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ADMINISTRATION:  
Bettye Massey - City Clerk  
Glenda Shoemaker - Chief of Police  
Lynn Gunn - Building Official  
Brady Harrell - Public Works



BOARD OF ALDERMEN  
Michael Adams  
Frank Boyd  
Margie Warren  
Megan Hall  
Jerry Norwood

**TOWN OF PELAHATCHIE**

*Incorporated 1904*

Mayor Knox W. Ross, Jr.

email - pelahat@bellsouth.net

(601) 854-5224

Fax: (601) 854-5266

July 26, 2016

Office of the State auditor  
Post Office Box 956  
Jackson, Ms 39205

RE; ANNUAL MUNICIPAL AUDIT

Department of Technical Assistance

Accompanying this letter are two copies of the annual audit of the Town of Pelahatchie, Mississippi, for the fiscal year ending September 30, 2015. In connection with this audit a management letter is enclosed with the audit.

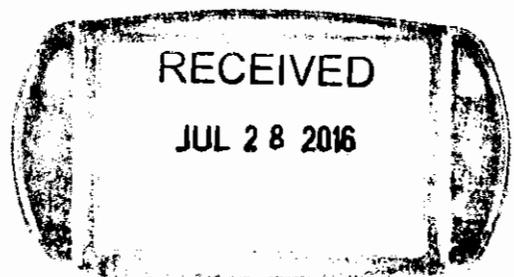
Sincerely,

Bettye Massey  
City Clerk

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JUL 28 2016

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



**TOWN OF PELAHATCHIE**

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**TOWN OF PELAHATCHIE**

**FINANCIAL SECTION**

# Windham and Lacey, PLLC

*Certified Public Accountants*

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

Members:  
American Institute of CPAs  
Mississippi Society of CPAs

## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and  
Members of the Board of Aldermen  
Town of Pelahatchie, 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 Pelahatchie, Mississippi, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

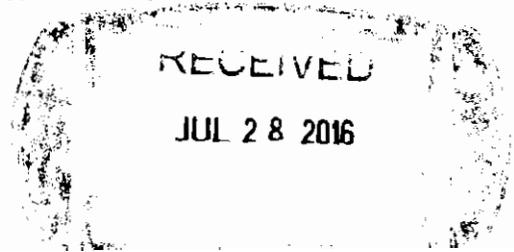
Management is responsible for the preparation and fair presentation of these financial statements on the basis of cash receipts and disbursements; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that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

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town'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 Town'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 Pelahatchie as of September 30, 2015, and the respective changes in cash basis financial position thereof for the year then ended in accordance with the basis of accounting described in Note 1.

## **Other Matters**

### *Required Supplementary Information*

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

### *Supplemental Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Pelahatchie, Mississippi's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The Schedule of Expenditures of Federal Awards has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

### *Other Required Supplementary Information*

The Schedule of Surety Bonds for Municipal Officials and Employees, Schedule of Changes in Long-term Debt, Schedule of Investments - All Funds, and Schedule of Capital Assets for the Town of Pelahatchie, 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2016, on our consideration of the Town of Pelahatchie, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Pelahatchie, Mississippi's internal control over financial reporting and compliance.

**Emphasis of Matter**

As discussed in Note 1, the Town of Pelahatchie, 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  
June 29, 2016

**TOWN OF PELAHATCHIE**

**FINANCIAL STATEMENTS**

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

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position			
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Functions/Programs</b>							
Governmental Activities:							
General government	\$ 291,857	23,880			(267,977)		(267,977)
Public safety	676,878	431,490		14,294	(231,094)		(231,094)
Public works	1,241,702	97,311		124,291	(1,020,100)		(1,020,100)
Culture and recreation	112,355				(112,355)		(112,355)
Economic development	36,930			882,596	845,666		845,666
Interest on long-term debt	59,883				(59,883)		(59,883)
Total Governmental Activities	<u>2,419,605</u>	<u>552,681</u>	<u>0</u>	<u>1,021,181</u>	<u>(845,743)</u>	<u>0</u>	<u>(845,743)</u>
Business-type Activities:							
Water/Sewer	763,472	644,310				(119,162)	(119,162)
Total Business-type Activities	<u>763,472</u>	<u>644,310</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(119,162)</u>	<u>(119,162)</u>
Total Government	<u>\$ 3,183,077</u>	<u>1,196,991</u>	<u>0</u>	<u>1,021,181</u>	<u>(845,743)</u>	<u>(119,162)</u>	<u>(964,905)</u>
General Receipts							
Taxes:							
Property taxes					\$ 328,348		328,348
Road & bridge privilege taxes					45,273		45,273
Sales tax					371,222		371,222
Franchise taxes					47,056		47,056
Debt proceeds					42,204	81,761	123,965
Grants and contributions not restricted to specific programs					4,334		4,334
Unrestricted investment income					669	126	795
Miscellaneous					110,388		110,388
Total General Receipts					<u>949,494</u>	<u>81,887</u>	<u>1,031,381</u>
Change in net position					103,751	(37,275)	66,476
Net Position - Beginning					1,344,106	142,571	1,486,677
Net Position - Ending					<u>\$ 1,447,857</u>	<u>105,296</u>	<u>1,553,153</u>

