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LEAKE COUNTY, MISSISSIPPI

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

LEAKE COUNTY
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LEAKE COUNTY

FINANCIAL SECTION

Windham and Lacey, PLLC

Certified Public Accountants

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Members:
American Institute of CPAs
Mississippi Society of CPAs

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Leake County, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major funds and the aggregate remaining fund information of Leake County, Mississippi, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the basic financial statements of the county's primary government as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. These financial statements are the responsibility of the county's management.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the major funds and the aggregate remaining fund information of Leake County, Mississippi, as of September 30, 2014, 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.

Other Matters

Required Supplementary Information

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

Omission of Required Supplementary Information

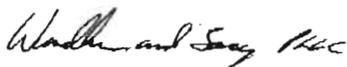
Leake County, Mississippi, has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements,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

Other Information

The Schedule of Surety Bonds for County Officials has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 20, 2015, on our consideration of Leake County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Leake County, Mississippi's internal control over financial reporting and compliance.



Windham and Lacey, PLLC
August 20, 2015

LEAKE COUNTY

FINANCIAL STATEMENTS

LEAKE COUNTY
Statement of Net Position
September 30, 2014

Exhibit 1

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Cash	\$ 6,076,707	2,178,761	8,255,468
Property tax receivable	3,973,244	79,206	4,052,450
Accounts receivable (net of allowance for uncollectibles of \$588,295)		1,093,754	1,093,754
Fines receivable (net of allowance for uncollectibles of \$867,746)	605,849		605,849
Intergovernmental receivables	233,770		233,770
Other receivables	2,947		2,947
Internal balances	118,902	(118,902)	
Capital assets:			
Land and construction in progress	1,244,576	7,557	1,252,133
Other capital assets, net	11,700,739	4,011,728	15,712,467
Total Assets	<u>23,956,734</u>	<u>7,252,104</u>	<u>31,208,838</u>
LIABILITIES			
Claims payable	441,313	126,014	567,327
Intergovernmental payables	124,409		124,409
Accrued interest payable	63,261	3,850	67,111
Other payables	37,735		37,735
Compensated absences	230,893	321,798	552,691
Long-term liabilities			
Due within one year:			
Capital debt	708,628	539,991	1,248,619
Due in more than one year:			
Capital debt	3,826,240	850,801	4,677,041
Total Liabilities	<u>5,432,479</u>	<u>1,842,454</u>	<u>7,274,933</u>
DEFERRED INFLOWS OF RESOURCES			
Property tax for future reporting period	3,973,244	79,206	4,052,450
Total Deferred Inflows of Resources	<u>3,973,244</u>	<u>79,206</u>	<u>4,052,450</u>
NET POSITION			
Net investment in capital assets	8,410,447	2,628,493	11,038,940
Restricted:			
Expendable:			
General government	661,763		661,763
Public safety	722,403	1,263,341	1,985,744
Public works	1,066,346	1,438,610	2,504,956
Health and welfare	2,165,478		2,165,478
Culture and recreation	1,524		1,524
Debt service	198,813		198,813
Unrestricted	1,324,236		1,324,236
Total Net Position	<u>\$ 14,551,011</u>	<u>5,330,444</u>	<u>19,881,455</u>

