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PIKE COUNTY, MISSISSIPPI

**Audited Financial Statements and Special Reports
For the Year Ended September 30, 2013**

PIKE COUNTY
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PIKE COUNTY

FINANCIAL SECTION

Windham and Lacey, PLLC

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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, 2013, 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, 2013, 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

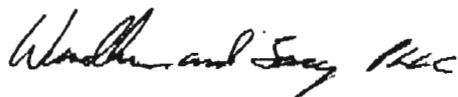
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Budgetary Comparison Schedules be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is 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.

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 12, 2014, 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 12, 2014

PIKE COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

PIKE COUNTY

Management's Discussion and Analysis For the Year Ended September 30, 2013

INTRODUCTION

The discussion and analysis of Pike County's financial performance provides an overall narrative review of the County's financial activities for the year ended September 30, 2013. The intent of this discussion and analysis is to look at the County's performance as a whole; readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the County's financial performance.

Pike County is located in southwestern Mississippi along Interstate I-55. The population, according to the 2010 census, is 40,404. The local economic base is driven by manufacturing, medical, retail trade and agriculture.

FINANCIAL HIGHLIGHTS

Pike County remains financially stable. The County, through the Board of Supervisors and County Administrator's Office, has committed itself to financial excellence for many years by using sound financial planning, budgeting and strong internal controls. The County is committed to maintaining sound fiscal management to meet the challenges of the future.

Total net assets for governmental activities for fiscal year 2013 decreased (\$1,024,868), which represents a 1.66% decrease from fiscal year 2012.

The County had \$21,442,347 in total governmental activities revenues, which represents a decrease of \$8,143, or a 0.04% decrease from the prior year. Property tax revenues account for \$11,805,893, or 55.06%, of total revenues. Revenues in the form of operating and capital grants and contributions accounted for \$3,636,305, or 16.96%, of total revenues. Revenues in the form of charges for services accounted for \$3,611,106, or 16.84%, of total revenues.

The County had \$22,467,215 in governmental activities expenses for fiscal year 2013, which represents an increase of \$4,016,118, or 21.77% increase from the prior fiscal year. Only \$7,247,411 of these expenses was offset by program specific charges for services and grants and contributions. General revenues of \$14,194,936 were adequate to provide for the remainder of the expenses.

Among major funds, the General Fund had \$11,070,131 in revenues and \$11,319,858 in expenditures. The General Fund's fund balance decreased \$718,759 from the prior year.

Among major funds, the County Wide Road Fund had \$2,856,334 in revenues and \$3,024,531 in expenditures. The County Wide Road Fund's fund balance increased \$239,803 from the prior year.

Capital assets for governmental activities, net of accumulated depreciation, increased by \$1,100,730 from the prior year.

Long-term debt increased by \$4,236,065 for 2013. This increase was due to the issuance of general obligation bonds and other loans. The liability amount for compensated absences increased by \$15,238 for 2013.

PIKE COUNTY

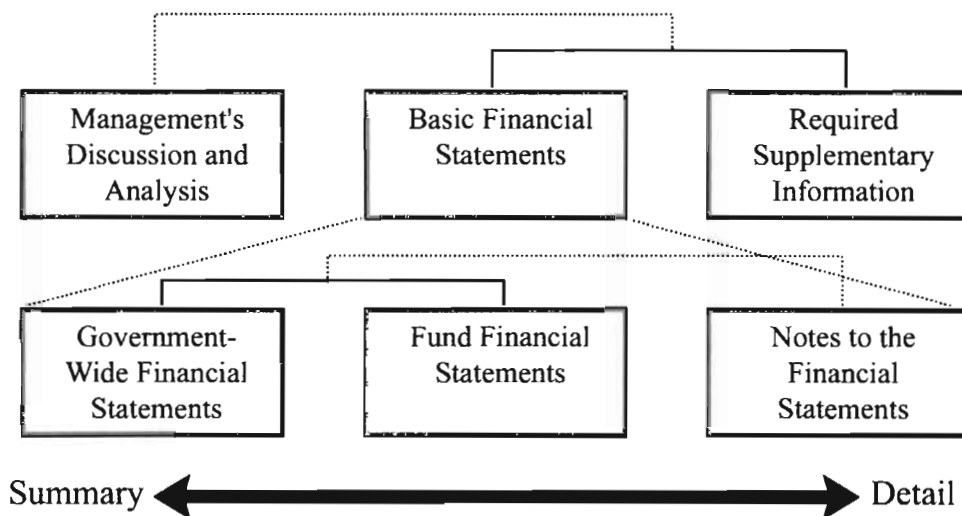
Management's Discussion and Analysis For the Year Ended September 30, 2013

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: 1) Government-wide financial statements, 2) Fund financial statements and 3) Notes to the basic financial statements. Required Supplementary Information is included in addition to the basic financial statements.

Figure 1 shows how required parts of this annual report are arranged and relate to one another.

Figure 1 – Required Components of the County's Annual Report



PIKE COUNTY

Management's Discussion and Analysis For the Year Ended September 30, 2013

Figure 2 summarizes the major features of the County's financial statements, including the portion of the County's government they cover and the types of information they contain. The remainder of this section of Management's Discussion and Analysis explains the structure and content of each of the statements.