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

**(Continued)**

**ASSETS**

Cash and cash equivalents  
Restricted cash

\$ 89,969  
1,463,184

Total Assets

\$ 1,553,153

**NET POSITION**

Restricted:

Restricted for unemployment compensation  
Restricted for public safety  
Restricted for culture and recreation  
Restricted for meter deposits

\$ 4,873  
1,371,622  
56,185  
30,504  
89,969

Unrestricted

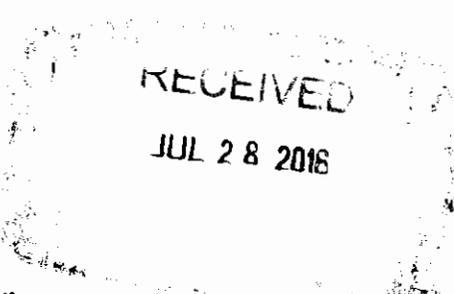
Total Net Position

\$ 1,553,153

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

**Town of Pelahatchie**  
**Statement of Cash Basis Assets and Fund Balances and**  
**Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances**  
**Governmental and Business-type Funds**  
**As of and For the Year Ended September 30, 2015**

	Governmental Activities					Total	Business-type Activities
	Major Funds		Police	Grants	Non-Major		
	General Fund	Seizure Fund	Fund	Fund	Funds		
<b>RECEIPTS</b>	\$	328,348				328,348	
Ad valorem taxes		45,273				45,273	
Road and bridge tax		23,880				23,880	
License and permits		47,056				47,056	
Franchise taxes on utilities		27,487				27,487	
Grand Gulf payments in lieu of tax							
Intergovernmental revenues:							
Federal revenues:							
Grants		111,144		910,037		1,021,181	
State shared revenues:							
Sales taxes		371,222				371,222	
General municipal aid		4,334				4,334	
Local shared revenues:							
Forfeiture revenues			387,925			387,925	
County grants					14,294	14,294	
Charges for services:							
Garbage		97,311				97,311	
Water and sewer utility							644,310
Fines and forfeits		43,565				43,565	
Interest income		47		20		669	126
Miscellaneous revenue		12,348				12,348	
Total Receipts		1,112,015		388,524		1,500,539	
				910,057		910,057	
					30,556	30,556	
							644,436



(Continued)

**Town of Pelahatchie**  
**Statement of Cash Basis Assets and Fund Balances and**  
**Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances**  
**Governmental and Business-type Funds**  
**As of and For the Year Ended September 30, 2015**

	Governmental Activities				Total	Business-type Activities
	Major Funds	Police Seizure Fund	Grants Fund	Non-Major Funds		
<b>DISBURSEMENTS</b>						
General government	311,910				311,910	
Public safety	485,567			26,095	511,662	
Public works	350,300	12			350,312	
Personal services						308,732
Supplies						18,387
Utilities						66,045
Other services and charges						214,802
Total Disbursements	<u>1,147,777</u>	<u>0</u>	<u>12</u>	<u>26,095</u>	<u>1,173,884</u>	<u>607,966</u>
Excess of Receipts over (under) Disbursements	<u>(35,762)</u>	<u>388,524</u>	<u>910,045</u>	<u>4,461</u>	<u>1,267,268</u>	<u>36,470</u>
<b>OTHER CASH SOURCES (USES)</b>						
Proceeds from debt	82,204				82,204	81,761
Reimbursement for CAP loan payment	(197,363)				(1,095,461)	(81,761)
Purchase of capital assets	(34,760)		(898,098)		(55,377)	(35,821)
Principal paid on loan and lease purchase	(22,187)			(20,617)	(23,141)	(6,081)
Interest paid on loan and lease purchase	(35,000)			(954)	(35,000)	(28,000)
Principal paid on bonds and notes	(36,742)				(36,742)	(3,843)
Interest paid on bonds and notes	243,274	(249,044)		5,770		
Transfers in (out) to other funds	(574)	(249,044)	(898,098)	(15,801)	(1,163,517)	(73,745)
Total Other Cash Sources and (Uses)						
Excess (Deficiency) of Receipts and Other Cash Sources over Disbursements and Other Cash Uses	<u>(36,336)</u>	<u>139,480</u>	<u>11,947</u>	<u>(11,340)</u>	<u>103,751</u>	<u>(37,275)</u>