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

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

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Total
Primary Government:						
Governmental Activities:						
General government	\$ 3,284,879	180,759	213,267		(2,890,853)	(2,890,853)
Public safety	2,276,669	746,228	269,930		(1,260,511)	(1,260,511)
Public works	2,668,113		798,033	136,436	(1,733,644)	(1,733,644)
Health and welfare	196,307		55,878	15,154	(125,275)	(125,275)
Culture and recreation	240,070				(240,070)	(240,070)
Conservation of natural resources	86,262		500		(85,762)	(85,762)
Economic development and assistance	151,037		33,200		(117,837)	(117,837)
Interest on long-term debt	201,351				(201,351)	(201,351)
Total Governmental Activities	<u>9,104,688</u>	<u>926,987</u>	<u>1,370,808</u>	<u>151,590</u>	<u>(6,655,303)</u>	<u>(6,655,303)</u>
Business-type Activities:						
Solid waste	743,853	893,384			149,531	149,531
Regional jail	3,782,836	3,634,761	41,062		(107,013)	(107,013)
Total Business-type Activities	<u>4,526,689</u>	<u>4,528,145</u>	<u>41,062</u>	<u>0</u>	<u>42,518</u>	<u>42,518</u>
Total Primary Government	<u>\$ 13,631,377</u>	<u>5,455,132</u>	<u>1,411,870</u>	<u>151,590</u>	<u>(6,655,303)</u>	<u>(6,612,785)</u>
General revenues:						
Property taxes					5,556,921	5,629,007
Road & bridge privilege taxes					221,822	221,822
Grants and contributions not restricted to specific programs					463,975	463,975
Unrestricted interest income					15,582	24,389
Miscellaneous					448,192	448,192
Transfers					86,973	
Total General Revenues and Transfers					<u>(6,080)</u>	<u>6,787,385</u>
Changes in Net Position					<u>138,162</u>	<u>174,600</u>
Net Position - Beginning, as previously reported					<u>14,187,637</u>	<u>19,481,643</u>
Prior period adjustments					<u>225,212</u>	<u>225,212</u>
Net Position - Beginning, as restated					<u>14,412,849</u>	<u>19,706,855</u>
Net Position - Ending					<u>14,551,011</u>	<u>19,881,455</u>

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

LEAKE COUNTY
 Balance Sheet - Governmental Funds
 September 30, 2014

Exhibit 3

	<u>Major Fund</u>			
	General Fund	County Road and Bridge Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash	\$ 3,186,470	1,234,246	1,655,992	6,076,708
Property tax receivable	2,481,000	1,200,000	292,244	3,973,244
Fines receivable (net of allowance for uncollectibles of \$867,746)	605,849			605,849
Intergovernmental receivables	214,505		19,265	233,770
Other receivables	2,947			2,947
Due from other funds	38,795	44,505	10,852	94,152
Advances to other funds	105,719	2,500		108,219
Total Assets	\$ 6,635,285	2,481,251	1,978,353	11,094,889
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Claims payable	\$ 200,537	209,361	31,415	441,313
Intergovernmental payables	118,502			118,502
Due to other funds	62,701			62,701
Advances from other funds		6,175	20,500	26,675
Other payables	37,735			37,735
Total Liabilities	419,475	215,536	51,915	686,926
Deferred Inflows of Resources:				
Unavailable revenue - property taxes	2,481,000	1,200,000	292,244	3,973,244
Unavailable revenue - fines	605,849			605,849
Total Deferred Inflows of Resources	3,086,849	1,200,000	292,244	4,579,093
Fund Balances:				
Nonspendable:				
Loans receivable	105,719	2,500		108,219
Restricted for:				
General government			661,763	661,763
Public safety			722,403	722,403
Public works		1,063,215	631	1,063,846
Health and welfare	2,165,478			2,165,478
Culture and recreation			1,524	1,524
Debt service			262,074	262,074
Unassigned	857,764		(14,201)	843,563
Total Fund Balances	3,128,961	1,065,715	1,634,194	5,828,870
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 6,635,285	2,481,251	1,978,353	11,094,889

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

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

Exhibit 3-1

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 5,828,870
Amounts reported for governmental services in the Statement of Net Position 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 \$8,113,604.	12,945,315
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	605,849
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Long term liabilities	(4,534,868)
Compensated absences	(230,893)
Accrued interest payable is not due and payable in the current period and, therefore, are not reported in the funds.	(63,261)
Other	<u>(1)</u>
Total Net Position - Governmental Activities	\$ <u>14,551,011</u>

