

# PIKE COUNTY, MISSISSIPPI

Audited Financial Statements and Special Reports

For the Year Ended September 30, 2009



## STACEY E. PICKERING

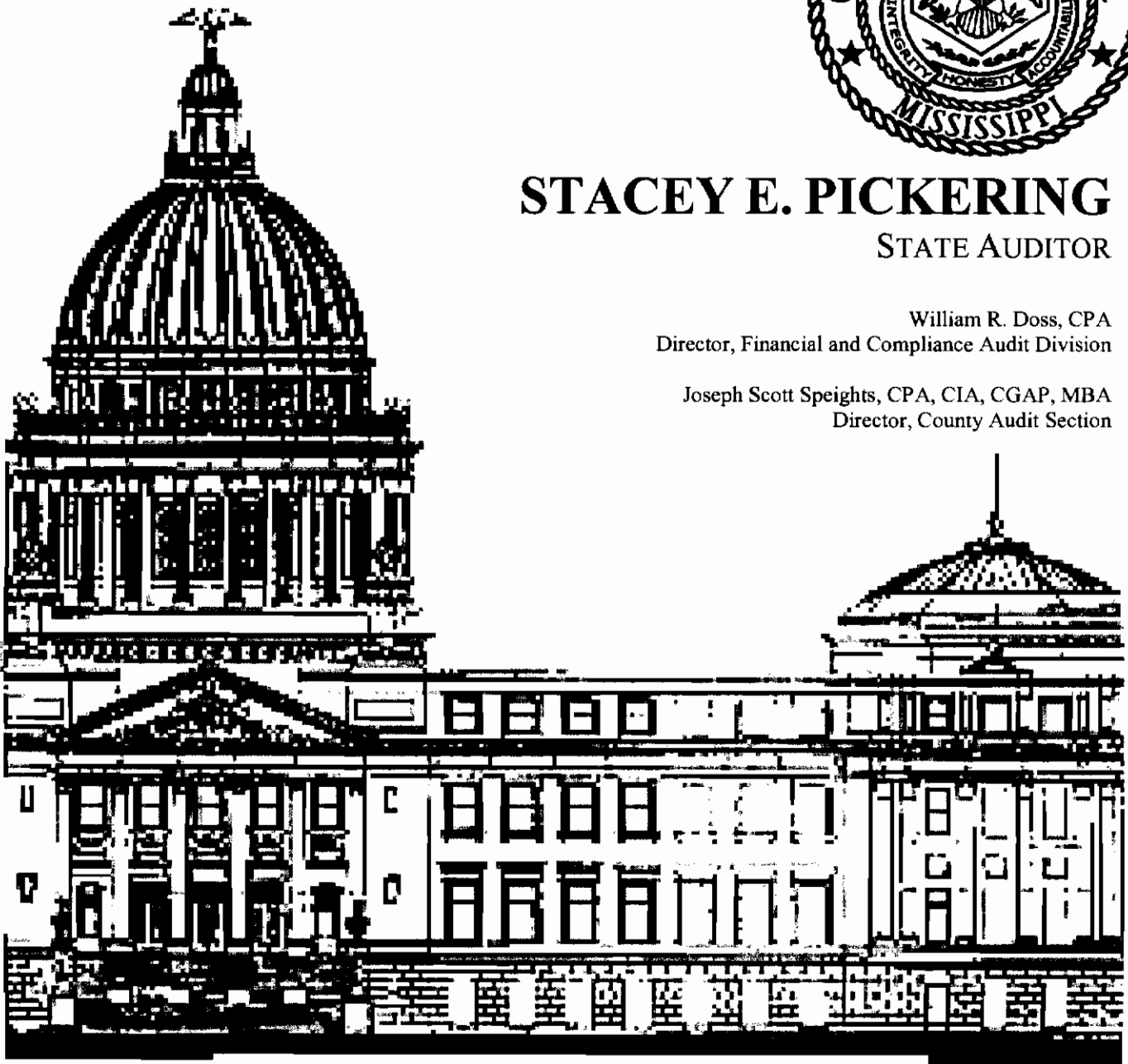
STATE AUDITOR

William R. Doss, CPA

Director, Financial and Compliance Audit Division

Joseph Scott Speights, CPA, CIA, CGAP, MBA

Director, County Audit Section



A Report from the County Audit Section

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# State of Mississippi

OFFICE OF THE STATE AUDITOR  
STACEY E. PICKERING  
AUDITOR

February 10, 2011

Members of the Board of Supervisors  
Pike County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2009 financial and compliance audit report for Pike County. This audit was performed pursuant to Section 7-7-211(e), Mississippi Code Ann. (1972). The audit was performed 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.

I appreciate the cooperation and courtesy extended by the officials and employees of Pike County throughout the audit. Thank you for working to move Mississippi forward by serving as a supervisor for Pike County. If I or this office can be of any further assistance, please contact me or J. Scott Speights of my staff at (601) 576-2674.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Stacey E. Pickering".

Stacey E. Pickering  
State Auditor



PIKE COUNTY  
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PIKE COUNTY

FINANCIAL SECTION

PIKE COUNTY

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## State of Mississippi

OFFICE OF THE STATE AUDITOR  
STACEY E. PICKERING  
AUDITOR

### INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors  
Pike County, Mississippi

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, 2009, which collectively comprise the county's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the county's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Pike County Economic Development District, a component unit, which represents 100 percent, respectively, of the assets, net assets and revenues of the aggregate discretely presented component unit column. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the aforementioned component unit, is based on the report of the other auditors.

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 of material misstatement. However, the financial statements of Pike County Economic Development District, component unit, audited by other auditors were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to previously 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, 2009, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 2011, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis, the Budgetary Comparison Schedules and corresponding notes are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Pike County, Mississippi's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, based on our audit, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



WILLIAM R. DOSS, CPA  
Director, Financial and Compliance Audit Division

February 10, 2011

**PIKE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

PIKE COUNTY

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**PIKE COUNTY**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

***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, 2009. 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.

This discussion and analysis is an element of required supplementary information specified in the “Governmental Accounting Standards Board’s (GASB) Statement No. 34 – *Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments*” issued June 1999.

Pike County is located in southwestern Mississippi along Interstate I-55. The population, according to the 2000 census, is 38,940. The local economic base is driven by Manufacturing, Medical, Retail Trade and Agriculture.

## **FINANCIAL HIGHLIGHTS**

Pike County is financially stable. The County 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.

Pike County continues to grow both economically and in population. This has allowed the County to maintain a steady growth in tax revenues without a tax increase. The County government tax rate has decreased by almost 7 mills over the last 10 years. This does not include School tax increases.

Total net assets including the effect of a prior period adjustment of (\$46,309) increased \$25,509,995, which represents a 5% increase from the prior fiscal year. The County's ending cash balance, for all funds, decreased by \$247,573, which represents a 1.98% decrease from the prior fiscal year.

The County had \$25,181,861 in total Governmental Activities revenues. Property tax revenues account for \$11,178,776 or 44.39% of total revenues. State revenues, in the form of reimbursements, shared revenue or grants, account for \$8,682,021 or 34.48% of total revenues. No Long-term Debt was issued during fiscal year October 1, 2008 through September 30, 2009.

The County had \$22,625,557 in total Governmental Activities expenses, which represents an increase of \$3,442,221 or 17.94% increase from the prior fiscal year. Expenses in the amount of \$10,914,086 were offset by program revenues. General revenues of \$13,470,390 were adequate to provide for the remainder of the expenses.

Among major funds, the General Fund had \$13,742,554 in revenues and \$13,224,035 in expenditures. The General Fund's fund balance including the effect of a prior period adjustment of (\$46,309) increased \$28,146 over the prior year.

Among major funds, the County Wide Road Fund had \$3,020,382 in revenues and \$3,513,839 in expenditures. The County Wide Road Fund's fund balance decreased \$133,158 over the prior year. A reason for the decrease in fund balance was due to the payments of two balloon payments on two capital lease purchases.

Capital assets, net of accumulated depreciation, increased by \$1,653,359, compared to the prior year.

Long-term debt decreased by \$1,082,841. During fiscal year 2008/2009 no new long-term debt was incurred.

## 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 – Required Components of the County's Annual Report**

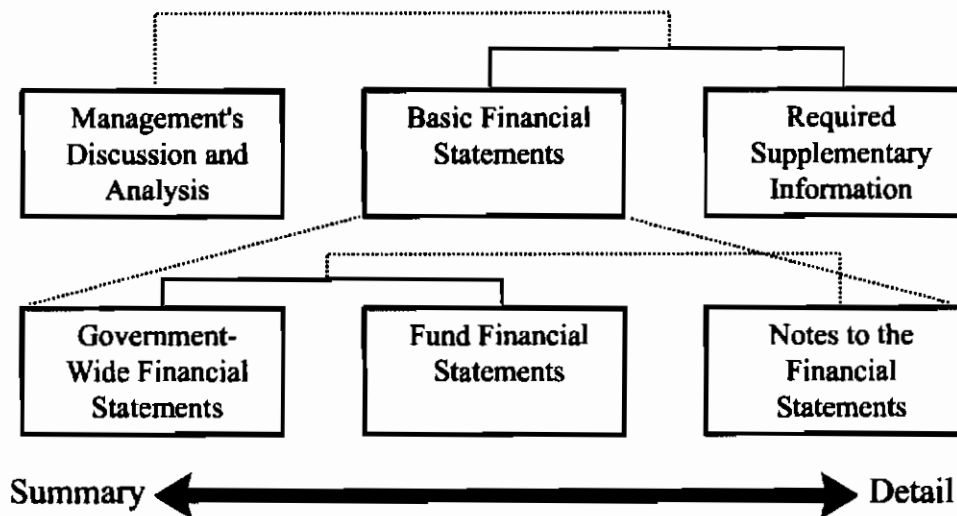


Figure 1 shows how required parts of this annual report are arranged and relate to one another.

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**

|   | <b>Government<br/>-Wide<br/>Financial<br/>Statements</b>   | <b>Fund Financial Statements</b>   |   |   |
|---|--|--|---|---|
|   |  | <b>Governmental<br/>Funds</b>  | <b>Proprietary<br/>Funds</b>  | <b>Fiduciary<br/>Funds</b>  |
| <b>Scope</b>                                  | 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   |
| <b>Required financial statements</b>          | <ul style="list-style-type: none"> <li>● Statement of net assets</li> <li>● Statement of activities</li> </ul> | <ul style="list-style-type: none"> <li>● Balance sheet</li> <li>● Statement of revenues, expenditures and changes in fund balances</li> </ul>  | <ul style="list-style-type: none"> <li>● Statement of net assets</li> <li>● Statement of revenues, expenses and changes in net assets</li> <li>● Statement of cash flows</li> </ul> | <ul style="list-style-type: none"> <li>● Statement of fiduciary net assets</li> <li>● Statement of changes in net assets</li> </ul> |
| <b>Accounting basis and measurement focus</b> | 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   |
| <b>Type of asset/liability information</b>    | 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  |
| <b>Type of inflow/outflow information</b>     | 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  |

**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.

*Component units are included in our basic financial statements and consist of legally separate entities for which the County is financially accountable and that have substantially the same board as the County or provide services entirely to the County.*

The County has the following discretely presented component unit.