(Continued)

**Town of Pelahatchie**  
**Statement of Cash Basis Assets and Fund Balances and**  
**Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances**  
**Governmental and Business-type Funds**  
**As of and For the Year Ended September 30, 2015**

	Governmental Activities					Business-type Activities
	Major Funds		Police			
	General Fund	Police Seizure Fund	Grants Fund	Non-Major Funds	Total	
<b>CASH BASIS FUND BALANCE - Beginning of Year</b>	56,386	1,223,656	44,238	19,826	1,344,106	142,571
<b>CASH BASIS FUND BALANCE - End of Year</b>	<u>20,050</u>	<u>1,363,136</u>	<u>56,185</u>	<u>8,486</u>	<u>1,447,857</u>	<u>105,296</u>
<b>CASH BASIS ASSETS - End of Year</b>						
Cash and cash equivalents	15,177				15,177	74,792
Restricted cash	4,873	1,363,136	56,185	8,486	1,432,680	30,504
Total Cash Basis Assets	<u>20,050</u>	<u>1,363,136</u>	<u>56,185</u>	<u>8,486</u>	<u>1,447,857</u>	<u>105,296</u>
<b>CASH BASIS FUND BALANCES - End of Year</b>						
Restricted for public safety		1,363,136		8,486	1,371,622	
Restricted for culture and recreation			56,185		56,185	
Restricted for unemployment	4,873				4,873	30,504
Restricted for meter deposits						74,792
Unassigned	15,177				15,177	
Total Cash Basis Fund Balances	<u>20,050</u>	<u>1,363,136</u>	<u>56,185</u>	<u>8,486</u>	<u>1,447,857</u>	<u>105,296</u>

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

## TOWN OF PELAHATCHIE

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

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

The Town of Pelahatchie, Mississippi, (the Town) was incorporated in June, 1904. 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 Cash 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 Cash Position.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program receipts. *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 recorded when they are collected and disbursements are recorded when cash is spent.

The government 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 *Police Seizure Fund* is a special revenue fund which accounts for funds seized from criminal activities to be used for public safety expenditures.

The *Grants Fund* is a capital projects fund which accounts for grants to be used for capital expenditures and improvements.

**TOWN OF PELAHATCHIE**

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

The Town reports the following major Proprietary Fund:

The *Water/Sewer Fund* accounts for the activities of providing water and sewer services to citizens of the Town.

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 and Investments.*

The government's cash and cash equivalents are considered to be cash on hand or invested in certificates of deposit.

2. *Fund Equity.*

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

**Non-spendable** - Includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints. The Town has no fund balance reported in this category.

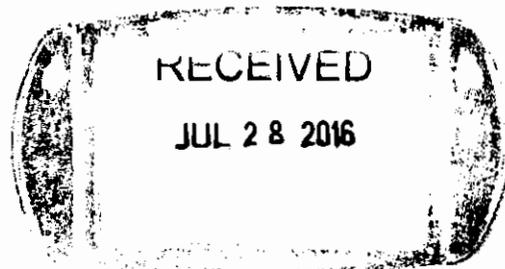
**Restricted** - Includes fund balance amounts that are constrained for specific purposes which are internally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation. The Town has \$1,463,184 reported as restricted fund balances.

**Committed** - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end. The Town has no fund balance reported as committed fund balances.

**Assigned** - Includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted nor committed. Fund balance may be assigned by management other than the highest decision making authority of the Town. The Town has no fund balance reported in this category.