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

LEAKE COUNTY

Exhibit 4

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

	Major Fund			Total
	General Fund	County Road and Bridge Fund	Other Governmental Funds	Governmental Funds
REVENUES				
Property taxes	\$ 3,550,753	1,387,870	618,298	5,556,921
Road and bridge privilege taxes		221,822		221,822
Licenses, commissions and other revenue	207,045			207,045
Fines and forfeitures	237,649		72,044	309,693
Intergovernmental revenues	716,079	761,407	508,887	1,986,373
Charges for services	513,210		195,301	708,511
Interest income	9,035	3,436	3,111	15,582
Miscellaneous revenues	444,747	55,955	92,796	593,498
Total Revenues	<u>5,678,518</u>	<u>2,430,490</u>	<u>1,490,437</u>	<u>9,599,445</u>
EXPENDITURES				
Current:				
General government	2,859,084		362,501	3,221,585
Public safety	1,800,696		429,746	2,230,442
Public works	57,055	2,279,232	141,872	2,478,159
Health and welfare	185,795		15,154	200,949
Culture and recreation	212,937		12,297	225,234
Conservation of natural resources	83,527			83,527
Economic development and assistance	81,880		38,417	120,297
Debt service:				
Principal	140,276	187,034	431,099	758,409
Interest	7,185	8,484	195,860	211,529
Total Expenditures	<u>5,428,435</u>	<u>2,474,750</u>	<u>1,626,946</u>	<u>9,530,131</u>
Excess of Revenues over (under) Expenditures	<u>250,083</u>	<u>(44,260)</u>	<u>(136,509)</u>	<u>69,314</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets		47,979		47,979
Proceeds from long-term debt		134,970		134,970
Transfers in	205,669		164,255	369,924
Transfers out	(236,658)		(46,293)	(282,951)
Total Other Financing Sources and Uses	<u>(30,989)</u>	<u>182,949</u>	<u>117,962</u>	<u>269,922</u>
Net Changes in Fund Balances	219,094	138,689	(18,547)	339,236
Fund Balances - Beginning	<u>2,909,867</u>	<u>927,026</u>	<u>1,652,741</u>	<u>5,489,634</u>
Fund Balances - Ending	<u>\$ 3,128,961</u>	<u>1,065,715</u>	<u>1,634,194</u>	<u>5,828,870</u>

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

LEAKE COUNTY

Exhibit 4-1

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

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ 339,236
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount that capital outlays of \$385,016 was exceeded by depreciation of \$710,542 in the current period.	(325,526)
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 position differs from the change in fund balances by the amount of the net loss of \$147,406 and the proceeds from the sale of \$47,979 in the current period.	(195,385)
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.	(301,278)
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount that debt repayments of \$758,409 exceeded debt proceeds of \$134,970.	623,439
Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net position differs from the change in fund balances by a combination of the following:	
Increase in compensated absences	(7,798)
Decrease in accrued interest payable	6,061
Amortization of bond premiums and discounts	(585)
Other	<u>(2)</u>
Change in Net Position of Governmental Activities	<u>\$ 138,162</u>

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

LEAKE COUNTY
Statement of Net Position - Proprietary Funds
September 30, 2014

Exhibit 5

	Business-type Activities		Total
	Governmental		
	Solid Waste Fund	Regional Jail Fund	
ASSETS			
Current Assets:			
Cash	\$ 396,501	1,782,260	2,178,761
Property tax receivable	79,206		79,206
Accounts receivable (net of allowance for uncollectibles of \$588,295)	1,093,754		1,093,754
Due from other funds	1,437		1,437
Advances to other funds	6,175		6,175
Total Current Assets	<u>1,577,073</u>	<u>1,782,260</u>	<u>3,359,333</u>
Noncurrent Assets:			
Capital Assets:			
Land and construction in progress	7,557		7,557
Other capital assets, net	332,324	3,679,404	4,011,728
Total Noncurrent Assets	<u>339,881</u>	<u>3,679,404</u>	<u>4,019,285</u>
Total Assets	<u>1,916,954</u>	<u>5,461,664</u>	<u>7,378,618</u>
LIABILITIES			
Current Liabilities:			
Claims payable	11,052	114,962	126,014
Accrued interest payable		3,850	3,850
Due to other funds	8,015	30,780	38,795
Advances from other funds	22,296	65,423	87,719
Capital debt:			
Current portion of long-term debt	109,991	430,000	539,991
Total Current Liabilities	<u>151,354</u>	<u>645,015</u>	<u>796,369</u>
Noncurrent Liabilities:			
Capital debt:			
Noncurrent portion of long-term debt	111,740	739,061	850,801
Non-capital debt:			
Compensated absences payable	17,894	303,904	321,798
Total Noncurrent Liabilities	<u>129,634</u>	<u>1,042,965</u>	<u>1,172,599</u>
Total Liabilities	<u>280,988</u>	<u>1,687,980</u>	<u>1,968,968</u>
DEFERRED INFLOWS OF RESOURCES			
Property tax for future reporting period	79,206		79,206
Total Deferred Inflows of Resources	<u>79,206</u>	<u>0</u>	<u>79,206</u>
NET POSITION			
Net investment in capital assets	118,150	2,510,343	2,628,493
Restricted:			
Expendable:			
Public safety		1,263,341	1,263,341
Public works	1,438,610		1,438,610
Total Net Position	<u>\$ 1,556,760</u>	<u>3,773,684</u>	<u>5,330,444</u>