- Pike County Economic Development District

*Each 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*. 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.

**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.

Fund financial statements for the proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Data from the other enterprise funds are combined into a single, aggregated presentation. The County's internal service funds are combined into a single, aggregated presentation in the proprietary funds 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 are not included in this report; however, we expect them to be included in the Audit Report issued by the State Department of Audit once our audit is complete.

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 \$53,347,123 as of September 30, 2009.

By far, the largest portion of the County's net assets (74.63%) reflects its investment in capital assets (e.g. roads, bridges, land, buildings, mobile equipment, furniture & equipment, leased property under capital lease 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.

The following table presents a summary of the County's net assets for the fiscal year ended September 30, 2009, as compared to fiscal year ended September 30, 2008:

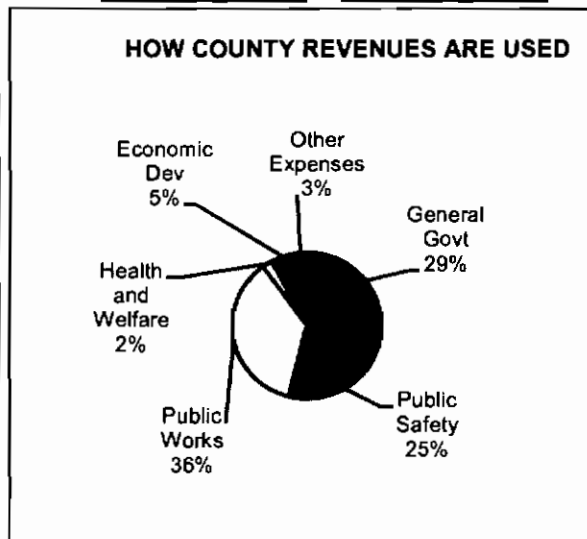
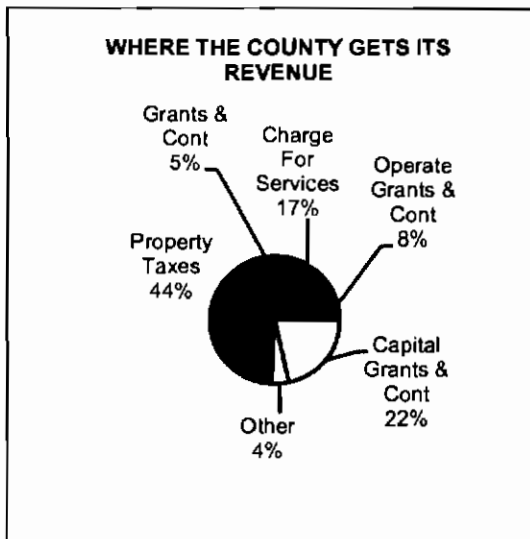
|   | <u>2009</u>          | <u>2008</u>       |
|---|----------------------|-------------------|
| Current assets                                  | \$ 25,176,344        | 25,256,983        |
| Capital assets, net                             | <u>46,001,254</u>    | <u>44,347,895</u> |
| Total assets                                    | <u>71,177,598</u>    | <u>69,604,878</u> |
| Current liabilities                             | 9,815,809            | 9,670,243         |
| Long-term debt outstanding                      | <u>8,014,666</u>     | <u>9,097,507</u>  |
| Total liabilities                               | <u>17,830,475</u>    | <u>18,767,750</u> |
| Net assets:                                     |                      |                   |
| Invested in capital assets, net of related debt | 39,811,720           | 37,420,199        |
| Restricted                                      | 7,400,917            | 7,268,622         |
| Unrestricted                                    | <u>6,134,486</u>     | <u>6,148,308</u>  |
| Total net assets                                | <u>\$ 53,347,123</u> | <u>50,837,128</u> |

The following are significant current year transactions that have had an impact on the Statement of Net Assets:

- Two capital leases were paid off. Including these two leases \$1,098,983 of long-term debt principal was retired.

**Changes in Net Assets** – Pike County’s total revenues for the fiscal year ended September 30, 2009 was \$25,181,861. The total cost for all services provided was \$22,625,557. The increase in net assets was \$2,556,304. The following table presents a summary of the changes in net assets for the fiscal year ended September 30, 2009, as compared to fiscal year ended September 30, 2008:

|  | 2009                | 2008              |
|--|---------------------|-------------------|
| <b>Revenues:</b>                         |                     |                   |
| <b>Program revenues</b>                  |                     |                   |
| Charges for services                     | \$ 4,233,602        | 4,306,002         |
| Operating grants & contributions         | 2,067,273           | 1,835,346         |
| Capital grants & contributions           | 5,410,596           | 2,325,150         |
| <b>General revenues</b>                  |                     |                   |
| Property taxes                           | 11,178,776          | 10,798,105        |
| Grants & contributions                   | 1,204,152           | 1,519,667         |
| Other                                    | 1,087,462           | 1,167,026         |
| <b>Total Revenues</b>                    | <u>25,181,861</u>   | <u>21,951,296</u> |
| <b>Expenses:</b>                         |                     |                   |
| General government                       | 6,560,992           | 6,164,468         |
| Public safety                            | 5,659,430           | 5,639,318         |
| Public works                             | 8,130,954           | 4,834,597         |
| Health and welfare                       | 498,767             | 441,860           |
| Economic development                     | 1,147,009           | 1,415,226         |
| Other expenses                           | 628,405             | 687,868           |
| <b>Total Expenses</b>                    | <u>22,625,557</u>   | <u>19,183,337</u> |
| <b>Increase (Decrease) in Net Assets</b> | <u>\$ 2,556,304</u> | <u>2,767,959</u>  |



**Governmental Activities** – The following table presents the cost of five major functional activities of the County: General Government, Public Safety, Public Works, Health & Welfare and Economic Development.

The table also shows each function’s net cost (total cost less charges for services generated by the activity 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.

|                                     | <u>Total<br/>Costs</u> | <u>Net<br/>Costs</u> |
|-------------------------------------|------------------------|----------------------|
| General Government                  | \$ 6,560,992           | \$ 4,338,262         |
| Public Safety                       | 5,659,430              | 3,517,436            |
| Public Works                        | 8,130,954              | 1,366,346            |
| Health & Welfare                    | 498,767                | 452,010              |
| Economic Development and Assistance | 1,147,009              | 611,627              |

## **FINANCIAL ANALYSIS OF THE COUNTY’S FUNDS**

**Governmental funds** – At the close of the fiscal year, Pike County’s governmental funds reported a combined fund balance of \$11,533,140, an increase of \$145,979, net of the \$46,309 prior period adjustment. The primary reasons for this increase are highlighted in the analysis of governmental activities.

The General Fund is the principal operating fund of the County. The increase in the fund balance of the General Fund including the effect of a prior period adjustment of (\$46,309) for the fiscal year was \$28,146.

## **BUDGETARY HIGHLIGHTS OF MAJOR FUNDS**

Over the course of the year, Pike County did not revise its annual operating budget, until the end of the fiscal year. At the end of the fiscal year Pike County amended its budget to reflect actual revenues received and expenditures made.

After the final adjustment, actual revenues and disbursements were equal to the final budget amounts.

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 supplementary information.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets** – As of September 30, 2009, Pike County's total gross capital assets was \$111,158,293. This includes roads, bridges, other infrastructure, land, buildings, mobile equipment, furniture and equipment, leased property under capital lease and construction in progress. This amount represents an increase from the previous year of \$2,283,651.

Total accumulated depreciation as of September 30, 2009 was \$65,157,039, including \$892,674 of depreciation expense for the year. The balance in total net capital assets was \$46,001,254 at year-end.

Shown below are two tables that show the activity for Capital Assets and Accumulated Depreciation from the prior year audit report to this fiscal year.

**Fixed Asset Inventory Values**

| Asset Classification              | Balance<br>10/01/08   | Additions        | Deletions          | Balance<br>09/30/09 |
|-----------------------------------|-----------------------|------------------|--------------------|---------------------|
| Land                              | \$ 1,692,953          | 150,000          | (12,152)           | 1,830,801           |
| Construction in progress          | 1,580,158             | 1,814,128        | (909,590)          | 2,484,696           |
| Buildings                         | 13,920,684            |                  |                    | 13,920,684          |
| Improvements other than buildings | 213,329               |                  |                    | 213,329             |
| Mobile equipment                  | 4,498,360             | 570,310          | (300,966)          | 4,767,704           |
| Other furniture & equipment       | 677,386               | 5,950            | (6,925)            | 676,411             |
| Infrastructure - roads            | 78,992,130            | 657,743          |                    | 79,649,873          |
| Infrastructure - bridges          | 6,746,117             | 563,249          |                    | 7,309,366           |
| Property under capital lease      | 553,525               |                  | (248,096)          | 305,429             |
| Total                             | \$ <u>108,874,642</u> | <u>3,761,380</u> | <u>(1,477,729)</u> | <u>111,158,293</u>  |

**Fixed Asset Accumulated****Depreciation Expense**

| Asset Classification              | Balance<br>10/01/08  | Additions        | Deletions      | Balance<br>09/30/09 |
|-----------------------------------|----------------------|------------------|----------------|---------------------|
| Buildings                         | \$ 3,594,768         | 273,752          |                | 3,868,520           |
| Improvements other than buildings | 170,663              |                  |                | 170,663             |
| Mobile equipment                  | 2,902,075            | 441,393          | 256,150        | 3,087,318           |
| Other furniture & equipment       | 594,913              | 16,482           | 6,232          | 605,163             |
| Infrastructure - roads            | 53,418,651           | 125,947          |                | 53,544,598          |
| Infrastructure - bridges          | 3,706,543            | 119,260          |                | 3,825,803           |
| Property under capital lease      | 139,134              | 49,820           | 133,980        | 54,974              |
| Total                             | \$ <u>64,526,747</u> | <u>1,026,654</u> | <u>396,362</u> | <u>65,157,039</u>   |

**Debt Administration** – At September 30, 2009, Pike County had \$8,014,666 in long-term debt outstanding. This includes general obligation bonds, other and obligations under capital lease. Of this debt, \$1,005,941 is due within one year.

In the past year, the County did not issue any debt obligations.

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 49 million dollars.

Shown below is a table showing the activity on long-term debt for this fiscal year excluding compensated absences. This table breaks down the debt by the type of issue.