Figure 2 – Major Features of the County's Government-Wide and Fund Financial Statements

	Government-Wide Financial Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire County government (except fiduciary funds) and component units	All activities of the County that are not business-type or fiduciary in nature	Activities of the County that operate similar to private businesses	The County is the trustee or agent for someone else's resources
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expenses and changes in net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital and short and long term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short and long term	All assets and liabilities, both short and long term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services are received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

PIKE COUNTY

Management's Discussion and Analysis For the Year Ended September 30, 2013

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the County finances, in a manner similar to private-sector businesses.

The **Statement of Net Assets** presents information on all County assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The **Statement of Activities** presents information showing how net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

Both of these government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or part of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government; public safety; public works (roads and bridges); health and welfare; culture and recreation; education; economic development; and interest on long-term debt.

A component unit is included in our basic financial statements and consists of a legally separate entity for which the County is financially accountable and that has substantially the same board as the County or provides services entirely to the County.

Pike County has one discretely presented component unit, the Pike County Economic Development District. The discretely presented component unit is reported in a separate column in the combined financial statements to emphasize that it is legally separate from the primary government.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County uses fund accounting to ensure and demonstrate finance-related legal compliance. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a county's near-term financing requirements. Governmental funds include the general, special revenue, debt service, and capital projects funds.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. The "Governmental Funds Balance Sheet" and the "Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances" provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains individual governmental funds in accordance with the *Mississippi County Financial Accounting Manual* issued by the Mississippi Office of the State Auditor. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances for all major funds. All other non-major funds are combined together and presented in these reports as other governmental funds.

PIKE COUNTY

Management's Discussion and Analysis For the Year Ended September 30, 2013

Proprietary funds are maintained two ways. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statement. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its self-insured Health Insurance program. Because this service predominantly benefits governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

Fiduciary funds are used to account for resources held for the benefit of parties outside the County government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accrual basis of accounting is used for fiduciary funds. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

In addition to the basic financial statements and accompanying notes, this report also presents **Required Supplementary Information** concerning the County's budget process.

The County adopts an annual operating budget for all governmental funds. A budgetary comparison statement has been provided for the General Fund and each additional major fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Assets. Net assets may serve over time as a useful indicator of government's financial position. In the case of Pike County, assets exceeded liabilities by \$60,665,919 as of September 30, 2013.

The largest portion of the County's net assets (71.32%) reflects its investment in capital assets (e.g. roads, bridges, land, buildings, mobile equipment, furniture & equipment, and construction in progress) less related outstanding debt used to acquire such assets. The county uses these capital assets to provide services to its citizens.

The County's financial position is a product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets and the depreciation of capital assets.

PIKE COUNTY

Management's Discussion and Analysis For the Year Ended September 30, 2013

Table 1 presents a summary of the County's net assets at September 30, 2013 and September 30, 2012:

Table 1
Condensed Statement of Net Assets

	<u>Sept. 30, 2013</u>	<u>Sept. 30, 2012</u>	<u>Percentage</u> <u>Change</u>
Current assets	\$ 28,714,172	\$ 26,017,430	10.37 %
Capital assets, net	53,912,122	52,811,392	2.08 %
Total assets	82,626,294	78,828,822	4.82 %
Current liabilities	11,026,580	10,455,543	5.46 %
Long-term debt outstanding	10,933,795	6,682,492	63.62 %
Total liabilities	21,960,375	17,138,035	28.14 %
Net assets:			
Invested in capital assets, net of related debt	43,266,056	46,791,392	(7.53) %
Restricted	12,355,319	8,743,773	41.30 %
Unrestricted	5,044,544	6,155,622	(18.05) %
Total net assets	\$ 60,665,919	\$ 61,690,787	(1.66) %

PIKE COUNTY

Management's Discussion and Analysis For the Year Ended September 30, 2013

Changes in net assets. Pike County's total revenues for the fiscal year ended September 30, 2013 were \$21,442,347. The total cost for all services provided was \$22,467,215. The decrease in net assets was \$1,024,868. Table 2 presents a summary of the changes in net assets for the fiscal year ended September 30, 2013 and September 30, 2012.

Table 2
Change(s) in Net Assets

	<u>Year Ended</u> <u>Sept. 30, 2013</u>	<u>Year Ended</u> <u>Sept. 30, 2012</u>	<u>Percentage</u> <u>Change</u>
Revenues:			
Program revenues:			
Fines, Fees and charges for services	\$ 3,611,106	\$ 4,050,334	(10.84) %
Operating grants and contributions	2,064,754	1,911,307	8.03 %
Capital grants and contributions	1,571,551	1,992,342	(21.12) %
General revenues:			
Property taxes	11,805,893	11,052,610	6.82 %
Road and bridge privilege taxes	534,080	482,474	10.70 %
Grants and contributions	1,341,241	1,516,809	(11.57) %
Unrestricted interest earnings	168,276	82,400	104.22 %
Other	345,446	345,928	(0.14) %
Total revenues	<u>21,442,347</u>	<u>21,434,204</u>	0.04 %
Expenses:			
General government	7,764,359	7,031,281	10.43 %
Public safety	6,376,207	5,652,152	12.81 %
Public works	5,524,796	1,592,779	246.87 %
Health and welfare	476,093	470,744	1.14 %
Culture and recreation	73,607	75,563	(2.59) %
Conservation of natural resources	138,356	143,298	(3.45) %
Economic development and assistance	1,784,925	3,231,647	(44.77) %
Interest on long-term debt	328,872	253,633	29.66 %
Total expenses	<u>22,467,215</u>	<u>18,451,097</u>	21.77 %
Increase (Decrease) in net assets	\$ <u>(1,024,868)</u>	\$ <u>2,983,107</u>	(134.36) %

PIKE COUNTY

Management's Discussion and Analysis For the Year Ended September 30, 2013

Governmental Activities – The following table (Table 3) presents the cost of eight major functional activities: General Government, Public Safety, Public Works, Health & Welfare, Culture & Recreation, Conservation of Natural Resources, Economic Development and Assistance and Interest on Long-term Debt.