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

LEAKE COUNTY

Exhibit 6

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

	Business-type Activities		Total
	Governmental		
	Solid Waste Fund	Regional Jail Fund	
OPERATING REVENUES			
Charges for service	\$ 889,034	3,624,652	4,513,686
Miscellaneous	4,350	10,109	14,459
Total Operating Revenues	<u>893,384</u>	<u>3,634,761</u>	<u>4,528,145</u>
OPERATING EXPENSES			
Personal services	242,895	2,298,255	2,541,150
Contractual services	291,983	423,555	715,538
Materials and supplies	130,299	855,626	985,925
Depreciation expense	65,414	147,567	212,981
Indirect administrative cost	8,015	30,780	38,795
Total Operating Expenses	<u>738,606</u>	<u>3,755,783</u>	<u>4,494,389</u>
Operating Income (Loss)	<u>154,778</u>	<u>(121,022)</u>	<u>33,756</u>
NONOPERATING REVENUES (EXPENSES)			
Property tax	72,086		72,086
Interest income	1,309	7,498	8,807
Intergovernmental grants		41,062	41,062
Interest expense	(5,247)	(27,053)	(32,300)
Net Nonoperating Revenue (Expenses)	<u>68,148</u>	<u>21,507</u>	<u>89,655</u>
Net Income (Loss) Before Capital Contributions, Special and Extraordinary Items and Transfers	222,926	(99,515)	123,411
TRANSFERS OUT	<u>(86,973)</u>		<u>(86,973)</u>
Changes in Net Position	135,953	(99,515)	36,438
Net Position - Beginning	<u>1,420,807</u>	<u>3,873,199</u>	<u>5,294,006</u>
Net Position - Ending	<u>\$ 1,556,760</u>	<u>3,773,684</u>	<u>5,330,444</u>

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

LEAKE COUNTY
Statement of Cash Flows - Proprietary Funds
For the Year Ended September 30, 2014

Exhibit 7

	Business-type Activities - Enterprise Funds		Total
	Major Funds		
	Solid Waste Fund	Regional Jail Fund	
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from users	\$	3,624,652	3,624,652
Receipts from customers	675,237		675,237
Payments to suppliers	(447,356)	(1,246,088)	(1,693,444)
Payments to employees	(242,621)	(2,284,674)	(2,527,295)
Other operating cash receipts	4,350	10,690	15,040
Net Cash Provided (Used) by Operating Activities	(10,390)	104,580	94,190
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Intergovernmental grants received		41,067	41,067
Cash received from property taxes	72,101		72,101
Operating transfers out	(86,972)		(86,972)
Interfund loans repaid		(68,500)	(68,500)
Net Cash Provided (Used) by Noncapital Financing Activities	(14,871)	(27,433)	(42,304)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets		(175,113)	(175,113)
Proceeds of long term debt		1,602,156	1,602,156
Principal paid on long-term debt	(108,269)	(2,170,000)	(2,278,269)
Interest paid on debt	(5,247)	(30,003)	(35,250)
Net Cash Provided (Used) by Capital and Related Financing Activities	(113,516)	(772,960)	(886,476)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends on investments	1,308	7,499	8,807
Cash received from sale of investments		1,461,552	1,461,552
Net Cash Provided (Used) by Investing Activities	1,308	1,469,051	1,470,359
Net Increase (Decrease) in Cash and Cash Equivalents	(137,469)	773,238	635,769
Cash and Cash Equivalents at Beginning of Year	533,970	1,009,021	1,542,991
Cash and Cash Equivalents at End of Year	\$ 396,501	1,782,259	2,178,760
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ 154,778	(121,022)	33,756
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	65,414	147,567	212,981
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	(211,724)		(211,724)
Increase (decrease) in claims payable	(27,300)	19,313	(7,987)
Increase (decrease) in interfund payables	8,015	30,780	38,795
Increase (decrease) in compensated absences liability	427	27,942	28,369
Total Adjustments	(165,168)	225,602	60,434
Net Cash Provided (Used) by Operating Activities	\$ (10,390)	104,580	94,190