**Long-term Debt Analysis**

|                                       | Balance             |          |                  | Balance          | Due                |
|---------------------------------------|---------------------|----------|------------------|------------------|--------------------|
| General Obligation Bonds              | 10/1/2008           | Issued   | Retired          | 9/30/2009        | Within<br>One Year |
| Chancery Court Annex                  | \$ 515,000          |          | 120,000          | 395,000          | 125,000            |
| Sanderson Farms Bonds                 | 1,750,000           |          | 310,000          | 1,440,000        | 330,000            |
| Pike-Amite-Walthall Library           | 1,370,000           |          | 115,000          | 1,255,000        | 120,000            |
| Courthouse Renovation                 | 945,000             |          | 45,000           | 900,000          | 50,000             |
| Industrial Park Expansion             | 600,000             |          | 110,000          | 490,000          | 115,000            |
| Jail Renovation Bonds                 | 3,000,000           |          | 115,000          | 2,885,000        | 125,000            |
| <b>Total General Obligation Bonds</b> | <b>8,180,000</b>    | <b>0</b> | <b>815,000</b>   | <b>7,365,000</b> | <b>865,000</b>     |
| <b>Other Loans</b>                    |                     |          |                  |                  |                    |
| Magnolia Armory CAP Loan              | 105,695             |          | 19,024           | 86,671           | 20,034             |
| Energy Equipment                      | 183,708             |          | 50,821           | 132,887          | 53,167             |
| <b>Total Other Loans</b>              | <b>289,403</b>      | <b>0</b> | <b>69,845</b>    | <b>219,558</b>   | <b>73,201</b>      |
| <b>Capital Leases</b>                 |                     |          |                  |                  |                    |
| Motor grader Lease                    | 99,825              |          | 99,825           | 0                | 0                  |
| Loader Lease                          | 49,047              |          | 49,047           | 0                | 0                  |
| Track loader Lease                    | 121,892             |          | 35,713           | 86,179           | 37,246             |
| Asphalt Distributor Truck             | 121,237             |          | 29,553           | 91,684           | 30,494             |
| <b>Total Capital Leases</b>           | <b>392,001</b>      | <b>0</b> | <b>214,138</b>   | <b>177,863</b>   | <b>67,740</b>      |
| <b>Total All Long-term Debt</b>       | <b>\$ 8,861,404</b> | <b>0</b> | <b>1,098,983</b> | <b>7,762,421</b> | <b>1,005,941</b>   |

## ***CURRENT AND FUTURE ITEMS OF IMPACT***

The budget for the next fiscal year reflected a decrease of \$70,070 or 0.32% in revenues and an increase of \$336,106 or 1.47% in expenses.

Pike County has plans to construct a FEMA 361 Storm Shelter at an approximate cost of \$3.25 million. Planning will continue during fiscal year 2010 and construction should begin fiscal year 2011 and be completed 2012.

Pike County Board of Supervisors has approved a resolution declaring its intent to issue general obligation bonds in a principal amount not to exceed \$1.5 million. The general obligation bonds will be used construct or reconstruct roads and for erecting county buildings.

## **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, Mississippi 39652.

**PIKE COUNTY**

**FINANCIAL STATEMENTS**

**PIKE COUNTY**

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PIKE COUNTY  
Statement of Net Assets  
September 30, 2009

Exhibit 1

|  | Primary Government<br>Governmental<br>Activities | Component<br>Unit<br>Economic<br>Development |
|--|--|--|
| <b>ASSETS</b>  |  |  |
| Cash   | \$ 12,262,125                                    | 420,028                                      |
| Accrued interest receivable  | 211  |  |
| Property tax receivable  | 8,203,764  |  |
| Accounts receivable (net of allowance for uncollectibles of \$495,875) | 582,827  | 11,240                                       |
| Fines receivable (net of allowance for uncollectibles of \$8,159,705)  | 1,227,398  |  |
| Loans receivable   | 450,000  |  |
| Capital leases receivable  | 1,618,800  |  |
| Intergovernmental receivables  | 647,479  |  |
| Other receivables  | 170,000  |  |
| Inventories and prepaid items  | 13,740   |  |
| Restricted assets  |  |  |
| Capital assets:  |  |  |
| Land and construction in progress                                      | 4,315,497  |  |
| Other capital assets, net  | 41,685,757                                       | 857,501                                      |
| Total Assets   | <u>71,177,598</u>                                | <u>1,288,769</u>                             |
| <b>LIABILITIES</b>   |  |  |
| Claims payable   | 161,452  | 13,655                                       |
| Intergovernmental payables   | 468,305  | 72,917                                       |
| Accrued interest payable   | 96,010   |  |
| Deferred revenue   | 8,382,564  |  |
| Unearned revenue   | 125,103  |  |
| Other payables   | 415,844  |  |
| Claims and judgments payable   | 166,531  |  |
| Long-term liabilities  |  |  |
| Due within one year:   |  |  |
| Capital debt   | 622,774  |  |
| Non-capital debt   | 383,167  |  |
| Due in more than one year:   |  |  |
| Capital debt   | 5,566,760  |  |
| Non-capital debt   | 1,441,965  |  |
| Total Liabilities  | <u>17,830,475</u>                                | <u>86,572</u>                                |
| <b>NET ASSETS</b>  |  |  |
| Invested in capital assets, net of related debt                        | 39,811,720                                       | 857,501                                      |
| Restricted:  |  |  |
| Expendable:  |  |  |
| General government   | 858,526  |  |
| Debt service   | 279,853  |  |
| Public safety  | 2,565,519  |  |
| Public works   | 2,900,337  |  |
| Economic development   | 597,680  |  |
| Unemployment compensation  | 19,470   |  |
| Capital projects   | 90,311   |  |
| Other purposes   | 89,221   |  |
| Unrestricted   | 6,134,486  | 344,696                                      |
| Total Net Assets   | <u>\$ 53,347,123</u>                             | <u>1,202,197</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, 2009

Exhibit 2

| Functions/Programs   | Program Revenues |                      |                                    | Net (Expense) Revenue and Changes in Net Assets |                    | Component Unit |                      |
|--|------------------|----------------------|------------------------------------|---|--------------------|----------------|----------------------|
|  | Expenses         | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions                | Primary Government |                | Economic Development |
|  |                  |                      |                                    |   |                    |                |                      |
| Primary government:  |                  |                      |                                    |   |                    |                |                      |
| Governmental activities:                                     |                  |                      |                                    |   |                    |                |                      |
| General government   | \$ 6,560,992     | 2,083,844            | 138,886                            |   | (4,338,262)        |                |                      |
| Public safety  | 5,659,430        | 1,119,116            | 1,022,878                          |   | (3,517,436)        |                |                      |
| Public works   | 8,130,954        | 1,030,642            | 822,252                            | 4,911,714                                       | (1,366,346)        |                |                      |
| Health and welfare   | 498,767          |                      | 46,757                             |   | (452,010)          |                |                      |
| Culture and recreation                                       | 73,141           |                      |                                    |   | (73,141)           |                |                      |
| Conservation of natural resources                            | 142,163          |                      |                                    |   | (142,163)          |                |                      |
| Economic development and assistance                          | 1,147,009        |                      | 36,500                             | 498,882   | (611,627)          |                |                      |
| Interest on long-term debt                                   | 413,101          |                      |                                    |   | (413,101)          |                |                      |
| Total Governmental Activities                                | 22,625,557       | 4,233,602            | 2,067,273                          | 5,410,596                                       | (10,914,086)       | 0              |                      |
| Component unit   |                  |                      |                                    |   |                    |                |                      |
| Economic Development District                                | 372,513          | 0                    | 331,767                            | 0   | 0                  | (40,746)       |                      |
| Total Primary Government                                     | \$ 22,998,070    | 4,233,602            | 2,399,040                          | 5,410,596                                       | (10,914,086)       | (40,746)       |                      |
| General revenues:  |                  |                      |                                    |   |                    |                |                      |
| Property taxes   |                  |                      |                                    |   | \$ 11,178,776      |                |                      |
| Road & bridge privilege taxes                                |                  |                      |                                    |   | 482,335            |                |                      |
| Grants and contributions not restricted to specific programs |                  |                      |                                    |   | 1,204,152          |                |                      |
| Unrestricted interest income                                 |                  |                      |                                    |   | 605,127            | 6,996          |                      |
| Miscellaneous  |                  |                      |                                    |   |                    | 70,488         |                      |
| Total General Revenues                                       |                  |                      |                                    |   | 13,470,390         | 77,484         |                      |
| Changes in Net Assets  |                  |                      |                                    |   | 2,556,304          | 36,738         |                      |
| Net Assets - Beginning                                       |                  |                      |                                    |   | 50,837,128         | 1,165,459      |                      |
| Prior period adjustment                                      |                  |                      |                                    |   | (46,309)           |                |                      |
| Net Assets - Beginning, as restated                          |                  |                      |                                    |   | 50,790,819         | 1,165,459      |                      |
| Net Assets - Ending  |                  |                      |                                    |   | \$ 53,347,123      | 1,202,197      |                      |

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

PIKE COUNTY  
Balance Sheet - Governmental Funds  
September 30, 2009

Exhibit 3

|   | Major Funds     |               |                            | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|-----------------|---------------|----------------------------|--------------------------------|--------------------------------|
|   | General<br>Fund | E-911<br>Fund | Countywide<br>Road<br>Fund |                                |                                |
| <b>ASSETS</b>   |                 |               |                            |                                |                                |
| Cash  | \$ 4,782,292    | 1,971,489     | 1,024,606                  | 3,749,130                      | 11,527,517                     |
| Acerued interest receivable   | 211             |               |                            |                                | 211                            |
| Property tax receivable   | 4,676,548       |               | 1,130,092                  | 2,397,124                      | 8,203,764                      |
| Aceounts receivable (net of allowance<br>for uncollectibles of \$495,875) |                 |               |                            | 582,827                        | 582,827                        |
| Fines receivable (net of allowance for<br>uncollectibles of \$8,159,705)  | 1,227,398       |               |                            |                                | 1,227,398                      |
| Loans receivable  |                 |               |                            | 450,000                        | 450,000                        |
| Capital lease receivable  |                 |               |                            | 1,618,800                      | 1,618,800                      |
| Intergovernmental receivables   | 293,498         |               | 231,671                    | 122,310                        | 647,479                        |
| Other receivables   | 23,637          | 33,719        |                            | 7,541                          | 64,897                         |
| Due from other funds  |                 |               | 59,656                     | 50,101                         | 109,757                        |
| Inventories and prepaid items   | 9,740           |               |                            | 4,000                          | 13,740                         |
| Total Assets  | \$ 11,013,324   | 2,005,208     | 2,446,025                  | 8,981,833                      | 24,446,390                     |
| <b>LIABILITIES AND FUND BALANCES</b>                                      |                 |               |                            |                                |                                |
| Liabilities:  |                 |               |                            |                                |                                |
| Claims payable  | \$ 81,009       | 7,219         | 37,967                     | 35,257                         | 161,452                        |
| Intergovernmental payables  | 446,725         |               |                            | 1,750                          | 448,475                        |
| Due to other funds  | 129,587         |               |                            |                                | 129,587                        |
| Deferred revenue  | 5,903,946       |               | 1,130,092                  | 4,598,752                      | 11,632,790                     |
| Unearned revenue  |                 |               |                            | 125,103                        | 125,103                        |
| Other payables  | 415,843         |               |                            |                                | 415,843                        |
| Total Liabilities   | 6,977,110       | 7,219         | 1,168,059                  | 4,760,862                      | 12,913,250                     |
| Fund balances:  |                 |               |                            |                                |                                |
| Reserved for:   |                 |               |                            |                                |                                |
| Debt service  |                 |               |                            | 375,863                        | 375,863                        |
| Loans receivable  |                 |               |                            | 450,000                        | 450,000                        |
| Unemployment compensation   |                 |               |                            | 19,470                         | 19,470                         |
| Unreserved - undesignated, reported in:                                   |                 |               |                            |                                |                                |
| General Fund  | 4,036,214       |               |                            | 291,900                        | 4,328,114                      |
| Special Revenue Funds   |                 | 1,997,989     | 1,277,966                  | 2,993,427                      | 6,269,382                      |
| Capital Project Funds   |                 |               |                            | 90,311                         | 90,311                         |
| Total Fund Balances   | 4,036,214       | 1,997,989     | 1,277,966                  | 4,220,971                      | 11,533,140                     |
| Total Liabilities and Fund Balances                                       | \$ 11,013,324   | 2,005,208     | 2,446,025                  | 8,981,833                      | 24,446,390                     |