Table 3 also shows each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for that activity.) The net cost shows the financial burden that was placed on Pike County's taxpayers by each of these functions.

**Table 3
Net Cost of Governmental Activities**

	Total Expenses		Percentage Change
	2013	2012	
General Government	\$ 7,764,359	\$ 7,031,281	10.43 %
Public Safety	6,376,207	5,652,152	12.81 %
Public Works	5,524,796	1,592,779	246.87 %
Health and Welfare	476,093	470,744	1.14 %
Culture and Recreation	73,607	75,563	(2.59) %
Conservation of Natural Resources	138,356	143,298	(3.45) %
Economic Development and Assistance	1,784,925	3,231,647	(44.77) %
Interest on Long-term Debt	328,872	253,633	29.66 %
Total expenses	\$ 22,467,215	\$ 18,451,097	21.77 %

	Net (Expense) Revenue		Percentage Change
	2013	2012	
General Government	\$ (6,188,494)	\$ (5,060,220)	(22.30) %
Public Safety	(4,164,743)	(1,728,733)	(140.91) %
Public Works	(2,119,431)	421,653	602.65 %
Health and Welfare	(421,376)	(425,673)	1.01 %
Culture and Recreation	(73,607)	(75,563)	2.59 %
Conservation of Natural Resources	(138,356)	(143,298)	3.45 %
Economic Development and Assistance	(1,784,925)	(3,231,647)	44.77 %
Interest on Long-term Debt	(328,872)	(253,633)	(29.66) %
Total net (expense) revenue	\$ (15,219,804)	\$ (10,497,114)	(44.99) %

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

PIKE COUNTY

Management's Discussion and Analysis For the Year Ended September 30, 2013

The financial performance of the County as a whole is reflected in its governmental funds. As the County completed the year, its governmental funds reported a combined fund balance of \$15,519,569, an increase of \$2,852,570 from the prior year. \$3,135,851, or 20.21%, of this combined total is unassigned, \$7,719,858 or 49.74% is restricted for various functions and \$4,663,860 or 30.05%, is committed to various functions.

The General Fund is the principal operating fund of the County. The decrease in the fund balance of the General Fund for the fiscal year was \$718,759.

BUDGETARY HIGHLIGHTS OF MAJOR FUNDS

During the year, Pike County revised the annual operating budget. Budget revisions were made to address and correct the original budgets to reflect more accurately the sources and uses of funding for the County. At the end of the fiscal year, Pike County amended its budget to reflect actual revenues received and expenditures made.

A schedule showing the original and final budget amounts compared to the County's actual financial activity for the General Fund and other major funds is provided in this report as required supplemental information.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of September 30, 2013, Pike County's total capital assets were \$122,469,292, including land, construction in progress, infrastructure, buildings, mobile equipment, and furniture and equipment. This amount represents an increase from the previous year of \$1,975,506. Total accumulated depreciation as of September 30, 2013 was \$68,557,171, and total depreciation expense for the year was \$1,143,707, resulting in total net capital assets of \$53,912,121.

Addition information on Pike County's capital assets and accumulated depreciation can be found in the capital asset note included in the Notes to the Financial Statements.

Debt Administration. At September 30, 2013, Pike County had \$10,933,795 in outstanding long-term debt of which \$757,910 is due within one year. This includes general obligation bonds, other loans, obligations under capital lease and compensated absences. Pike County issued \$5,500,000 in general obligation bonds for bridge projects during fiscal year ending September 30, 2013.

The State of Mississippi limits the amount of debt a county can issue to generally 15% of total assessed value. The County's outstanding debt is significantly below its current limit of \$52 million dollars.

Addition information on Pike County's long-term debt can be found in the long-term debt note included in the Notes to the Financial Statements.

CURRENT AND FUTURE ITEMS OF IMPACT

Pike County Board of Supervisors has approved resolutions declaring its intent to issue general obligation bonds in a principal amount not to exceed \$3 million. The general obligation bonds will be used to purchase and develop a new industrial park.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the funds it receives. If you have questions about this report or need additional financial information, please contact the Pike County Administrator's Office at P.O. Box 431, Magnolia, MS 39652.