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

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

Exhibit 8

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 268,802
Due from other funds	<u>5,907</u>
Total Assets	<u>\$ 274,709</u>
LIABILITIES	
Amounts held in custody for others	<u>\$ 274,709</u>
Total Liabilities	<u>\$ 274,709</u>

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

LEAKE COUNTY

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

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

Leake 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 Leake 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's 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. Basis of Presentation.

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

Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information concerning the county as a whole. The statements include all nonfiduciary activities of the primary government. 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 and are reported separately from business-type activities. Business-type activities rely mainly on fees and charges for support. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The Statement of Net Position presents the financial condition of the governmental activities and business-type 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 and business-type 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. The comparison of direct expenses with program revenues identifies the extent to which each business-type activity or governmental function is self-financing or draws from the general revenues of the county.

LEAKE COUNTY

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

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/expenses. Funds are organized into governmental, proprietary and fiduciary. Major individual Governmental Funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column as Other Governmental Funds.

C. 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 revenues and expenses of Proprietary Funds 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.

The county reports the following major Governmental Funds:

General Fund - This fund is used to account for and report on all financial resources not accounted for and reported on in another fund.

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

The county reports the following major Proprietary Funds:

Regional Jail Fund - This fund is used to account for monies from inmate housing agreement income with the Mississippi Department of Corrections for housing state prisoners.

Solid Waste Fund - This fund is used to account for the county's activities of disposal of solid waste within the county.

LEAKE COUNTY

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

Additionally, the county reports the following fund types:

GOVERNMENTAL FUND TYPES

Special Revenue Funds - These funds are used to account for and report on the proceeds of specific revenue sources that are restricted to or committed for expenditures for specified purposes other than debt service or capital projects.

Debt Service Funds - These funds are used to account for and report on financial resources that are restricted, committed or assigned to expenditures for principal and interest.

PROPRIETARY FUND TYPES

Enterprise Funds - These funds are used to account for and report on those operations that are financed and operated in a manner similar to private business enterprises or where the county has decided that periodic determination of revenues earned, expenses incurred and/or net income is necessary for management accountability.

FIDUCIARY FUND TYPE

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

D. Account Classifications.

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

E. Deposits and Investments.

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

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

F. Receivables.

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

LEAKE COUNTY

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

G. 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." Noncurrent portions of interfund receivables and payables are reported as "advances to/from other funds." Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in applicable Governmental Funds to indicate that they are not available for appropriation and are not expendable or available financial resources. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. Any outstanding balances between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

H. 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 (applicable) governmental or business-type 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.

Governmental accounting and financial reporting standards allow governments meeting certain criteria to elect not to report major general infrastructure assets retroactively. Leake County meets this criteria and has so elected. Therefore, the major general infrastructure assets acquired prior to October 1, 2002, are not reported in the government-wide financial statements. General infrastructure assets include all roads and bridges and other infrastructure assets acquired subsequent to October 1, 2002.

Capital assets acquired or constructed for Proprietary Fund operations are capitalized at cost in the respective funds in which they are utilized. No interest is capitalized on self-constructed assets because noncapitalization of interest does not have a material effect on the county's financial statements. Donated capital assets are recorded at their fair value at the time of donation.

LEAKE COUNTY

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

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 and Proprietary Funds. Depreciation is calculated on the straight-line basis for all assets, except land. A full year's depreciation expense is taken for all purchases and sales of capital assets during the year. The following schedule details those thresholds and estimated useful lives:

	Capitalization Thresholds	Estimated Useful Life
Land	\$ 0	N/A
Infrastructure	0	20-50 years
Buildings	50,000	40 years
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.

I. Deferred Outflows/Inflows of Resources.

In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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

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

Unavailable revenue - fines - When an asset is recorded in the governmental fund financial statements but the revenue is not available, the government should report a deferred inflow of resources until such time as the revenue becomes available.