**Unassigned** - Includes positive fund balance with the General Fund which has not been classified within the above mentioned 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.



## TOWN OF PELAHATCHIE

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

#### (2) Cash and Cash Equivalents.

At year-end, the Town's carrying amount of deposits was \$1,553,153 and the bank balance was \$1,463,434. The collateral for public entities' deposits in financial institutions are held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation.

**Custodial Credit Risk - Deposits and Investments:** Custodial credit risk is defined as the risk that, in the event of a failure of a financial institution, the Town will not be able to recover deposits or collateral securities that are in the possession of an outside party. The Town does not have a formal policy for custodial credit risk. However, the Mississippi State Treasury manages the risk on behalf of the Town. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on the behalf of the Town. As of September 30, 2015, none of the Town's bank balance of \$1,463,434 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.

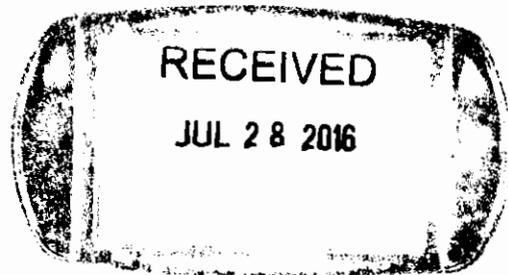
#### (3) Defined Benefit Pension Plan.

**Plan Description:** The Town of Pelahatchie 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 (601) 359-3589 or 1-800-444-PERS.

**Funding Policy:** PERS members are required to contribute 9.00% of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current rate is 15.75% of annual covered payroll. The contribution requirements of PERS' members are established and may be amended only by the State of Mississippi Legislature. The Town's contributions to PERS for the years ended September 30, 2015, 2014 and 2013 were \$87,055, \$88,689, and \$80,128, respectively, which is equal to the required contributions for each year.

**TOWN OF PELAHATCHIE**

**REQUIRED SUPPLEMENTARY INFORMATION**



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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>RECEIPTS</b>				
Ad valorem taxes	\$ 322,350	328,348	328,348	
Road and bridge tax	50,000	45,273	45,273	
Charges for services	94,000	97,311	97,311	
License and permits	33,000	23,880	23,880	
Franchise taxes	40,000	47,056	47,056	
Intergovernmental receipts	376,000	375,556	375,556	
Grants		111,144	111,144	
In lieu of taxes	27,000	27,487	27,487	
Fines and forfeits	120,000	43,565	43,565	
Miscellaneous	34,032	12,395	12,395	
Total Receipts	<u>1,096,382</u>	<u>1,112,015</u>	<u>1,112,015</u>	<u>0</u>
<b>EXPENDITURES</b>				
General government	294,560	311,910	311,910	
Public safety	571,586	485,567	485,567	
Public works	436,440	350,300	350,300	
Economic development				
Debt service:				
Principal		69,760	69,760	
Interest		58,929	58,929	
Total Expenditures	<u>1,302,586</u>	<u>1,276,466</u>	<u>1,276,466</u>	<u>0</u>
Excess of Receipts over (under) Expenditures	<u>(206,204)</u>	<u>(164,451)</u>	<u>(164,451)</u>	<u>0</u>
<b>OTHER CASH SOURCES (USES)</b>				
Reimbursement for debt repayment	62,204	82,204	82,204	
Capital expenditure		(197,363)	(197,363)	
Transfers	146,000	243,274	243,274	
Total Other Cash Sources and Uses	<u>208,204</u>	<u>128,115</u>	<u>128,115</u>	<u>0</u>
Net Change in Cash Basis Fund Balance	2,000	(36,336)	(36,336)	0
Cash Basis Fund Balances - Beginning	<u>0</u>	<u>56,386</u>	<u>56,386</u>	<u>0</u>
Cash Basis Fund Balances - Ending	<u>\$ 2,000</u>	<u>20,050</u>	<u>20,050</u>	<u>0</u>