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 Assets  
 September 30, 2009

Exhibit 3-1

|  | <u>Amount</u>        |
|--|----------------------|
| Total Fund Balance - Governmental Funds  | \$ 11,533,140        |
| Amounts reported for governmental activities in the Statement of Net Assets are different because:   |                      |
| Capital assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$65,157,039.   | 46,001,254           |
| Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.   | 1,810,225            |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.   | (8,014,666)          |
| Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.  | (96,010)             |
| Capital leases are not available to pay for current period expenditures and, therefore, are deferred in the funds.   | 1,440,000            |
| 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 Assets. | <u>673,180</u>       |
| Total Net Assets - Governmental Activities   | <u>\$ 53,347,123</u> |

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

PIKE COUNTY

Exhibit 4

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds  
For the Year Ended September 30, 2009

|   | Major Funds         |                  |                            | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|---------------------|------------------|----------------------------|--------------------------------|--------------------------------|
|   | General<br>Fund     | E-911<br>Fund    | Countywide<br>Road<br>Fund |                                |                                |
| <b>REVENUES</b>                                 |                     |                  |                            |                                |                                |
| Property taxes                                  | \$ 6,267,153        |                  | 1,512,387                  | 2,958,108                      | 10,737,648                     |
| Road and bridge privilege taxes                 |                     |                  | 482,335                    |                                | 482,335                        |
| Licenses, commissions and other revenue         | 567,560             |                  |                            | 105,277                        | 672,837                        |
| Fines and forfeitures                           | 1,101,058           |                  |                            | 151,837                        | 1,252,895                      |
| Intergovernmental revenues                      | 4,697,590           |                  | 953,176                    | 1,426,530                      | 7,077,296                      |
| Charges for services                            | 622,937             | 401,741          |                            | 1,031,972                      | 2,056,650                      |
| Interest income                                 | 317,489             | 82,697           | 70,271                     | 162,004                        | 632,461                        |
| Miscellaneous revenues                          | 168,767             |                  | 2,213                      | 133,285                        | 304,265                        |
| <b>Total Revenues</b>                           | <b>13,742,554</b>   | <b>484,438</b>   | <b>3,020,382</b>           | <b>5,969,013</b>               | <b>23,216,387</b>              |
| <b>EXPENDITURES</b>                             |                     |                  |                            |                                |                                |
| Current:  |                     |                  |                            |                                |                                |
| General government                              | 5,379,777           |                  |                            | 1,091,590                      | 6,471,367                      |
| Public safety                                   | 4,119,823           | 340,652          |                            | 988,580                        | 5,449,055                      |
| Public works                                    | 3,004,450           |                  | 3,289,677                  | 1,966,950                      | 8,261,077                      |
| Health and welfare                              | 456,657             |                  |                            |                                | 456,657                        |
| Culture and recreation                          | 3,500               |                  |                            | 13,928                         | 17,428                         |
| Conservation of natural resources               | 142,163             |                  |                            |                                | 142,163                        |
| Economic development and assistance             | 35,534              |                  |                            | 1,104,885                      | 1,140,419                      |
| Debt service:                                   |                     |                  |                            |                                |                                |
| Principal                                       | 69,845              |                  | 214,138                    | 815,000                        | 1,098,983                      |
| Interest  | 12,286              |                  | 10,024                     | 405,768                        | 428,078                        |
| <b>Total Expenditures</b>                       | <b>13,224,035</b>   | <b>340,652</b>   | <b>3,513,839</b>           | <b>6,386,701</b>               | <b>23,465,227</b>              |
| Excess of Revenues over<br>(under) Expenditures | 518,519             | 143,786          | (493,457)                  | (417,688)                      | (248,840)                      |
| <b>OTHER FINANCING SOURCES (USES)</b>           |                     |                  |                            |                                |                                |
| Proceeds from sale of capital assets            | 114,829             |                  | 16,299                     |                                | 131,128                        |
| Transfers in                                    |                     |                  | 344,000                    | 489,522                        | 833,522                        |
| Transfers out                                   | (558,893)           |                  |                            | (274,629)                      | (833,522)                      |
| Lease principal payments                        |                     |                  |                            | 310,000                        | 310,000                        |
| <b>Total Other Financing Sources and Uses</b>   | <b>(444,064)</b>    | <b>0</b>         | <b>360,299</b>             | <b>524,893</b>                 | <b>441,128</b>                 |
| <b>Net Changes in Fund Balances</b>             | <b>74,455</b>       | <b>143,786</b>   | <b>(133,158)</b>           | <b>107,205</b>                 | <b>192,288</b>                 |
| Fund Balances - Beginning                       | 4,008,068           | 1,854,203        | 1,411,124                  | 4,113,766                      | 11,387,161                     |
| Prior period adjustment                         | (46,309)            |                  |                            |                                | (46,309)                       |
| Fund Balances - Beginning, as restated          | 3,961,759           | 1,854,203        | 1,411,124                  | 4,113,766                      | 11,340,852                     |
| <b>Fund Balances - Ending</b>                   | <b>\$ 4,036,214</b> | <b>1,997,989</b> | <b>1,277,966</b>           | <b>4,220,971</b>               | <b>11,533,140</b>              |

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, 2009

|  | <u>Amount</u>              |
|--|----------------------------|
| Net Changes in Fund Balances - Governmental Funds  | \$ 192,288                 |
| 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 assets differs from the change in fund balances by the amount that capital outlays of \$2,603,694 exceeded depreciation of \$892,674 in the current period.  | 1,711,020                  |
| 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. Thus, the change in net assets differs from the change in fund balances by the amount of the net gain of \$73,467 and the proceeds from the sale of \$131,128 in the current period.   | (57,661)                   |
| 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.   | 202,834                    |
| 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.  | 48,385                     |
| Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Thus, the change in net assets differs from the change in fund balances by the amount of debt repayments.   | 1,098,983                  |
| 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 assets differs from the change in fund balances by a combination of the following items: |                            |
| Change accrued bond interest payable   | 14,977                     |
| Change in compensated absences   | (16,142)                   |
| 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 assets differs from change in fund balances by the principal collections on the capital leases.   | (310,000)                  |
| An Internal Service Fund is used by management to charge the cost of insurance to individual funds. The net revenue (expense) is reported within governmental activities.  | <u>(328,380)</u>           |
| Change in Net Assets of Governmental Activities  | \$ <u><u>2,556,304</u></u> |

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

PIKE COUNTY  
 Statement of Net Assets - Proprietary Fund  
 September 30, 2009

Exhibit 5

|                                 | Governmental<br>Activities  |
|---------------------------------|-----------------------------|
|                                 | Internal<br>Service<br>Fund |
| <b>ASSETS</b>                   |                             |
| Current assets:                 |                             |
| Cash                            | \$ 734,608                  |
| Other receivables               | <u>105,103</u>              |
| Total Assets                    | <u>839,711</u>              |
| <b>LIABILITIES</b>              |                             |
| Current liabilities:            |                             |
| Claims and judgments payable    | <u>166,531</u>              |
| Total Current Liabilities       | <u>166,531</u>              |
| <b>NET ASSETS</b>               |                             |
| Restricted for health Insurance | <u>673,180</u>              |
| Total Net Assets                | <u>\$ 673,180</u>           |

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

PIKE COUNTY

Exhibit 6

Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Fund  
For the Year Ended September 30, 2009

|                                     | Governmental<br>Activities  |
|-------------------------------------|-----------------------------|
|                                     | Internal<br>Service<br>Fund |
| Operating Revenues                  |                             |
| Premiums                            | \$ <u>1,228,326</u>         |
| Operating Expenses                  |                             |
| Claims payments                     | 1,318,177                   |
| Administrative                      | 86,968                      |
| Insurance premiums                  | <u>187,626</u>              |
| Total Operating Expenses            | <u>1,592,771</u>            |
| Operating Income (Loss)             | <u>(364,445)</u>            |
| Nonoperating Revenues (Expenses)    |                             |
| Interest income                     | <u>36,065</u>               |
| Net Nonoperating Revenue (Expenses) | <u>36,065</u>               |
| Changes in Net Assets               | (328,380)                   |
| Net Assets - Beginning              | <u>1,001,560</u>            |
| Net Assets - Ending                 | \$ <u><u>673,180</u></u>    |

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

PIKE COUNTY

Exhibit 7

Statement of Cash Flows - Proprietary Fund  
For the Year Ended September 30, 2009

|   | Governmental<br>Activities  |
|---|-----------------------------|
|   | Internal<br>Service<br>Fund |
| Cash Flows From Operating Activities  |                             |
| Receipts from internal services provided  | \$ 1,222,583                |
| Payments for claims   | (1,258,378)                 |
| Payments to administrator for services  | (90,354)                    |
| Payments for insurance premiums   | (205,271)                   |
| Net Cash Provided (Used) by Operating Activities  | <u>(331,420)</u>            |
| Cash Flows From Investing Activities  |                             |
| Interest on deposits  | <u>36,065</u>               |
| Net Cash Provided (Used) by Investing Activities  | <u>36,065</u>               |
| Net Increase (Decrease) in Cash and Cash Equivalents  | (295,355)                   |
| Cash and Cash Equivalents at Beginning of Year  | <u>1,029,963</u>            |
| Cash and Cash Equivalents at End of Year  | <u>\$ 734,608</u>           |
| Reconciliation of Operating Income (Loss) to Net Cash<br>Provided (Used) by Operating Activities: |                             |
| Operating income (loss)   | \$ <u>(364,445)</u>         |
| Adjustments to reconcile operating income to net cash<br>provided (used) by operating activities: |                             |
| Changes in assets and liabilities:  |                             |
| (Increase) decrease in other receivables  | (5,743)                     |
| Increase (decrease) in claims and judgments liability   | <u>38,768</u>               |
| Total Adjustments   | <u>33,025</u>               |
| Net Cash Provided (Used) by Operating Activities  | <u>\$ (331,420)</u>         |