J. 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.

LEAKE COUNTY

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

In the government-wide financial statements and in the Proprietary Fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or Proprietary Funds Statement of Net Position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

K. Equity Classifications.

Government-wide Financial Statements:

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

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

Restricted net position - Consists of net 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 position - All other net assets not meeting the definition of "restricted" or "net investment in capital assets".

Net Position Flow Assumption:

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

Fund Financial Statements:

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

In accordance with Government Accounting Standards Board No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, governments classify fund balances as nonspendable, restricted, committed, assigned or unassigned. The following are descriptions of fund classifications used by the county:

Nonspendable fund balance includes amounts that cannot be spent. This includes amounts that are either not in a spendable form (inventories, prepaid amounts, long-term portion of loans/notes receivable, or property held for resale unless the proceeds from the collection of those receivables or from the sale of those properties are restricted, committed or assigned) or amounts that are legally or contractually required to be maintained intact, such as a principal balance of a permanent fund. The county has \$108,219 reported as a nonspendable fund balance.

LEAKE COUNTY

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

Restricted fund balance includes amounts that have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation. The county currently has \$4,877,088 reported as restricted fund balance.

Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds if expenditures incurred for specific purposes exceeded the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

The county uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the county would first use committed, then assigned and, lastly, unassigned amounts of unrestricted fund balance when expenditures are made.

Fund Balance Flow Assumption:

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

L. 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.

LEAKE COUNTY

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

M. 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.

N. 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 and Proprietary Funds 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) Change in Accounting Standard.

The county implemented the following standards issued by the Governmental Accounting Standards Board (GASB) in the current fiscal year as required: GASB Statement 65, *Items Previously Reported as Assets and Liabilities*; GASB Statement 66, *Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62*. The provisions of these standards have been incorporated into the financial statements and notes.

(3) Prior Period Adjustments.

A summary of the net position adjustments are as follows:

Exhibit 2 - Statement of Activities.

Explanation	Amount
Recognition of buildings constructed in prior years but not added to fixed assets	\$ 395,000
Implementation of GASB Statement 65, <i>Items Previously Reported as Assets and Liabilities</i>	<u>(169,788)</u>
Total prior period adjustments	<u>\$ 225,212</u>

(4) Deposits.

The carrying amount of the county's total deposits with financial institutions at September 30, 2014, was \$8,524,270, and the bank balance was \$8,437,180. 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 Depository Insurance Corporation (FDIC).

LEAKE COUNTY

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

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.

(5) Interfund Transactions and Balances.

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

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Solid Waste Fund	\$ 8,015
General Fund	Regional Jail Fund	30,780
County Road and Bridge Fund	General Fund	44,505
Other Governmental Funds	General Fund	10,852
Solid Waste Fund	General Fund	1,437
Agency Funds	General Fund	<u>5,907</u>
Total		<u>\$ 101,496</u>

The General Fund receivables from the Regional Jail Fund and Solid Waste Fund represent indirect costs incurred during the fiscal year. There was a loan made from the Regional Jail Fund to the 2001 Road & Bridge B & I Fund for a debt service payment. All other receivables represent tax revenues collected but not settled until October, 2014. Interfund balances are expected to be repaid within one year from the date of the financial statements.

B. Advances From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Solid Waste Fund	\$ 22,296
General Fund	Regional Jail Fund	65,423
General Fund	Other Governmental Funds	18,000
County Road and Bridge Fund	Other Governmental Funds	2,500
Solid Waste Fund	County Road and Bridge Fund	<u>6,175</u>
Total		<u>\$ 114,394</u>

The amounts represent indirect costs due from the Proprietary Fund to the General Fund, amounts due to Proprietary Funds for the sale of equipment to the County Road and Bridge Fund, and funds due from debt service funds for the payment of debt.

LEAKE COUNTY

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

C. Transfers In/Out:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 46,293
General Fund	Solid Waste Fund	86,973
General Fund	General Fund	72,403
Other Governmental Funds	General Fund	164,255
Total		<u>\$ 369,924</u>

The principal purpose of interfund transfers was to provide funds to pay for capital outlay or to pay debt obligations. All interfund transfers were routine and consistent with the activities of the fund making the transfer.

(6) Intergovernmental Receivables.