PIKE COUNTY

FINANCIAL STATEMENTS

PIKE COUNTY
Statement of Net Position
September 30, 2013

Exhibit 1

	Primary Government	Component Unit
	<u>Governmental Activities</u>	<u>Economic Development</u>
ASSETS		
Cash	\$ 16,217,461	414,459
Accrued interest receivable	1,327	
Property tax receivable	9,158,296	
Accounts receivable, net of allowance for uncollectible of \$685,394	768,920	18,532
Fines receivable, net of allowance for uncollectible of \$10,809,170	1,473,953	
Loans receivable	450,000	
Intergovernmental receivables	425,685	
Other receivables	203,757	5
Inventories and prepaid items	14,773	
Capital assets:		
Land and construction in progress	2,317,009	881,895
Other capital assets, net	51,595,113	21,047
Total Assets	<u>82,626,294</u>	<u>1,335,938</u>
LIABILITIES		
Claims payable	410,711	5,312
Intergovernmental payables	638,399	50,131
Accrued interest payable	28,399	
Deferred revenue	9,158,296	
Unearned revenue	142,673	
Other payables	487,879	
Claims and judgments payable	160,223	
Long-term liabilities		
Due within one year:		
Capital related debt	757,910	
Due in more than one year:		
Capital related debt	9,888,155	
Non-capital debt	287,730	
Total Liabilities	<u>21,960,375</u>	<u>55,443</u>
NET POSITION		
Net investment in capital assets	43,266,056	902,942
Restricted net assets:		
General government	748,217	
Debt service	236,100	
Public safety	2,867,207	
Public works	3,217,372	
Economic development	501,453	
Unemployment compensation	22,137	
Capital projects	4,638,792	
Other	124,041	
Unrestricted	5,044,544	377,553
Total Net Position	<u>\$ 60,665,919</u>	<u>1,280,495</u>

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

PIKE COUNTY
Statement of Activities
For the Year Ended September 30, 2013

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Fines, Fees and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Activities	Economic Development
Primary government:						
Governmental activities:						
General government	\$ 7,764,359	1,387,205	188,660		(6,188,494)	
Public safety	6,376,207	1,092,898	1,072,890	45,676	(4,164,743)	
Public works	5,524,796	1,131,003	748,487	1,525,875	(2,119,431)	
Health and welfare	476,093		54,717		(421,376)	
Culture and recreation	73,607				(73,607)	
Conservation of natural resources	138,356				(138,356)	
Economic development and assistance	1,784,925				(1,784,925)	
Interest on long-term debt	328,872				(328,872)	
Total Governmental Activities	\$ 22,467,215	3,611,106	2,064,754	1,571,551	(15,219,804)	0
Component unit:						
Economic Development District	\$ 432,814	0	384,076	0	0	(48,738)
General revenues:						
Property taxes					\$ 11,805,893	
Road & bridge privilege taxes					534,080	
Grants and contributions not restricted to specific programs					1,341,241	
Unrestricted investment income					168,276	1,002
Miscellaneous					345,446	111,020
Total General Revenues					14,194,936	112,022
Changes in Net Position					(1,024,868)	63,284
Net Position - Beginning					61,690,787	1,217,211
Net Position - Ending					\$ 60,665,919	1,280,495

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

PIKE COUNTY
Balance Sheet - Governmental Funds
September 30, 2013

Exhibit 3

	Major Funds					Bridge Bond Projects	Other Governmental Funds	Total Governmental Funds
	General Fund	Countywide Road Maintenance Fund	E-911 Fund					
ASSETS								
Cash	\$ 4,188,237	1,601,222	2,105,292			4,009,011	4,320,018	16,223,780
Accrued interest receivable	492	253	314				267	1,326
Property tax receivable	5,259,391	1,290,942					2,607,963	9,158,296
Accounts receivable, net of allowance for uncollectible of \$685,394							768,920	768,920
Fines receivable, net of allowance for uncollectible of \$10,809,170	1,473,953							1,473,953
Loans receivable							450,000	450,000
Intergovernmental receivables	366,028	29,560					30,097	425,685
Other receivables	32,003		40,981				10,683	83,667
Due from other funds		61,827					53,735	115,562
Inventories and prepaid items	8,325						6,449	14,774
Total Assets	\$ 11,328,429	2,983,804	2,146,587			4,009,011	8,248,132	28,715,963
LIABILITIES AND FUND BALANCES								
Liabilities:								
Claims payable	\$ 221,118	30,844	11,254				147,495	410,711
Intergovernmental payables	609,610						3,726	613,336
Due to other funds	140,625							140,625
Deferred revenue	6,733,344	1,290,942					3,376,884	11,401,170
Unearned revenue							142,673	142,673
Other payables	487,879							487,879
Total Liabilities	\$ 8,192,576	1,321,786	11,254			0	3,670,778	13,196,394

PIKE COUNTY
Balance Sheet - Governmental Funds
September 30, 2013

Exhibit 3 (Continued)

	Major Funds					Total Governmental Funds
	General Fund	Countywide Road Maintenance Fund	E-911 Fund	Bridge Bond Projects	Other Governmental Funds	
Fund balances:						
Restricted:						
General government					1,015,991	1,015,991
Public safety			2,135,333		718,192	2,853,525
Public works		1,662,018			1,473,824	3,135,842
Debt service					264,500	264,500
Economic development					450,000	450,000
Committed:						
Public safety					20,775	20,775
Economic development					4,292	4,292
Capital projects				4,009,011	629,782	4,638,793
Unassigned	3,135,851					3,135,851
Total Fund Balances	<u>3,135,851</u>	<u>1,662,018</u>	<u>2,135,333</u>	<u>4,009,011</u>	<u>4,577,356</u>	<u>15,519,569</u>
Total Liabilities and Fund Balances	<u>\$ 11,328,427</u>	<u>2,983,804</u>	<u>2,146,587</u>	<u>4,009,011</u>	<u>8,248,134</u>	<u>28,715,963</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, 2013

Exhibit 3-1

	<u>Amount</u>
Total fund balance - governmental funds (Exhibit 3)	\$ 15,519,569
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 \$68,557,171.	53,912,122
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	2,242,874
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(10,933,795)
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.	(46,452)
Liabilities not due and payable in the current period are not reported in the funds: Accrued bond interest payable	<u>(28,399)</u>
Total net position - governmental activities (Exhibit 1)	\$ <u>60,665,919</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 Year Ended September 30, 2013