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

**Town of Pelahatchie  
 Budgetary Comparison Schedule -  
 Budget and Actual  
 Police Seizure Fund  
 For the Year Ended September 30, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>RECEIPTS</b>				
Forfeiture revenues	\$ 0	387,925	387,925	
Interest		599	599	
Total Receipts	<u>0</u>	<u>388,524</u>	<u>388,524</u>	<u>0</u>
<b>EXPENDITURES</b>				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Receipts over (under) Expenditures	<u>0</u>	<u>388,524</u>	<u>388,524</u>	<u>0</u>
<b>OTHER CASH SOURCES (USES)</b>				
Transfers out		249,044	249,044	
Total Other Cash Sources and Uses	<u>0</u>	<u>249,044</u>	<u>249,044</u>	<u>0</u>
Net Change in Cash Basis Fund Balance	0	139,480	139,480	0
Cash Basis Fund Balances - Beginning	<u>0</u>	<u>1,223,656</u>	<u>1,223,656</u>	<u>0</u>
Cash Basis Fund Balances - Ending	<u>\$ 0</u>	<u>1,363,136</u>	<u>1,363,136</u>	<u>0</u>

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

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>RECEIPTS</b>				
Intergovernmental receipts	\$	910,037	910,037	
Interest	0	20	20	
Total Receipts	<u>0</u>	<u>910,057</u>	<u>910,057</u>	<u>0</u>
<b>EXPENDITURES</b>				
Public works		12	12	
Total Expenditures	<u>0</u>	<u>12</u>	<u>12</u>	<u>0</u>
Excess of Receipts over (under) Expenditures	<u>0</u>	<u>910,045</u>	<u>910,045</u>	<u>0</u>
<b>OTHER CASH SOURCES (USES)</b>				
Capital expenditure		(898,098)	(898,098)	
Total Other Cash Sources and Uses	<u>0</u>	<u>(898,098)</u>	<u>(898,098)</u>	<u>0</u>
Net Change in Cash Basis Fund Balance	0	11,947	11,947	0
Cash Basis Fund Balances - Beginning	<u>0</u>	<u>44,238</u>	<u>44,238</u>	<u>0</u>
Cash Basis Fund Balances - Ending	<u>\$ 0</u>	<u>56,185</u>	<u>56,185</u>	<u>0</u>

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

## TOWN OF PELAHATCHIE

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

A. Budgetary Information.

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

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

B. Basis of Presentation.

The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) presents the original adopted budget, the final adopted budget, actual amounts on a budgetary (Non-GAAP) basis and variances between the final budget and the actual amounts. The schedules are presented for the General Fund, the Police Seizure Fund and the Grants 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 PELAHATCHIE**

**SUPPLEMENTAL INFORMATION**

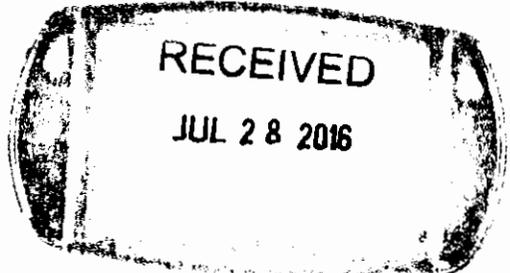
**TOWN OF PELAHATCHIE**  
**Schedule of Expenditures of Federal Awards**  
**September 30, 2015**

<u>Federal Grantor/Pass-through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Identification Number</u>	<u>Agency or Pass-through Number</u>	<u>Federal Disbursements/ Expenditures</u>
<b>MAJOR FEDERAL AWARDS:</b>				
U. S. Department of Housing & Urban Development/ Mississippi Development Authority/ Community Development Block Grants	14.228		113013294ED01	\$ <u>889,951</u>
<b>Total Expenditures of Major Federal Awards</b>				<u>889,951</u>
<b>OTHER FEDERAL AWARDS:</b>				
MDOT - Sidewalks to School	20.205			82,343
WFP Recreational Trails Program	20.219			<u>41,955</u>
<b>Total Expenditures of Other Federal Awards</b>				<u>124,298</u>
<b>Total Expenditures of Federal Awards</b>				<u>\$ 1,014,249</u>

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Note A - Significant Accounting Policies.

The accompanying Schedule of Expenditures of Federal Awards is prepared on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements that are prepared on the basis of cash receipts and disbursements.