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

PIKE COUNTY  
Statement of Fiduciary Assets and Liabilities  
September 30, 2009

Exhibit 8

|                            | <u>Agency<br/>Funds</u> |
|----------------------------|-------------------------|
| <b>ASSETS</b>              |                         |
| Cash                       | \$ 419,209              |
| Due from other funds       | <u>19,830</u>           |
| Total Assets               | <u>\$ 439,039</u>       |
| <b>LIABILITIES</b>         |                         |
| Claims payable             | \$ 181,974              |
| Intergovernmental payables | <u>257,065</u>          |
| Total Liabilities          | <u>\$ 439,039</u>       |

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

PIKE COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2009

(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 columns in the financial statements include 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 a 16-member board of directors. Pike County appoints nine board members, which includes four recommendations by the Chamber of Commerce. The City of McComb appoints four board members. The Cities of Summit, Osyka and Magnolia each appoint one board member. Pike County funds almost all of the entity's operating budget.

C. Basis of Presentation.

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

Government-wide Financial Statements:

The Statement of Net Assets 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.

## PIKE COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2009

The Statement of Net Assets 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.

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.

## PIKE COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2009

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

The county reports the following major Proprietary Fund:

Self-insurance Internal Service Fund - This fund is used to account for the health insurances 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 TYPES

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.

#### FIDUCIARY FUND TYPES

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.

PIKE COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2009

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.

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<br>Thresholds | Estimated<br>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.

PIKE COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2009

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.

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:

Governmental fund equity is classified as fund balance. Fund balance is classified as reserved or unreserved with unreserved classified as designated and undesignated.

Unreserved fund balance represents the amount available for budgeting future operations. Reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose.

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.

PIKE COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2009

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) Prior Period Adjustment.

A summary of significant fund equity adjustment is as follows:

Exhibit 2 - Statement of Activities.

| <u>Explanation</u>  | <u>Amount</u>    |
|---|------------------|
| To correct an error in posting revenue accruals in prior years. | \$ <u>46,309</u> |

Exhibit 4 - Statement of Revenues, Expenditures and Changes in Fund Balances.

| <u>Explanation</u>  | <u>Amount</u>    |
|---|------------------|
| To correct an error in posting revenue accruals in prior years. | \$ <u>46,309</u> |

(3) Deposits.

The carrying amount of the county's total deposits with financial institutions at September 30, 2009, was \$12,681,334, and the bank balance was \$14,161,356. The carrying amount of the component unit's total deposits with financial institutions at September 30, 2009, was \$420,028, and the bank balance was \$258,857. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

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

PIKE COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2009

(4) Interfund Transactions and Balances.

The following is a summary of interfund balances at September 30, 2009:

A. Due From/To Other Funds:

| <u>Receivable Fund</u>   | <u>Payable Fund</u> | <u>Amount</u>     |
|--------------------------|---------------------|-------------------|
| Countywide Road          | General Fund        | \$ 59,656         |
| Other Governmental Funds | General Fund        | 50,101            |
| Agency Funds             | General Fund        | <u>19,830</u>     |
| Total                    |                     | <u>\$ 129,587</u> |

All amounts listed are the tax revenues or court fees collected but not settled until October, 2009. 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>     |
|--------------------------|--------------------------|-------------------|
| Countywide Road          | General Fund             | \$ 344,000        |
| Other Governmental Funds | General Fund             | 214,893           |
| Other Governmental Funds | Other Governmental Funds | <u>274,629</u>    |
| Total                    |                          | <u>\$ 833,522</u> |

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

(5) Intergovernmental Receivables.

Intergovernmental receivables at September 30, 2009, consisted of the following:

| <u>Description</u>                   | <u>Amount</u>     |
|--------------------------------------|-------------------|
| Governmental Activities:             |                   |
| Violence against women formula grant | \$ 7,330          |
| Edward Byrne memorial formula grant  | 19,495            |
| Legislative tax credit               | 133,063           |
| Oil severance                        | 65,836            |
| Motor vehicle fuel tax               | 44,349            |
| Reimbursement for prisoners          | 19,720            |
| Grants                               | 213,874           |
| State Aid Road reimbursement         | 131,990           |
| Other                                | <u>11,822</u>     |
| Total Governmental Activities        | <u>\$ 647,479</u> |

PIKE COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2009

(6) Loans Receivable.

Loans receivable balances at September 30, 2009, are as follows:

| Description             | Date of Loan | Interest Rate | Maturity Date | Receivable Balance |
|-------------------------|--------------|---------------|---------------|--------------------|
| Low income housing loan | 03/10/2000   | 1.00%         | 03/10/2050    | \$ <u>450,000</u>  |

(7) Capital Assets.

The following is a summary of capital assets activity for the year ended September 30, 2009:

Governmental Activities:

|   | Balance<br>Oct. 1, 2008 | Additions        | Deletions        | Adjustments *    | Balance<br>Sept. 30, 2009 |
|---|-------------------------|------------------|------------------|------------------|---------------------------|
| <b>Non-depreciable capital assets:</b>      |                         |                  |                  |                  |                           |
| Land  | \$ 1,692,953            | 150,000          | (12,152)         |                  | 1,830,801                 |
| Construction in progress                    | 1,580,158               | 1,814,128        |                  | (909,590)        | 2,484,696                 |
| Total non-depreciable capital assets        | <u>3,273,111</u>        | <u>1,964,128</u> | <u>(12,152)</u>  | <u>(909,590)</u> | <u>4,315,497</u>          |
| <b>Depreciable capital assets:</b>          |                         |                  |                  |                  |                           |
| Infrastructure                              | 85,738,247              | 311,402          |                  | 909,590          | 86,959,239                |
| Buildings                                   | 13,920,684              |                  |                  |                  | 13,920,684                |
| Improvements other than buildings           | 213,329                 |                  |                  |                  | 213,329                   |
| Mobile equipment                            | 4,498,360               | 322,214          | (300,966)        | 248,096          | 4,767,704                 |
| Furniture and equipment                     | 677,386                 | 5,950            | (6,925)          |                  | 676,411                   |
| Leased property under capital leases        | 553,525                 |                  |                  | (248,096)        | 305,429                   |
| Total depreciable capital assets            | <u>105,601,531</u>      | <u>639,566</u>   | <u>(307,891)</u> | <u>909,590</u>   | <u>106,842,796</u>        |
| <b>Less accumulated depreciation for:</b>   |                         |                  |                  |                  |                           |
| Infrastructure                              | 57,125,194              | 245,207          |                  |                  | 57,370,401                |
| Buildings                                   | 3,594,768               | 273,752          |                  |                  | 3,868,520                 |
| Improvements other than buildings           | 170,663                 |                  |                  |                  | 170,663                   |
| Mobile equipment                            | 2,902,075               | 307,413          | 256,150          | 133,980          | 3,087,318                 |
| Furniture and equipment                     | 594,913                 | 16,482           | 6,232            |                  | 605,163                   |
| Leased property under capital leases        | 139,134                 | 49,820           |                  | (133,980)        | 54,974                    |
| Total accumulated depreciation              | <u>64,526,747</u>       | <u>892,674</u>   | <u>262,382</u>   | <u>0</u>         | <u>65,157,039</u>         |
| Total depreciable capital assets, net       | <u>41,074,784</u>       | <u>(253,108)</u> | <u>45,509</u>    | <u>909,590</u>   | <u>41,685,757</u>         |
| Governmental activities capital assets, net | \$ <u>44,347,895</u>    | <u>1,711,020</u> | <u>57,661</u>    | <u>0</u>         | <u>46,001,254</u>         |

\* Adjustments are made to capital assets to transfer completed projects from construction in progress to infrastructure and to transfer paid off property under capital leases to mobile equipment.

PIKE COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2009

Depreciation expense was charged to the following functions:

|   | <u>Amount</u>            |
|---|--------------------------|
| <b>Governmental Activities:</b>                           |                          |
| General government  | \$ 122,563               |
| Public safety   | 216,149                  |
| Public works  | 449,549                  |
| Health and welfare  | 42,110                   |
| Culture and recreation                                    | 55,713                   |
| Economic development and assistance                       | <u>6,590</u>             |
| <b>Total governmental activities depreciation expense</b> | <b>\$ <u>892,674</u></b> |

COMPONENT UNIT - PIKE COUNTY ECONOMIC DEVELOPMENT DISTRICT:

The following is a summary of capital assets activity for the year ended September 30, 2009:

|  | <u>Balance<br/>Oct. 1, 2008</u> | <u>Additions</u>    | <u>Deletions</u> | <u>Adjustments</u> | <u>Balance<br/>Sept. 30, 2009</u> |
|--|---------------------------------|---------------------|------------------|--------------------|-----------------------------------|
| <b>Non-depreciable capital assets:</b>             |                                 |                     |                  |                    |                                   |
| Land   | \$ 851,895                      |                     |                  |                    | 851,895                           |
| Total non-depreciable capital assets               | <u>851,895</u>                  | <u>0</u>            | <u>0</u>         | <u>0</u>           | <u>851,895</u>                    |
| <b>Depreciable capital assets:</b>                 |                                 |                     |                  |                    |                                   |
| Machinery and equipment                            | 25,127                          | 1,188               |                  |                    | 26,315                            |
| Total depreciable capital assets                   | <u>25,127</u>                   | <u>1,188</u>        | <u>0</u>         | <u>0</u>           | <u>26,315</u>                     |
| <b>Less accumulated depreciation for:</b>          |                                 |                     |                  |                    |                                   |
| Machinery and equipment                            | 18,605                          | 2,104               |                  |                    | 20,709                            |
| Total accumulated depreciation                     | <u>18,605</u>                   | <u>2,104</u>        | <u>0</u>         | <u>0</u>           | <u>20,709</u>                     |
| <b>Total depreciable capital assets, net</b>       | <u>6,522</u>                    | <u>(916)</u>        | <u>0</u>         | <u>0</u>           | <u>5,606</u>                      |
| <b>Governmental activities capital assets, net</b> | <b>\$ <u>858,417</u></b>        | <b><u>(916)</u></b> | <b><u>0</u></b>  | <b><u>0</u></b>    | <b><u>857,501</u></b>             |

Commitments with respect to unfinished capital projects at September 30, 2009, consisted of the following:

| <u>Description of Commitment</u>   | <u>Remaining Financial<br/>Commitment</u> | <u>Expected Date of<br/>Completion</u> |
|------------------------------------|---|--|
| River Road South                   | \$ 16,953                                 | 09/30/2010                             |
| River Road North & Pike 93 Central | 82,455                                    | 12/31/2010                             |
| Old Liberty Road                   | 18,861                                    | 09/30/2010                             |

PIKE COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2009

(8) 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, 2009, to January 1, 2010. 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 \$50,000.

