNTY

SPECIAL REPORTS

# Windham and Lacey, PLLC

*Certified Public Accountants*

---

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

Members:  
American Institute of CPAs  
Mississippi Society of CPAs

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

Members of the Board of Supervisors  
Pike County, Mississippi

We have audited, 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, the financial statements of the governmental activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Pike County, Mississippi, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the county's basic financial statements and have issued our report thereon dated December 17, 2015.

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

In planning and performing our audit, we considered Pike County, Mississippi's internal control to determine the auditing 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 county's internal control. Accordingly, we do not express an opinion on the effectiveness of the county'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 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.

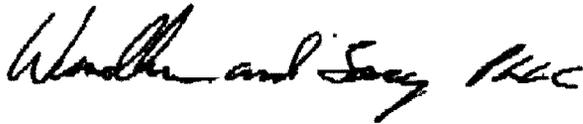
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 Pike County, Mississippi's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Purpose of this Report

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



Windham and Lacey, PLLC  
December 17, 2015

# Windham and Lacey, PLLC

*Certified Public Accountants*

---

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

Members:  
American Institute of CPAs  
Mississippi Society of CPAs

INDEPENDENT ACCOUNTANT'S REPORT ON  
CENTRAL PURCHASING SYSTEM,  
INVENTORY CONTROL SYSTEM AND  
PURCHASE CLERK SCHEDULES  
(REQUIRED BY SECTION 31-7-115, MISS. CODE ANN. (1972))

Members of the Board of Supervisors  
Pike County, Mississippi

We have examined Pike County, Mississippi's compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972), and compliance with the purchasing requirements in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972), during the year ended September 30, 2014. The Board of Supervisors of Pike County, Mississippi is responsible for the county's compliance with those requirements. Our responsibility is to express an opinion on the county's compliance based on our examination.

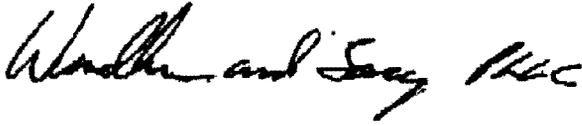
Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly included examining, on a test basis, evidence about the county's compliance with those requirements and performing other procedures as we considered necessary in the circumstances. We believe our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the county's compliance with specified requirements. The Board of Supervisors of Pike County, Mississippi, has established centralized purchasing for all funds of the county and has established an inventory control system. The objective of the central purchasing system is to provide reasonable, but not absolute, assurance that purchases are executed in accordance with state law.

Because of the inherent limitations in any central purchasing system and inventory control system, errors or irregularities may occur and not be detected. Also, projection of any current evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

In our opinion, Pike County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2014.

The accompanying schedules of (1) purchases not made from the lowest bidder, (2) emergency purchases and (3) purchases made noncompetitively from a sole source are presented in accordance with Section 31-7-115, Miss. Code Ann. (1972). The information contained on these schedules has been subjected to procedures performed in connection with our aforementioned examination of the purchasing system and, in our opinion, is fairly presented when considered in relation to the examination.

This report is intended for use in evaluating the central purchasing system and inventory control system of Pike County, Mississippi, and is not intended to be and should not be relied upon for any other purpose. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink that reads "Windham and Lacey, PLLC". The signature is written in a cursive, flowing style.

Windham and Lacey, PLLC  
December 17, 2015

PIKE COUNTY  
Schedule of Purchases Not Made From the Lowest Bidder  
For the Year Ended September 30, 2014

Schedule 1

Our test results did not identify any purchases from other than the lowest bidder.

PIKE COUNTY  
Schedule of Emergency Purchases  
For the Year Ended September 30, 2014

Schedule 2

Our test results did not identify any emergency purchases.

PIKE COUNTY  
Schedule of Purchases Made Noncompetitively From a Sole Source  
For the Year Ended September 30, 2014

Schedule 3

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>
March 20, 2014	11 Pepper Guns	\$ 6,069.70	JPX America

# Windham and Lacey, PLLC

*Certified Public Accountants*

---

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

Members:  
American Institute of CPAs  
Mississippi Society of CPAs

## LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors  
Pike County, Mississippi

In planning and performing our audit of the financial statements of Pike County, Mississippi for the year ended September 30, 2014, we considered Pike County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Pike County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the county's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated December 17, 2015, on the financial statements of Pike County, Mississippi.

Although no findings came to our attention as a result of these review procedures and compliance tests, these procedures and tests cannot and do not provide absolute assurance that all state legal requirements have been complied with. Also, our consideration of the internal control would not necessarily disclose all matters within the internal control that might be weaknesses. In accordance with Section 7-7-211, Miss. Code Ann. (1972), the Office of the State Auditor, when deemed necessary, may conduct additional procedures and tests of transactions for this or other fiscal years to ensure compliance with legal requirements.

This report is intended solely for the information and use of management, the Board of Supervisors, and others within the entity, and is not intended to be and should not be used by anyone other than these parties. However, this report is a matter of public record and its distribution is not limited.



Windham and Lacey, PLLC  
December 17, 2015

PIKE COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

PIKE COUNTY

Schedule of Findings and Responses  
For the Year Ended September 30, 2014

Section 1: Summary of Auditor's Results

***Financial Statements:***

- |    |  |               |
|----|--|---------------|
| 1. | Type of auditor's report issued on the financial statements:                           | Unmodified    |
| 2. | Internal control over financial reporting:   |               |
| a. | Material weaknesses identified?  | No            |
| b. | Significant deficiencies identified that are not considered to be material weaknesses? | None Reported |
| 3. | Noncompliance material to the financial statements noted?                              | No            |

Section 2: Financial Statement Findings

The results of our tests did not disclose any findings related to the financial statements that are required to be reported by *Government Auditing Standards*.