Exhibit 4

	Major Funds					Total Governmental Funds
	General Fund	Road Maintenance Fund	E-911 Fund	Bridge Bond Projects	Other Governmental Funds	
REVENUES						
Property taxes	\$ 6,930,781	1,533,505			3,341,606	11,805,892
Road and bridge privilege taxes		534,079				534,079
Licenses, commissions and other revenue	476,270				125,317	601,587
Fines and forfeitures	854,892				155,601	1,010,493
Intergovernmental revenues	1,833,031	780,013			1,030,418	3,643,462
Charges for services	580,110	2,500	441,350		1,137,551	2,161,511
Interest income	134,198	3,398	4,276	17,601	8,579	168,052
Miscellaneous revenues	260,849	2,839			81,757	345,445
Total Revenues	11,070,131	2,856,334	445,626	17,601	5,880,829	20,270,521
EXPENDITURES						
Current:						
General government	6,043,435				1,426,918	7,470,353
Public safety	4,519,063		779,698		1,050,022	6,348,783
Public works	76,108	3,024,531		1,508,590	2,114,944	6,724,173
Health and welfare	435,369					435,369
Culture and recreation	3,500				14,394	17,894
Conservation of natural resources	138,356					138,356
Economic development and assistance	46,301				351,844	398,145
Debt service:						
Principal	52,910				1,211,025	1,263,935
Interest	4,816				350,276	355,092
Bond issue costs					5,851	5,851
Total Expenditures	11,319,858	3,024,531	779,698	1,508,590	6,525,274	23,157,951
Excess of Revenues over (under) Expenditures	(249,727)	(168,197)	(334,072)	(1,490,989)	(644,445)	(2,887,430)

PIKE COUNTY

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended September 30, 2013

Exhibit 4 (Continued)

	General Fund	Road Maintenance Fund	Countywide Fund	E-911 Fund	Bridge Bond Projects	Other Governmental Funds	Total Governmental Funds
OTHER FINANCING SOURCES (USES)							
Proceeds from long-term debt					5,500,000		5,500,000
Lease principal payments received						390,000	390,000
Transfers in	171,986		408,000			181,829	761,815
Transfers out	(641,018)					(270,797)	(911,815)
Total Other Financing Sources and Uses	(469,032)		408,000	0	5,500,000	301,032	5,740,000
Net Changes in Fund Balances	(718,759)	239,803		(334,072)	4,009,011	(343,413)	2,852,570
Fund Balances - Beginning	3,854,610		1,422,215	2,469,405		4,920,768	12,666,998
Fund Balances - Ending	\$ 3,135,851		1,662,018	2,135,333	4,009,011	4,577,355	15,519,568

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, 2013

	<u>Amount</u>
Net changes in fund balances - total governmental funds (Exhibit 4)	\$ 2,852,570
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 \$2,281,197 exceeded depreciation expense \$1,143,707 in the current period.	1,137,490
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 \$36,757 and the proceeds from the sale in the current period of \$0.	(36,757)
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.	(211,215)
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.	50,578
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 \$5,500,000 exceeded debt repayments of \$1,263,935.	(4,236,065)
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	32,071
Change in compensated absences	(15,238)
In the Statement of Activities, only interest income from payments received on capital leases are reported, whereas in the governmental funds, both principal and interest payments received increase financial resources. Thus, the change in net position differs from change in fund balances by the principal collections on the capital leases.	(390,000)
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.	(208,302)
Change in net position of governmental activities (Exhibit 2)	\$ <u>(1,024,868)</u>

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

PIKE COUNTY
Statement of Net Position - Proprietary Fund
September 30, 2013

Exhibit 5

	Governmental Activities
	Self-Insurance Internal Service Fund
ASSETS	
Current Assets:	
Other receivables	120,090
Total Assets	\$ 120,090
LIABILITIES	
Current Liabilities:	
Accounts payable	\$ 6,319
Claims and judgments	160,223
Total Liabilities	\$ 166,542
NET POSITION	
Restricted for health insurance	\$ (46,452)
Total Net Position	\$ (46,452)

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, 2013

Exhibit 6

	Governmental Activities
	Self-Insurance Internal Service Fund
OPERATING REVENUES	
Premiums	\$ 1,488,730
Total Operating Revenues	<u>1,488,730</u>
OPERATING EXPENSES	
Claims payments	1,471,208
Insurance premiums	261,738
Administrative fees	114,312
Total Operating Expenses	<u>1,847,258</u>
Operating Income (Loss)	<u>(358,528)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	226
Transfers in	150,000
Total Nonoperating Revenue (Expenses)	<u>150,226</u>
Change in Net Position	(208,302)
Total Net Position - Beginning	<u>161,850</u>
Total Net Position - Ending	\$ <u><u>(46,452)</u></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, 2013

Exhibit 7

	Governmental Activities
	Self-Insurance Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from premiums	\$ 1,487,670
Payments to administrator for services	(114,312)
Payments for re-insurance premiums	(255,419)
Payments for insurance claims	(1,412,749)
Net Cash Provided (Used) by Operating Activities	(294,810)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	150,000
Net Cash Provided (Used) by Noncapital Financing Activities	150,000
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	226
Net Cash Provided (Used) by Investing Activities	226
Net Increase (Decrease) in Cash and Cash Equivalents	(144,584)
Cash and Cash Equivalents - Beginning of Year	144,584
Cash and Cash Equivalents - End of Year	\$ 0
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (358,528)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:	
Change in assets and liabilities:	
(Increase) decrease in other receivables	(1,060)
Increase (decrease) in accounts payable	6,319
Increase (decrease) in claims and judgments payable	58,459
Total adjustments	63,718
Net Cash Provided (Used) by Operating Activities	\$ (294,810)