**TOWN OF PELAHATCHIE**

**OTHER REQUIRED SUPPLEMENTARY INFORMATION**

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

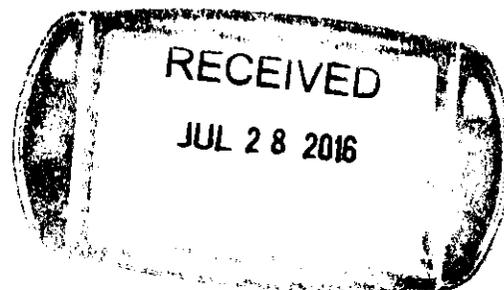
<u>Description</u>	<u>Outstanding Balance Sept. 30, 2014</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Adjustments</u>	<u>Outstanding Balance Sept. 30, 2015</u>
Bond Issues:					
1997 general obligation bond issue	\$ 89,000		28,000		61,000
2010 general obligation bond issue	820,000	0	35,000		785,000
Total General Obligation Bonds	<u>909,000</u>	<u>0</u>	<u>63,000</u>	<u>0</u>	<u>846,000</u>
Other Long-term Debt:					
State of Mississippi - CAP Loan	149,193		11,919		137,274
State of Mississippi - CAP Loan - fire truck	30,179		14,500		15,679
State of Mississippi - CAP Loan			16,995	241,585	224,590
State of Mississippi - CAP Loan- sewer improvements	489,866				489,866
State of Mississippi - CAP Loan - Multicraft	618,571		21,294	210	597,487
Catepillar Financial Services		81,761	9,738		72,023
Trustmark Bank loan	60,355		16,752		43,603
Total Other Long-term Debt	<u>1,348,164</u>	<u>81,761</u>	<u>91,198</u>	<u>241,795</u>	<u>1,580,522</u>
Total Long-term Debt	<u>\$ 2,257,164</u>	<u>81,761</u>	<u>154,198</u>	<u>241,795</u>	<u>2,426,522</u>

**Town of Pelahatchie, Mississippi**  
**Schedule of Investments - All Funds**  
**September 30, 2015**

	<u>Balance</u>
<b>Enterprise Fund</b>	
.25% Certificate of Deposit, dated November 15, 2014, due 365 days after date	\$ 24,056
.25% Certificate of Deposit, dated March 31, 2015, due 365 days after date	<u>5,611</u>
Total Enterprise Fund investments	<u>29,667</u>
<b>Employment Security Fund</b>	
.20% Certificate of Deposit, dated August 26, 2015, due 365 days after date	<u>4,873</u>
Total Employment Security Fund Investments	<u>4,873</u>
Total All Funds	<u>\$ 34,540</u>

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Adjustments</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>					
Capital Assets:					
Land	\$ 225,557				225,557
Construction in progress	930,833	1,066,572		15,040	2,012,445
Buildings and improvements other than buildings	2,730,408				2,730,408
Machinery and equipment	979,407	28,889			1,008,296
<b>Total Governmental Activities Capital Assets</b>	<b>\$ 4,866,205</b>	<b>1,095,461</b>	<b>0</b>	<b>15,040</b>	<b>5,976,706</b>
<b>Business-type Activities</b>					
Capital Assets:					
Land	\$ 26,318				26,318
Construction in progress	371,030			(15,040)	355,990
Machinery and equipment	242,019	81,761			323,780
Water/Sewer infrastructure	4,343,366				4,343,366
Water/Sewer improvements	9,109				9,109
<b>Total Business-type Activities Capital Assets</b>	<b>\$ 4,991,842</b>	<b>81,761</b>	<b>0</b>	<b>(15,040)</b>	<b>5,058,563</b>



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

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Coverage</u>
Frank Boyd	Alderman	MS Municipal Bond Program	\$ 50,000
Megan Hall	Alderman	MS Municipal Bond Program	50,000
Michael Adams	Alderman	MS Municipal Bond Program	50,000
Jerry W. Norwood	Alderman	MS Municipal Bond Program	50,000
Margie A. Warren	Alderman	MS Municipal Bond Program	50,000
Knox Ross	Mayor	MS Municipal Bond Program	50,000
Bettye Massey	Town Clerk	Western Surety	50,000
Ruby Burns	Human Resources Director	Western Surety	50,000
Glenda Shoemaker	Police Chief	Western Surety	50,000
Various	Police Officers	Western Surety	50,000
Lavern Harper	Court Clerk	Western Surety	50,000
Michael Haskins	Police Dispatcher	Western Surety	50,000

**TOWN OF PELAHATCHIE**

**SPECIAL REPORTS**

# Windham and Lacey, PLLC

*Certified Public Accountants*

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2708 Old Brandon Road  
Pearl, MS 39208  
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Members:  
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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF THE  
BASIC FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Honorable Mayor and  
Members of the Board of Aldermen  
Town of Pelahatchie, 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 Pelahatchie, Mississippi, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Town of Pelahatchie, Mississippi's basic financial statements and have issued our report thereon dated June 29, 2016.