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, 2009, the amount of these liabilities was \$166,531. An analysis of claims activities is presented.

|   | <u>2008</u>       | <u>2009</u>      |
|---|-------------------|------------------|
| Unpaid Claims, Beginning of Fiscal Year | \$ 113,899        | 127,763          |
| Plus: Incurred Claims (Including IBNRs) | 853,037           | 1,356,945        |
| Less: Claims Payments                   | <u>839,173</u>    | <u>1,318,177</u> |
| Unpaid Claims, End of Fiscal Year       | <u>\$ 127,763</u> | <u>166,531</u>   |

(9) Capital Leases.

As Lessor:

The county leases the following property with varying terms and options as of September 30, 2009:

| <u>Class of Property</u> | <u>Amount</u>       |
|--------------------------|---------------------|
| Industrial buildings     | \$ <u>6,050,000</u> |

PIKE COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2009

The future minimum lease receivables and the present value of the net minimum lease receivables as of September 30, 2009, are as follows:

| <u>Year Ended September 30</u> | <u>Principal</u>    | <u>Interest</u> |
|--------------------------------|---------------------|-----------------|
| 2010                           | \$ 330,000          | 76,500          |
| 2011                           | 350,000             | 56,100          |
| 2012                           | 370,000             | 34,500          |
| 2013                           | 390,000             | 11,700          |
| Total                          | \$ <u>1,440,000</u> | <u>178,800</u>  |

As Lessee:

The county is obligated for the following capital assets acquired through capital leases as of September 30, 2009:

| <u>Classes of Property</u>           | <u>Governmental Activities</u> |
|--------------------------------------|--------------------------------|
| Machinery and equipment              | \$ 305,429                     |
| Less: Accumulated depreciation       | <u>54,974</u>                  |
| Leased Property Under Capital Leases | \$ <u>250,455</u>              |

The following is a schedule by years of the total payments due as of September 30, 2009:

| <u>Year Ending September 30</u> | <u>Governmental Activities</u> |                 |
|---------------------------------|--------------------------------|-----------------|
|                                 | <u>Principal</u>               | <u>Interest</u> |
| 2010                            | \$ 67,740                      | 5,483           |
| 2011                            | 70,174                         | 2,918           |
| 2012                            | <u>39,949</u>                  | <u>585</u>      |
| Total                           | \$ <u>177,863</u>              | <u>8,986</u>    |

(10) Long-term Debt.

Debt outstanding as of September 30, 2009, consisted of the following:

| <u>Description and Purpose</u>       | <u>Amount Outstanding</u> | <u>Interest Rate</u> | <u>Final Maturity Date</u> |
|--------------------------------------|---------------------------|----------------------|----------------------------|
| Governmental Activities:             |                           |                      |                            |
| A. General Obligation Bonds:         |                           |                      |                            |
| Chancery Court annex                 | \$ 395,000                | 5.20-5.25%           | 05/01/2012                 |
| Sanderson Farms                      | 1,440,000                 | 6.00%                | 11/01/2012                 |
| Industrial Development - Series 2003 | 490,000                   | 4.50-5.63%           | 01/01/2018                 |
| Pike-Amite-Walthall Library          | 1,255,000                 | 4.90-6.50%           | 01/01/2018                 |
| Courthouse renovations               | 900,000                   | 4.40-5.50%           | 07/01/2021                 |
| Jail renovation                      | <u>2,885,000</u>          | 4.00-5.625%          | 08/01/2026                 |
| Total General Obligation Bonds       | \$ <u>7,365,000</u>       |                      |                            |

PIKE COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2009

| Description and Purpose                   | Amount Outstanding | Interest Rate | Final Maturity Date |
|---|--------------------|---------------|---------------------|
| <b>B. Capital Leases:</b>                 |                    |               |                     |
| Track loader                              | \$ 86,179          | 4.21%         | 01/02/2012          |
| Asphalt distributor truck                 | 91,684             | 3.14%         | 08/15/2012          |
| Total Capital Leases                      | <u>\$ 177,863</u>  |               |                     |
| <b>C. Other Loans:</b>                    |                    |               |                     |
| Magnolia Armory capital improvements loan | \$ 86,671          | 5.18%         | 09/01/2013          |
| Energy equipment                          | 132,887            | 4.52%         | 02/15/2012          |
| Total Other Loans                         | <u>\$ 219,558</u>  |               |                     |

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      |
| 2010                     | \$ 865,000               | 350,915          | 73,201         | 8,846         |
| 2011                     | 910,000                  | 303,243          | 76,808         | 5,324         |
| 2012                     | 960,000                  | 252,963          | 46,419         | 2,017         |
| 2013                     | 865,000                  | 199,707          | 23,130         | 561           |
| 2014                     | 355,000                  | 163,094          |                |               |
| 2015 - 2019              | 1,850,000                | 548,602          |                |               |
| 2020 - 2024              | 1,175,000                | 209,910          |                |               |
| 2025 - 2029              | 385,000                  | 23,000           |                |               |
| Total                    | <u>\$ 7,365,000</u>      | <u>2,051,434</u> | <u>219,558</u> | <u>16,748</u> |

**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, 2009, the amount of outstanding debt was equal to 2.046% of the latest property assessments.

PIKE COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2009

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2009:

|                          | Balance<br>Oct. 1, 2008 | Additions | Reductions | Adjustments | Balance<br>Sept. 30, 2009 | Amount due<br>within one<br>year |
|--------------------------|-------------------------|-----------|------------|-------------|---------------------------|----------------------------------|
| Governmental Activities: |                         |           |            |             |                           |                                  |
| Compensated absences     | \$ 236,103              | 16,142    |            |             | 252,245                   |                                  |
| General obligation bonds | 8,180,000               |           | 815,000    |             | 7,365,000                 | 865,000                          |
| Capital leases           | 392,001                 |           | 214,138    |             | 177,863                   | 67,740                           |
| Other loans              | 289,403                 |           | 69,845     |             | 219,558                   | 73,201                           |
| Total                    | \$ 9,097,507            | 16,142    | 1,098,983  | 0           | 8,014,666                 | 1,005,941                        |

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.

(11) 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.

(12) 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 \$25,000, which is appropriated from the General Fund. These non-tax revenues are received from seizures made by the Narcotics Enforcement Unit and subsequently forfeited by the defendants through the courts. The agreement terminates yearly but may be renewed by the parties hereto. The county's intention is to renew, yearly, its commitment to the agreement for the indefinite future.

Pike County is a participant with the City of McComb in a joint venture, authorized by Section 61-3-5, Miss. Code Ann. (1972), to operate the McComb-Pike County Airport. The joint venture was created to furnish the McComb-Pike County area with air service. The two entities each appoint three members to the six-member board of commissioners. The county's contribution to the joint venture was \$20,000 in fiscal year 2009. Complete financial statements for the McComb-Pike County Airport can be obtained from 2051 John E. Lewis Drive, McComb, MS 39648.

## PIKE COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2009

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 2009. Complete financial statements for the Pike-Amite-Walthall Regional Library System can be obtained from 1022 Virginia Avenue, McComb, MS 39648.

#### (13) 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 2009.

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 2009.

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 \$1,390,480 for the operations and maintenance of the college in fiscal year 2009.

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.

#### (14) 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.

PIKE COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2009

Funding Policy. PERS members are required to contribute 7.25% of their annual covered salary, and the county is required to contribute at an actuarially determined rate. The rate at September 30, 2009 was 12% 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, 2009, 2008 and 2007 were \$811,066, \$752,707 and \$675,201, respectively, equal to the required contributions for each year.

Funding Policy for the Pike County Economic Development District. PERS members are required to contribute 7.25% of their annual covered salary, and the district is required to contribute at an actuarially determined rate. The rate at September 30, 2009 was 12% 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, 2009, 2008 and 2007 were \$21,628, \$20,443 and \$18,067, respectively, equal to the required contributions for each year.

PIKE COUNTY

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**PIKE COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION**

PIKE COUNTY  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis)  
 General Fund  
 For the Year Ended September 30, 2009

|   | Original<br>Budget  | Final<br>Budget   | Actual<br>(Budgetary<br>Basis) | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|---------------------|-------------------|--------------------------------|---|
| <b>REVENUES</b>   |                     |                   |                                |   |
| Property taxes  | \$ 6,301,537        | 6,285,132         | 6,285,132                      |   |
| Licenses, commissions and other revenue                 | 532,000             | 566,391           | 566,391                        |   |
| Fines and forfeitures                                   | 840,500             | 1,033,862         | 1,033,862                      |   |
| Intergovernmental revenues                              | 1,915,900           | 1,712,783         | 1,712,783                      |   |
| Charges for services                                    | 470,000             | 676,978           | 676,978                        |   |
| Interest income   | 308,000             | 317,472           | 317,472                        |   |
| Miscellaneous revenues                                  | 85,500              | 167,983           | 167,983                        |   |
| <b>Total Revenues</b>                                   | <u>10,453,437</u>   | <u>10,760,601</u> | <u>10,760,601</u>              | <u>0</u>  |
| <b>EXPENDITURES</b>                                     |                     |                   |                                |   |
| <b>Current:</b>   |                     |                   |                                |   |
| General government                                      | 5,289,506           | 5,386,931         | 5,386,931                      |   |
| Public safety   | 4,015,864           | 4,104,789         | 4,104,789                      |   |
| Public works  | 49,500              | 45,847            | 45,847                         |   |
| Health and welfare                                      | 463,588             | 463,037           | 463,037                        |   |
| Culture and recreation                                  | 3,500               | 3,500             | 3,500                          |   |
| Conservation of natural resources                       | 153,520             | 142,442           | 142,442                        |   |
| Economic development and assistance                     | 42,768              | 35,446            | 35,446                         |   |
| <b>Debt service:</b>                                    |                     |                   |                                |   |
| Principal   | 82,140              | 69,927            | 69,927                         |   |
| Interest  |                     | 12,205            | 12,205                         |   |
| <b>Total Expenditures</b>                               | <u>10,100,386</u>   | <u>10,264,124</u> | <u>10,264,124</u>              | <u>0</u>  |
| <b>Excess of Revenues<br/>over (under) Expenditures</b> | <u>353,051</u>      | <u>496,477</u>    | <u>496,477</u>                 | <u>0</u>  |
| <b>OTHER FINANCING SOURCES (USES)</b>                   |                     |                   |                                |   |
| Transfers out   | (707,275)           | (606,168)         | (606,168)                      |   |
| Other financing sources                                 | 47,275              | 167,315           | 167,315                        |   |
| <b>Total Other Financing Sources and Uses</b>           | <u>(660,000)</u>    | <u>(438,853)</u>  | <u>(438,853)</u>               | <u>0</u>  |
| <b>Net Change in Fund Balance</b>                       | <u>(306,949)</u>    | <u>57,624</u>     | <u>57,624</u>                  | <u>0</u>  |
| <b>Fund Balances - Beginning</b>                        | <u>2,642,100</u>    | <u>3,457,548</u>  | <u>3,457,548</u>               | <u>0</u>  |
| <b>Fund Balances - Ending</b>                           | <u>\$ 2,335,151</u> | <u>3,515,172</u>  | <u>3,515,172</u>               | <u>0</u>  |