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

PIKE COUNTY
Statement of Fiduciary Assets and Liabilities
September 30, 2013

Exhibit 8

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 392,665
Due from other funds	25,063
Other receivable	<u>3,622</u>
Total Assets	\$ <u>421,350</u>
LIABILITIES	
Claims payable	\$ 176,818
Intergovernmental payables	<u>244,532</u>
Total Liabilities	\$ <u>421,350</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, 2013

(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, 2013

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, 2013

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.

E-911 Fund - This fund is used to account for monies from a specific revenue source (charge for service) that is restricted for provision of 911 services in the county.

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 restricted for bridge construction.

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, 2013

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 2005 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 Assets.

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, 2013

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. 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 Assets.

PIKE COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2013

L. Equity Classifications.

Government-wide Financial Statements:

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

Invested in capital assets, net of related debt - 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 assets - Consists of net assets 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 assets - All other net assets not meeting the definition of "restricted" or "invested in capital assets, net of related debt."

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 \$7,719,858 reported as restricted fund balance.

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 \$4,663,860 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.

The county 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 county would first use committed, then assigned and, lastly, unassigned amounts of unrestricted fund balance when expenditures are made.

PIKE COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2013

M. 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.

N. 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.

O. 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 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, 2013, was \$16,616,445, and the bank balance was \$17,913,780. The carrying amount of the component unit's total deposits with financial institutions at September 30, 2013, was \$414,459, and the bank balance was \$430,814. 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).

PIKE COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2013

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, 2013:

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Countywide Road Maintenance Fund	General Fund	\$ 61,827
Other Governmental Funds	General Fund	53,735
Agency Funds	General Fund	25,063
Total		<u>\$ 140,625</u>

All amounts listed are the tax revenues or court fees collected but not settled until October, 2013. All interfund balances are expected to be repaid within one year from the date of the financial statements.

B. Transfers In/Out:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 171,986
Countywide Road Maintenance Fund	General Fund	408,000
Other Governmental Funds	General Fund	83,018
Other Governmental Funds	Other Governmental Funds	98,811
Internal Service Fund	General Fund	150,000
Total		<u>\$ 911,815</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.

PIKE COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2013

(4) Intergovernmental Receivables.

Intergovernmental receivables at September 30, 2013, consisted of the following:

Description	Amount
Legislative tag credit	\$ 204,505
Oil severance	17,187
Heavy truck privilege tax	48,165
Motor vehicle fuel tax	26,870
Reimbursement for prisoners	36,785
Grants	36,646
Other	55,527
Total Governmental Activities	<u>\$ 425,685</u>

(5) Loans Receivable.

Loans receivable balances at September 30, 2013, are as follows:

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

(6) Capital Assets.

The following is a summary of capital assets activity for the year ended September 30, 2013:

Governmental Activities:

	Beginning Balance	Increases	Decreases	Adjustments	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 1,885,801	130,400			2,016,201
Construction in progress	1,570,410	1,566,126		(2,835,728)	300,808
Total capital assets, not being depreciated	<u>3,456,211</u>	<u>1,696,526</u>	<u>0</u>	<u>(2,835,728)</u>	<u>2,317,009</u>
Capital assets, being depreciated:					
Buildings	17,561,639				17,561,639
Improvements other than buildings	1,136,086		(131,209)	60,484	1,065,361
Mobile equipment	5,340,398	313,174	(99,661)		5,553,911
Furniture and equipment	1,003,583	236,030	(74,821)		1,164,792
Infrastructure	91,995,869	35,467		2,775,244	94,806,580
Total capital assets being depreciated	<u>117,037,575</u>	<u>584,671</u>	<u>(305,691)</u>	<u>2,835,728</u>	<u>120,152,283</u>

PIKE COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2013

	Beginning Balance	Increases	Decreases	Adjustments	Ending Balance
Less: Accumulated depreciation for:					
Buildings	4,762,596	346,572			5,109,168
Improvements other than buildings	270,041	33,126	(104,967)		198,200
Mobile equipment	3,776,664	360,098	(89,694)		4,047,068
Furniture and equipment	747,019	145,254	(74,269)		818,004
Infrastructure	58,126,074	258,657			58,384,731
Total accumulated depreciation	67,682,394	1,143,707	(268,930)	0	68,557,171
Total capital assets, being depreciated, net	49,355,181	(559,036)	(36,761)	2,835,728	51,595,112
Governmental activities capital assets, net	\$ 52,811,392	1,137,490	(36,761)	0	53,912,121

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	\$ 319,846
Public safety	244,374
Public works	476,460
Health and welfare	40,724
Culture and recreation	55,713
Economic development and assistance	6,590
Total depreciation expense - governmental activities	\$ 1,143,707

COMPONENT UNIT - PIKE COUNTY ECONOMIC DEVELOPMENT DISTRICT:

The following is a summary of capital assets activity for the year ended September 30, 2013:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 851,895	30,000		881,895
Total capital assets, not being depreciated	851,895	30,000	0	881,895
Capital assets, being depreciated:				
Machinery & equipment	53,164	1,364		54,528
Total capital assets being depreciated	53,164	1,364	0	54,528
Less: Accumulated depreciation for:				
Machinery & equipment	29,488	3,993		33,481
Total accumulated depreciation	29,488	3,993	0	33,481
Total capital assets, being depreciated, net	23,676	(2,629)	0	21,047
Governmental activities capital assets, net	\$ 875,571	27,371	0	902,942

PIKE COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2013

(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, 2013, to January 1, 2014. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

The county is 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 are based on actuarial estimates. 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. Premium payments to the risk management fund are determined on an actuarial basis. The county has a minimum uninsured risk retention to the extent that actual claims submitted exceed the predetermined premium. The county has implemented the following plan to minimize this potential loss:

The county has purchased coinsurance which functions on a specific stop loss coverage. This coverage is 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, 2013, the amount of these liabilities was \$160,223. An analysis of claims activities is presented.

	2012	2013
Claims Liability, Beginning of Fiscal Year	\$ 60,561	101,764
Incurred Claims	1,191,032	1,471,208
Claim Payments	<u>(1,149,829)</u>	<u>(1,412,749)</u>
Claims Liability, End of Fiscal Year	<u>\$ 101,764</u>	<u>160,223</u>

PIKE COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2013

(8) Long-term Debt.

Debt outstanding as of September 30, 2013, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
A. General Obligation Bonds:			
Series 2012A, John E Lewis Drive	\$ 1,375,000	1.80% - 2.50%	4/1/2022
Jail renovation	2,345,000	4.00-5.50%	8/1/2026
Refunding issue 2011	1,405,000	2.00-3.25%	7/1/2021
Series 2012B, Bridge bond	5,300,000	2.40-3.40%	10/1/2032
Total General Obligation Bonds	\$ 10,425,000		
B. Loans:			
Mark Street loan, Trustmark National Bank	\$ 221,065	1.92%	9/15/2017
Total Loans	\$ 221,065		

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

Governmental Activities:

Year Ending September 30	General Obligation Bonds		Other Loans	
	Principal	Interest	Principal	Interest
2014	\$ 705,000	310,527	52,910	3,791
2015	735,000	287,943	54,980	2,746
2016	755,000	265,288	56,045	1,681
2017	780,000	243,068	57,130	596
2018	795,000	218,873		
2019-2023	3,195,000	746,068		
2024-2028	2,080,000	322,200		
2029-2033	1,380,000	84,000		
Total	\$ 10,425,000	2,477,967	221,065	8,814

PIKE COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2013

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, 2013, the amount of outstanding debt was equal to 3.05% of the latest property assessments.

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2013:

	Balance Oct. 1, 2012	Additions	Reductions	Balance Sept. 30, 2013	Amount due within one year
Governmental Activities:					
Compensated absences	\$ 272,492	15,238		287,730	
General obligation bonds	6,135,000	5,500,000	1,210,000	10,425,000	705,000
Other loans	275,000		53,935	221,065	52,910
Total	\$ 6,682,492	5,515,238	1,263,935	10,933,795	757,910

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.

(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

Notes to the Financial Statements For the Year Ended September 30, 2013

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 \$87,390 in fiscal year 2013. 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 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 \$330,487 in fiscal year 2013. 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 2013.

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 2013.

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 \$1,468,896 for the operations and maintenance of the college in fiscal year 2013.

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.

PIKE COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2013

(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, 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 county's contributions (employer share only) to PERS for the years ending September 30, 2013, 2012 and 2011 were \$1,076,018, \$914,830 and \$818,093, respectively, equal to the required contributions for each year.

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, 2013, 2012 and 2011 were \$27,512, \$24,362 and \$20,750, 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 12, 2014, which is the date the financial statements were available to be issued.

As of December 12, 2014, Pike County issued the following debt obligation:

General obligation bonds with variable interest rates issued September 15, 2014, in the amount of \$3,000,000, 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, 2013

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 6,739,500	6,903,861	6,903,861	
Licenses, commissions and other revenue	554,500	478,772	478,772	
Fines and forfeitures	1,047,000	878,841	878,841	
Intergovernmental revenues	1,999,863	1,855,793	1,855,793	
Charges for services	562,500	570,984	570,984	
Interest income	16,690	133,724	133,724	
Miscellaneous revenues	255,200	259,773	259,773	
Total Revenues	<u>11,175,253</u>	<u>11,081,748</u>	<u>11,081,748</u>	<u>0</u>
EXPENDITURES				
Current:				
General government	5,720,291	5,833,641	5,833,641	
Public safety	4,413,823	4,506,885	4,506,885	
Public works	26,000	68,769	68,769	
Health and welfare	446,831	433,857	433,857	
Culture and recreation	3,500	3,500	3,500	
Conservation of natural resources	161,278	140,451	140,451	
Economic development and assistance	53,268	47,364	47,364	
Debt service:				
Principal	52,920	52,910	52,910	
Interest	4,805	4,816	4,816	
Total Expenditures	<u>10,882,716</u>	<u>11,092,193</u>	<u>11,092,193</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>292,537</u>	<u>(10,445)</u>	<u>(10,445)</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)				
Long-term debt issued				
Proceeds sale - capital assets	5,000	557	557	
Transfers in	47,275	219,243	219,243	
Transfers out	(530,275)	(688,275)	(688,275)	
Total Other Financing Sources and Uses	<u>(478,000)</u>	<u>(468,475)</u>	<u>(468,475)</u>	<u>0</u>
Net Change in Fund Balance	(185,463)	(478,920)	(478,920)	0
Fund Balances - Beginning	<u>2,604,542</u>	<u>3,488,886</u>	<u>3,488,886</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 2,419,079</u>	<u>3,009,966</u>	<u>3,009,966</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, 2013