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

In planning and performing our audit, we considered the Town of Pelahatchie, Mississippi's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

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.

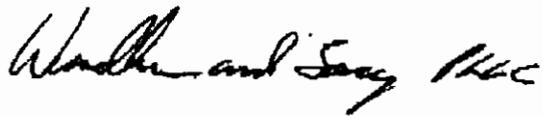
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

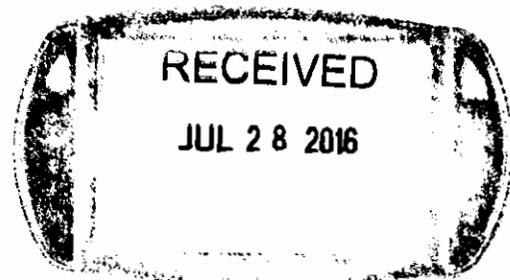
As part of obtaining reasonable assurance about whether the Town of Pelahatchie, Mississippi's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have 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  
June 29, 2016



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*Certified Public Accountants*

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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

### Report on Compliance for Each Major Federal Program

We have audited the compliance of the Town of Pelahatchie, Mississippi, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2015. The Town of Pelahatchie, Mississippi's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

### Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs.

### Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Pelahatchie, Mississippi's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Pelahatchie, Mississippi's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination on the Town of Pelahatchie, Mississippi's compliance with those requirements.

### Opinion on Each Major Federal Program

In our opinion, the Town of Pelahatchie, Mississippi, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2015.

## **Report on Internal Control Over Compliance**

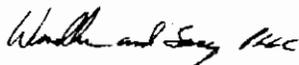
The management of the Town of Pelahatchie, Mississippi, is responsible for establishing and maintaining effective internal control over compliance with the types of requirements referred to above. In planning and performing our audit, we considered the Town of Pelahatchie, Mississippi's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

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

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we considered to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Purpose of This Report**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly this report 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  
June 29, 2016

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

Honorable Mayor and  
Members of the Board of Aldermen  
Town of Pelahatchie, 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 Pelahatchie, Mississippi, as of and for the year ended September 30, 2015, and have issued our report thereon dated June 29, 2016. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the procedures prescribed by the Office of the State Auditor, and accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

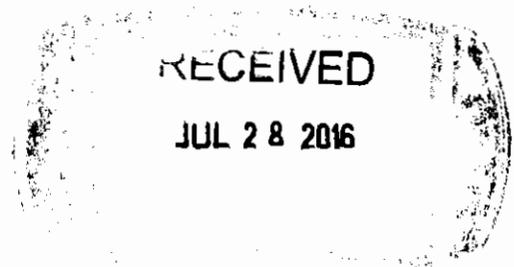
As required by the state legal compliance audit program prescribed by the Office of the State Auditor, we have also performed procedures to test compliance with certain state laws and regulations. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the county'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  
June 29, 2016



**TOWN OF PELAHATCHIE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**TOWN OF PELAHTACHIE**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended September 30, 2015**

**Section 1: Summary of Auditor's Results**

***Financial Statements:***

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

***Federal Awards:***

Internal control over major programs:

- |    |  |               |
|----|--|---------------|
| a. | Material weaknesses identified?  | No            |
| b. | Significant deficiencies identified that are not considered to be material weaknesses? | None reported |

Type of auditor's report issued on compliance for major federal programs:	Unmodified
---	------------

Any audit findings reported as required by Section ____,510(a) of Circular A-133?	No
---	----

Federal programs identified as major programs:

U. S. Department of Housing & Urban Development/Mississippi Development Authority/Community Development Block Grants, CFDA # 14.228

The dollar threshold used to distinguish between type A and type B programs:	\$300,000
--	-----------

Auditee qualified as a low-risk auditee?	No
--	----

Prior fiscal year audit findings and questioned cost relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings as discussed in Section ____,315(b) of OMB Circular A-133?	No
--	----

**TOWN OF PELAHTACHIE**

**Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2015**

**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*.

**Section 3: Federal Award Findings and Questioned Costs**

The results of our tests did not disclose any findings and questioned costs related to federal awards.