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

<u>Description</u>	<u>Amount</u>
Legislative Tax Credit	\$ 114,413
Mississippi Emergency Management Agency - EMPG Grant	23,472
Mississippi Department of Corrections - Prisoner Reimbursement	76,620
State of Mississippi Supreme Court - Drug Court	19,265
Total	<u>\$ 233,770</u>

(7) Capital Assets.

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

Governmental Activities:

	<u>Balance</u> <u>Oct. 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments</u>	<u>Balance</u> <u>Sept. 30, 2014</u>
<u>Non-depreciable capital assets:</u>					
Land	\$ 1,375,560		(150,000)		1,225,560
Construction in progress	202,211	14,432		(197,627)	19,016
Total non-depreciable capital assets	<u>1,577,771</u>	<u>14,432</u>	<u>(150,000)</u>	<u>(197,627)</u>	<u>1,244,576</u>
<u>Depreciable capital assets:</u>					
Buildings	3,846,509	126,421	(107,720)	592,627	4,457,837
Mobile equipment	4,847,668	74,025	(184,347)	249,751	4,987,097
Furniture and equipment	702,849		(10,500)	50,141	742,490
Leased property under capital leases	1,040,149	134,970		(299,892)	875,227
Infrastructure	8,716,524	35,168			8,751,692
Total depreciable capital assets	<u>19,153,699</u>	<u>370,584</u>	<u>(302,567)</u>	<u>592,627</u>	<u>19,814,343</u>

LEAKE COUNTY

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

	Balance Oct. 1, 2013	Additions	Deletions	Adjustments	Balance Sept. 30, 2014
<u>Less accumulated depreciation for:</u>					
Buildings	1,534,891	75,669	(86,176)		1,524,384
Mobile equipment	3,779,540	271,705	(161,556)	134,880	4,024,569
Furniture and equipment	511,392	34,489	(9,450)	45,127	581,558
Leased property under capital leases	332,188	125,082		(180,007)	277,263
Infrastructure	1,502,233	203,597			1,705,830
Total accumulated depreciation	<u>7,660,244</u>	<u>710,542</u>	<u>(257,182)</u>	<u>0</u>	<u>8,113,604</u>
Total depreciable capital assets, net	<u>11,493,455</u>	<u>(339,958)</u>	<u>(45,385)</u>	<u>592,627</u>	<u>11,700,739</u>
Governmental Activities capital assets, net	<u>\$ 13,071,226</u>	<u>(325,526)</u>	<u>(195,385)</u>	<u>395,000</u>	<u>12,945,315</u>
Business-type Activities:					
	Balance Oct. 1, 2013	Additions	Deletions	Adjustments	Balance Sept. 30, 2014
Non-depreciable capital assets:					
Land	\$ 7,557				7,557
Total non-depreciable capital assets	<u>7,557</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>7,557</u>
Depreciable capital assets:					
Buildings	5,175,662				5,175,662
Mobile equipment	445,034	6,500			451,534
Furniture and equipment	161,650	168,613	(5,800)		324,463
Leased property under capital leases	330,000				330,000
Total depreciable capital assets	<u>6,112,346</u>	<u>175,113</u>	<u>(5,800)</u>	<u>0</u>	<u>6,281,659</u>
Less accumulated depreciation for:					
Buildings	1,585,598	103,517			1,689,115
Mobile equipment	219,430	20,400			239,830
Furniture and equipment	138,342	29,664	(5,220)		162,786
Leased property under capital leases	118,800	59,400			178,200
Total accumulated depreciation	<u>2,062,170</u>	<u>212,981</u>	<u>(5,220)</u>	<u>0</u>	<u>2,269,931</u>
Total depreciable capital assets, net	<u>4,050,176</u>	<u>(37,868)</u>	<u>(580)</u>	<u>0</u>	<u>4,011,728</u>
Business-type Activities, net	<u>\$ 4,057,733</u>	<u>(37,868)</u>	<u>(580)</u>	<u>0</u>	<u>4,019,285</u>

LEAKE COUNTY

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

Depreciation expense was charged to the following functions:

	<u>Amount</u>
Governmental Activities:	
General government	\$ 62,090
Public safety	85,602
Public works	509,165
Health and welfare	10,512
Culture and recreation	9,722
Conservation of natural resources	2,711
Economic development and assistance	<u>30,740</u>
Total Governmental Activities depreciation expense	<u>\$ 710,542</u>
Business-type Activities:	
Regional jail	147,567
Solid waste	<u>\$ 65,414</u>
Total Business-type Activities depreciation	<u>\$ 212,981</u>

(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, 2014, to January 1, 2015. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

(9) Capital Leases.