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

PIKE COUNTY  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis)  
 Pike County E-911 Fund  
 For the Year Ended September 30, 2009

|   | Original<br>Budget  | Final<br>Budget  | Actual<br>(Budgetary<br>Basis) | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|---------------------|------------------|--------------------------------|---|
| <b>REVENUES</b>                                 |                     |                  |                                |   |
| Charges for services                            | \$ 375,000          | 400,812          | 400,812                        |   |
| Interest income                                 | 75,000              | 82,697           | 82,697                         |   |
| Total Revenues                                  | <u>450,000</u>      | <u>483,509</u>   | <u>483,509</u>                 | <u>0</u>  |
| <b>EXPENDITURES</b>                             |                     |                  |                                |   |
| Current:  |                     |                  |                                |   |
| Public safety                                   | 377,873             | 338,032          | 338,032                        |   |
| Total Expenditures                              | <u>377,873</u>      | <u>338,032</u>   | <u>338,032</u>                 | <u>0</u>  |
| Excess of Revenues<br>over (under) Expenditures | <u>72,127</u>       | <u>145,477</u>   | <u>145,477</u>                 | <u>0</u>  |
| Net Change in Fund Balance                      | 72,127              | 145,477          | 145,477                        | 0   |
| Fund Balances - Beginning                       | <u>1,820,000</u>    | <u>1,842,512</u> | <u>1,842,512</u>               | <u>0</u>  |
| Fund Balances - Ending                          | <u>\$ 1,892,127</u> | <u>1,987,989</u> | <u>1,987,989</u>               | <u>0</u>  |

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

PIKE COUNTY  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis)  
 Countywide Road Fund  
 For the Year Ended September 30, 2009

|   | Original<br>Budget | Final<br>Budget  | Actual<br>(Budgetary<br>Basis) | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|--------------------|------------------|--------------------------------|---|
| <b>REVENUES</b>                                 |                    |                  |                                |   |
| Property taxes                                  | \$ 1,527,837       | 1,514,262        | 1,514,262                      |   |
| Road and bridge privilege taxes                 | 480,000            | 480,999          | 480,999                        |   |
| Intergovernmental revenues                      | 788,400            | 930,277          | 930,277                        |   |
| Interest income                                 | 65,000             | 70,271           | 70,271                         |   |
| Miscellaneous revenues                          | 1,200              | 2,212            | 2,212                          |   |
| Total Revenues                                  | <u>2,862,437</u>   | <u>2,998,021</u> | <u>2,998,021</u>               | <u>0</u>  |
| <b>EXPENDITURES</b>                             |                    |                  |                                |   |
| Current:  |                    |                  |                                |   |
| Public works                                    | 3,267,783          | 3,371,319        | 3,371,319                      |   |
| Debt service:                                   |                    |                  |                                |   |
| Principal                                       | 224,210            | 214,138          | 214,138                        |   |
| Interest  |                    | 10,023           | 10,023                         |   |
| Total Expenditures                              | <u>3,491,993</u>   | <u>3,595,480</u> | <u>3,595,480</u>               | <u>0</u>  |
| Excess of Revenues<br>over (under) Expenditures | <u>(629,556)</u>   | <u>(597,459)</u> | <u>(597,459)</u>               | <u>0</u>  |
| <b>OTHER FINANCING SOURCES (USES)</b>           |                    |                  |                                |   |
| Other financing sources                         | <u>340,000</u>     | <u>360,299</u>   | <u>360,299</u>                 | <u>0</u>  |
| Total Other Financing Sources and Uses          | <u>340,000</u>     | <u>360,299</u>   | <u>360,299</u>                 | <u>0</u>  |
| Net Change in Fund Balance                      | (289,556)          | (237,160)        | (237,160)                      | 0   |
| Fund Balances - Beginning                       | <u>1,200,000</u>   | <u>1,344,466</u> | <u>1,344,466</u>               | <u>0</u>  |
| Fund Balances - Ending                          | <u>\$ 910,444</u>  | <u>1,107,306</u> | <u>1,107,306</u>               | <u>0</u>  |

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

PIKE COUNTY

Notes to the Required Supplementary Information  
For the Year Ended September 30, 2009

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<br>Fund         | E-911<br>Fund | Countywide<br>Road<br>Fund |
| Budget (Cash Basis)                      | \$ 57,624               | 145,477       | (237,160)                  |
| Increase (Decrease)                      |                         |               |                            |
| Net adjustments for revenue accruals     | (9,331)                 | 896           | 22,360                     |
| Net adjustments for expenditure accruals | 26,162                  | (2,587)       | 81,642                     |
| GAAP Basis                               | \$ 74,455               | 143,786       | (133,158)                  |

PIKE COUNTY

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PIKE COUNTY

SUPPLEMENTAL INFORMATION

**PIKE COUNTY**

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PIKE COUNTY  
Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2009

| Federal Grantor/<br>Pass-through Grantor/<br>Program Title or Cluster   | Federal<br>CFDA<br>Number | Pass-through<br>Entity Identifying<br>Number | Federal<br>Expenditures    |
|---|---------------------------|--|----------------------------|
| U.S. Department of Housing and Urban Development/<br>Passed-through the Mississippi Development Authority<br>Community development block grants/state's program*          | 14.228                    | R-103-057-01-KED                             | \$ <u>405,030</u>          |
| U.S. Department of Justice/Passed-through the<br>Mississippi Department of Public Safety<br>Crime victim assistance program   | 16.575                    | 05VA1571                                     | <u>61,183</u>              |
| Edward Byrne memorial formula grant program   | 16.579                    | 06NM1572                                     | 192,260                    |
| Edward Byrne memorial formula grant program   | 16.579                    | 07NM1571                                     | <u>20,682</u>              |
| Subtotal  |                           |  | <u>212,942</u>             |
| Violence against women formula grant  | 16.588                    | 06SK1571                                     | <u>37,645</u>              |
| Edward Byrne memorial justice assistance grant program  | 16.738                    | 07HR1571                                     | <u>53,287</u>              |
| Total U.S. Department of Justice  |                           |  | <u>365,057</u>             |
| U.S. Department of Transportation/<br>Federal Aviation Administration<br>Airport improvement program* (Note B) (Direct Award)   | 20.106                    | N/A  | <u>2,958,603</u>           |
| U.S. Department of Transportation -<br>Federal Highway Administration/Passed-through the<br>Mississippi Department of Transportation<br>Highway planning and construction | 20.205                    | BR-NBIS-068-B(57)                            | <u>11,800</u>              |
| Total U.S. Department of Transportation   |                           |  | <u>2,970,403</u>           |
| U.S. Department of Homeland Security/Passed-through the<br>Mississippi Emergency Management Agency<br>Emergency management performance grants                             | 97.042                    | N/A  | <u>13,279</u>              |
| Total Expenditures of Federal Awards  |                           |  | <u>\$ <u>3,753,769</u></u> |

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note A - Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards is prepared on the modified accrual basis of accounting.

Note B - Airport Improvement Program

Of the federal expenditures presented in the schedule, federal awards totaling \$2,958,603 went directly to subrecipients during the year ended September 30, 2009.

\* Denotes major federal award program

PIKE COUNTY

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PIKE COUNTY

SPECIAL REPORTS

**PIKE COUNTY**

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## State of Mississippi

OFFICE OF THE STATE AUDITOR  
STACEY E. PICKERING  
AUDITOR

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 the 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, 2009, which collectively comprise the county's basic financial statements and have issued our report thereon dated February 10, 2011. Our report includes a reference to other auditors. 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. The financial statements of the Pike County Economic Development District, audited by other auditors, were not audited in accordance with *Government Auditing Standards*.

### Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the county's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the county's financial statements that is more than inconsequential will not be prevented or detected by the county's internal control. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as Finding 09-1 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the county's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above as Finding 09-1 is a material weakness.

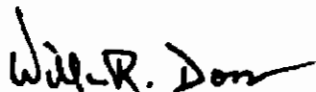
#### Compliance and Other Matters

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*.

However, we noted certain matters that we reported to the management of Pike County, Mississippi, in the Limited Internal Control and Compliance Review Management Report dated February 10, 2011, included within this document.

Pike County's response to the finding identified in our audit is described in the accompanying Auditee's Corrective Action Plan. We did not audit Pike County's response and, accordingly, we express no opinion on it.

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



WILLIAM R. DOSS, CPA  
Director, Financial and Compliance Audit Division

February 10, 2011



## State of Mississippi

OFFICE OF THE STATE AUDITOR  
STACEY E. PICKERING  
AUDITOR

### INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Members of the Board of Supervisors  
Pike County, Mississippi

#### Compliance

We have audited the compliance of Pike County, Mississippi with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2009. Pike County, Mississippi's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Pike County, Mississippi's management. Our responsibility is to express an opinion on Pike County, Mississippi's compliance based on our audit.

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

As described in item 09-2 in the accompanying Schedule of Findings and Questioned Costs, Pike County, Mississippi, did not comply with requirements regarding subrecipient monitoring that are applicable to its Airport Improvement Program. Compliance with such requirements is necessary, in our opinion, for Pike County, Mississippi, to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, Pike County, Mississippi, complied, in all material respects, with the requirements referred to above that are applicable to the Airport Improvement Program for the year ended September 30, 2009.

Also, in our opinion, Pike County, Mississippi, complied in all material respects, with the requirements referred to above that are applicable to its Community Development Block Grant Program.

## Internal Control Over Compliance

The management of Pike County, Mississippi, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Pike County, Mississippi's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the county's internal control over compliance.

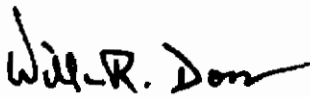
- Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the county's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A control deficiency in a county's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the county's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the county's internal control. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 09-2 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We consider any of the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses. Of the significant deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs, we consider item 09-2 to be a material weakness.