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 1,522,000	1,568,411	1,568,411	
Road and bridge privilege taxes	480,000	496,557	496,557	
Intergovernmental revenues	758,500	802,174	802,174	
Interest income	7,041	5,644	5,644	
Miscellaneous revenues	2,650	3,274	3,274	
Total Revenues	<u>2,770,191</u>	<u>2,876,060</u>	<u>2,876,060</u>	<u>0</u>
EXPENDITURES				
Current:				
Public works	3,226,191	3,101,743	3,101,743	
Debt service:				
Principal				
Interest				
Total Expenditures	<u>3,226,191</u>	<u>3,101,743</u>	<u>3,101,743</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>(456,000)</u>	<u>(225,683)</u>	<u>(225,683)</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>400,000</u>	<u>408,000</u>	<u>408,000</u>	
Total Other Financing Sources and Uses	<u>400,000</u>	<u>408,000</u>	<u>408,000</u>	<u>0</u>
Net Change in Fund Balance	(56,000)	182,317	182,317	0
Fund Balances - Beginning	<u>1,275,000</u>	<u>1,514,116</u>	<u>1,514,116</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 1,219,000</u>	<u>1,696,433</u>	<u>1,696,433</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)
 E-911 Fund
 For the Year Ended September 30, 2013

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Charges for services	\$ 400,000	421,461	421,461	
Interest income	7,760	3,962	3,962	
Total Revenues	<u>407,760</u>	<u>425,423</u>	<u>425,423</u>	<u>0</u>
EXPENDITURES				
Current:				
Public safety	943,154	773,774	773,774	
Total Expenditures	<u>943,154</u>	<u>773,774</u>	<u>773,774</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>(535,394)</u>	<u>(348,351)</u>	<u>(348,351)</u>	<u>0</u>
Net Change in Fund Balance	(535,394)	(348,351)	(348,351)	0
Fund Balances - Beginning	<u>1,809,605</u>	<u>2,453,643</u>	<u>2,453,643</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 1,274,211</u>	<u>2,105,292</u>	<u>2,105,292</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, 2013

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 each major Special Revenue Fund:

	Governmental Fund Types		
	General Fund	Countywide Road Maintenance Fund	E-911 Fund
Net Change in Fund Balance - Budget (Cash Basis)	\$ (478,920)	182,317	(348,351)
Increase (decrease):			
Net adjustments for revenue accruals	(59,431)	(19,726)	20,203
Net adjustments for expenditure accruals	(180,408)	77,212	(5,924)
Net Change in Fund Balance GAAP Basis	\$ <u>(718,759)</u>	<u>239,803</u>	<u>(334,072)</u>

PIKE COUNTY

OTHER INFORMATION

PIKE COUNTY

Schedule of Surety Bonds for County Officials-Unaudited
For the Year Ended September 30, 2013

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, 2013, 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 12, 2014.

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.

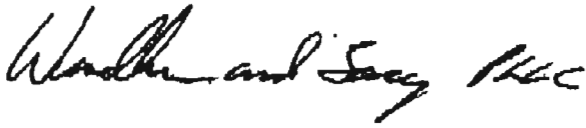
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

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 12, 2014

Windham and Lacey, PLLC

Certified Public Accountants

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INDEPENDENT AUDITOR'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, 2013. 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.

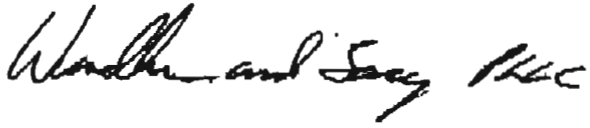
Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly included examining, on a test basis, evidence about the county's compliance with those requirements and performing other procedures as we considered 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, 2013.

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, appearing to read "Windham and Lacey, PLLC". The signature is written in a cursive, flowing style.

Windham and Lacey, PLLC
December 12, 2014

PIKE COUNTY

Schedule 1

Schedule of Purchases Not Made From the Lowest Bidder
For the Year Ended September 30, 2013

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, 2013

Schedule 2

Our test results did not identify any emergency purchases.

PIKE COUNTY

Schedule 3

Schedule of Purchases Made Noncompetitively From a Sole Source
For the Year Ended September 30, 2013

<u>Date</u>	<u>Purchased</u>		<u>Amount</u>	<u>Vendor</u>
3/15/2013	6 inch & 1 foot Oblique & Ortho imagery	\$	70,500	Pictometry

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LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

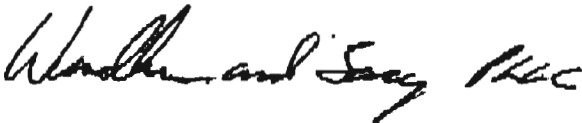
Members of the Board of Supervisors
Pike County, Mississippi

In planning and performing our audit of the financial statements of Pike County, Mississippi for the year ended September 30, 2013, 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 12, 2014, 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 12, 2014

PIKE COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

PIKE COUNTY

Schedule of Findings and Responses
For the Year Ended September 30, 2013

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*.