Pike County's response to the finding identified in our audit is described in the accompanying Auditee's Corrective Action Plan. We did not audit Pike County's response and, accordingly, we express no opinion on it.

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



WILLIAM R. DOSS, CPA  
Director, Financial and Compliance Audit Division

February 10, 2011



# State of Mississippi

OFFICE OF THE STATE AUDITOR  
STACEY E. PICKERING  
AUDITOR

## 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 made a study and evaluation of the central purchasing system and inventory control system of Pike County, Mississippi, as of and for the year ended September 30, 2009. Our study and evaluation included tests of compliance of the Purchase Clerk and Inventory Control Clerk records and such other auditing procedures as we considered necessary in the circumstances.

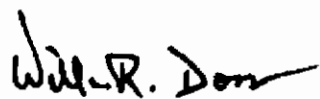
The Board of Supervisors of Pike County, Mississippi, is responsible for establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972). In addition, the Board of Supervisors is responsible for purchasing in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972). 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 inherent limitations in any central purchasing system and inventory control system, errors or irregularities may occur and not be detected. Also, projection of any 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.

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 study and evaluation of the purchasing system and, in our opinion, is fairly presented when considered in relation to that study and evaluation.

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.

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WILLIAM R. DOSS, CPA  
Director, Financial and Compliance Audit Division

February 10, 2011

PIKE COUNTY

Schedule 1

Schedule of Purchases Not Made From the Lowest Bidder  
For the Year Ended September 30, 2009

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, 2009

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, 2009

Our test results did not identify any purchases made noncompetitively from a sole source.

PIKE COUNTY

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## State of Mississippi

OFFICE OF THE STATE AUDITOR  
STACEY E. PICKERING  
AUDITOR

### 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, 2009, 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 February 10, 2011, on the financial statements of Pike County, Mississippi.

Due to the reduced scope, these review procedures and compliance tests cannot and do not provide absolute assurance that all state legal requirements have been complied with. Also, our consideration of 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.

The results of our review procedures and compliance tests identified certain instances of noncompliance with state laws and regulations that are opportunities for strengthening internal controls and operating efficiency. Our findings, recommendations, and your responses are disclosed below:

Board of Supervisors.

1. Finding

Section 65-17-1, Miss. Code Ann. (1972), requires the Road Manager before entering upon his duties, shall give bond, with sufficient surety, to be payable, conditioned and approved as provided by law, in a penalty in such amount as may be approved by the Board of Supervisors, but not less than \$50,000. The Road Manager was not bonded. Failure to execute a bond for the Road Manager for the required amount could limit the amount available for recovery if a loss occurred.

Recommendation

The Board of Supervisors should obtain a bond for the Road Manager, as required by law.

Board of Supervisors' Response

The Pike County Road Manager is now bonded in compliance with Section 65-17-1, Miss Code Ann. (1972).

2. Finding

Section 25-1-15, Miss. Code Ann. (1972), requires a new bond in an amount not less than that required by law shall be secured upon employment and coverage shall continue by the securing of a new bond every four years concurrent with the normal election cycle of the Governor. The Purchase Clerk and the Receiving Clerk had bonds written for an indefinite time period rather than for the term. This would limit the amount available for recovery if a loss occurred over multiple terms.

Recommendation

The Board of Supervisors should cancel the current bonds and secure new bonds for the duration of the current term.

Board of Supervisors' Response

We concur. The bond currently covering the Pike County Purchase and Receiving Clerk has been in effect since January 3, 2005. Pike County receives and pays an annual statement for the Purchase and Receiving Clerk bonds covering a one year term.

3. Finding

Section 71-5-359(5), Miss. Code Ann. (1972), requires that a balance be maintained in the Unemployment Fund at an amount not less than two percent (2%) of the first six thousand dollars (\$6,000.00) of covered wages paid during the next preceding year. The cash balance was below the amount required by state statute. At September 30, 2009, the cash balance was \$19,470 and the required amount should be \$35,160.

Recommendation

The Board of Supervisors should ensure that an amount is maintained in the Unemployment Compensation Fund at an amount not less than two percent (2%) of the first six thousand dollars (\$6,000.00) of covered wages paid during the next preceding year as required by law.

Board of Supervisors' Response

A payment has been made to the Pike County Unemployment Compensation fund to bring the fund in compliance with Section 71-5-359(5), Miss. Code Ann. (1972).

Pike County's responses to the findings included in this report were not audited, and accordingly, we express no opinion on them.

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.

A handwritten signature in black ink that reads "Will R. Doss". The signature is written in a cursive style with a long horizontal stroke at the end.

WILLIAM R. DOSS, CPA  
Director, Financial and Compliance Audit Division

February 10, 2011

PIKE COUNTY

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PIKE COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

PIKE COUNTY

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PIKE COUNTY

Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2009

Section 1: Summary of Auditor's Results

***Financial Statements:***

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

***Federal Awards:***

- |     |  |               |
|-----|--|---------------|
| 4.  | Internal control over major programs:  |               |
|     | a. Material weakness identified?   | Yes           |
|     | b. Significant deficiency identified that is not considered to be a material weakness?   | None Reported |
| 5.  | Type of auditor's report issued on compliance for major federal programs:  |               |
|     | a. Community Development Block Grant, CFDA #14.228   | Unqualified   |
|     | b. Airport Improvement Program, CFDA #20.106   | Qualified     |
| 6.  | Any audit finding(s) disclosed that are required to be reported in accordance with Section __.510(a) of OMB Circular A-133?  | Yes           |
| 7.  | Federal programs identified as major programs:   |               |
|     | a. Community Development Block Grant, CFDA #14.228   |               |
|     | b. Airport Improvement Program, CFDA #20.106   |               |
| 8.  | The dollar threshold used to distinguish between type A and type B programs:   | \$300,000     |
| 9.  | Auditee qualified as a low-risk auditee?   | No            |
| 10. | Prior fiscal year audit findings and questioned cost relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings as discussed in Section __.315(b) of OMB Circular A-133? | No            |

PIKE COUNTY

Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2009

Section 2: Financial Statement Findings

Board of Supervisors.

Significant Deficiency – Material Weakness

09 - 1. Finding

An effective system of internal control includes recording all revenue received in the county's records. Revenue from the State of Mississippi for a grant was sent directly to the District Attorney's office and not recorded in the county's records. Failure to properly record revenue could result in misstated financial statements or the loss of public funds.

Recommendation

The Board of Supervisors should ensure all county revenue is recorded in the county's records.

Section 3: Federal Award Findings and Questioned Costs

Board of Supervisors

Significant Deficiency – Material Weakness

Material Noncompliance

09 - 2. Finding

Program:

20.106            Airport Improvement Program  
                     Grant Number – N/A  
                     U.S. Department of Transportation

Compliance Requirement: Subrecipient Monitoring

Pike County entered into an agreement with the U. S. Department of Transportation to provide funds to the McComb-Pike County Airport. Due to the uniqueness of this arrangement of providing funds to this Joint Venture, there was an apparent misunderstanding as to which entity had the responsibility of subrecipient monitoring. As a result, the Board of Supervisors did not institute a system to properly monitor subrecipients for this program. Without an adequate internal control system in place to properly monitor the county's subrecipients, the county does not have an assurance that its subrecipients have properly fulfilled federal compliance requirements.

Recommendation

The Board of Supervisors should establish an adequate system of internal control to ensure that sub recipients are properly monitored in accordance with the A-133 Compliance Supplement requirements for the compliance requirement "Subrecipient Monitoring".

**PIKE COUNTY**

**AUDITEE'S CORRECTIVE ACTION PLAN**

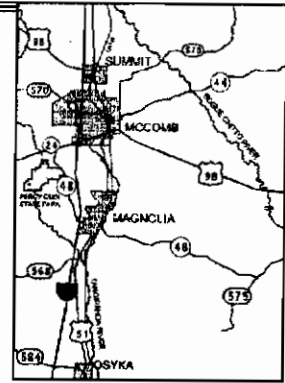
PIKE COUNTY

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## PIKE COUNTY BOARD OF SUPERVISORS

Tazwell Bowaky, 1<sup>st</sup> District  
Lexie Elmore, 2<sup>nd</sup> District  
Chuck E. Lambert, 3<sup>rd</sup> District  
Venton Ray Adams, 4<sup>th</sup> District  
Gary Honea, 5<sup>th</sup> District

Doug Touchstone, Chancery Clerk  
Andrew Alford, County Administrator  
Wayne Dowdy, Board Attorney  
Tanuyon M. Dangerfield, CPPB, Purchasing Agent



**PIKE COUNTY**  
P.O. BOX 431  
MAGNOLIA, MISSISSIPPI 39652

**PIKE COUNTY**  
AGRICULTURE - INDUSTRY - RECREATION  
*Pride of the South*

### CORRECTIVE ACTION PLAN

For the Year Ended September 30, 2009

Office of the State Auditor  
P.O. Box 956  
Jackson, Mississippi 39205

Gentlemen:

Pike respectfully submits the following corrective action plan for the year ended September 30, 2009.

The findings from the Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule. Section 1: Summary of Auditor's Results, does not include findings and is not addressed.

#### **SECTION 2: FINANCIAL STATEMENT FINDINGS**

##### **09-1 Corrective Action Planned:**

We concur. The purpose of the grant was to fund the salary of an employee of the District Attorney's office. Grant funds were received on a reimbursement basis. Reimbursements, after approval by the grantor agency, were sent directly to the District Attorney's office to compensate the employee.

Anticipated Completion Date: Pike County has already implemented a system to correct.

Name of Contact Person Responsible for Corrective Action:

Andrew Alford, County Administrator

**SECTION 3: FEDERAL AWARD FINDINGS**

**09-2 Corrective Action Planned:**

The finding relates to grants received by the McComb-Pike County Airport. The finding states there is not a system in place for Pike County to properly monitor its subrecipient, the McComb-Pike County Airport. Pike County does have a system in place to properly monitor its subrecipients when it has been clearly determined the county has such a responsibility. Pike County did not know of a responsibility to monitor this "subrecipient" because the McComb-Pike County Airport has received numerous grants, similar to the grants received this fiscal year, since 1993 and a responsibility or a finding concerning monitoring of its subrecipients has not been mentioned or issued in any of its annual audits. As such, until fiscal year ending September 30, 2009, it had not been determined Pike County should be performing subrecipient monitoring. Information on airport grants dating back to 1993 has been open to the public and for audit since such information is included in the Pike County Board of Supervisors' official minutes. The McComb-Pike County Airport is included in the joint venture note of this audit report and is not considered a component unit.

**Anticipated Completion Date:** Pike County has already implemented a system to correct.

**Name of Contact Person Responsible for Corrective Action:**

Andrew Alford, County Administrator

Sincerely yours,



Andrew Alford  
Pike County Administrator  
601-783-5289