As Lessee:

The county is obligated for the following capital assets acquired through capital leases as of September 30, 2014:

<u>Classes of Property</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Mobile equipment	\$ 750,083	330,000
Furniture and equipment	<u>125,144</u>	
Total	875,227	330,000
Less: Accumulated depreciation	<u>277,263</u>	<u>178,200</u>
Leased Property Under Capital Leases	<u>\$ 597,964</u>	<u>151,800</u>

LEAKE COUNTY

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

The following is a schedule by years of the total payments due as of September 30, 2014:

<u>Year Ending September 30</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 205,817	7,109	109,991	3,526
2016	171,003	3,633	111,740	1,777
2017	112,021	875		
Total	<u>\$ 488,841</u>	<u>11,617</u>	<u>221,731</u>	<u>5,303</u>

(10) Long-term Debt.

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

<u>Description and Purpose</u>	<u>Amount Outstanding</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>
Governmental Activities:			
A. General Obligation Bonds:			
Road and bridge refunding bonds, Series 2010	\$ 1,205,000	2.00/3.857%	02/2021
Industrial park development bonds, Series 2002	507,000	4.75%	02/2021
G.O. refunding bonds - Leake Memorial Hospital, Series 2010	<u>2,185,000</u>	2.85/5.95%	01/2023
Total General Obligation Bonds	<u>3,897,000</u>		
B. Capital Leases:			
Three 2011 Silverados	25,793	2.97%	07/2016
Five backhoes	225,421	1.71%	07/2017
Three tractors	28,075	1.83%	05/2015
Three 2013 Dodge Chargers	37,499	1.62%	05/2016
AS400 computer system	55,422	2.19%	09/01/2017
Three John Deere tractors	<u>116,631</u>	1.69%	04/01/2017
Total Capital Leases	<u>488,841</u>		
C. Other Loans:			
Landfill closure loan	84,564	2.85%	01/2016
Barnes Fire Station	<u>93,173</u>	2.00%	01/01/2024
Total Other Loans	<u>177,737</u>		
Total Governmental Activities	<u>\$ 4,563,578</u>		

LEAKE COUNTY

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

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Business-type Activities:			
A. Limited Obligation Bonds:			
Regional correctional facility refunding bonds - 2014	\$ 1,155,000	2.00%	09/30/2017
B. Capital Leases:			
Two garbage trucks	221,731	1.59%	09/2016
Total Business-type Activities	\$ 1,376,731		

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
2015	\$ 409,000	169,912	93,811	4,205
2016	417,000	154,981	9,433	1,608
2017	444,000	138,325	9,624	1,417
2018	462,000	119,599	9,819	1,223
2019-2023	2,165,000	264,593	52,147	3,061
2024-2028			2,903	14
Total	\$ 3,897,000	847,410	177,737	11,528

Business-type Activities:

Year Ending September 30	Limited Obligation Bonds	
	Principal	Interest
2015	\$ 430,000	23,100
2016	440,000	14,500
2017	285,000	5,700
Total	\$ 1,155,000	43,300

Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the county is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the county, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the county. As of September 30, 2014, the amount of outstanding debt was equal to 3.34% of the latest property assessments.

LEAKE COUNTY

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

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

	Balance Oct. 1, 2013	Additions	Reductions	Balance Sept. 30, 2014	Amount due within one year
Governmental Activities:					
General obligation bonds	\$ 4,294,000		397,000	3,897,000	409,000
Capital leases	607,024	134,970	253,153	488,841	205,817
Other loans	285,993		108,256	177,737	93,811
	<u>5,187,017</u>	<u>134,970</u>	<u>758,409</u>	<u>4,563,578</u>	<u>708,628</u>
Less: Bond discounts	(35,642)		(2,226)	(33,416)	
Add: Bond premiums	6,347		1,641	4,706	
Compensated absences	223,095	7,798		230,893	
Total	\$ <u>5,380,817</u>	<u>142,768</u>	<u>757,824</u>	<u>4,765,761</u>	<u>708,628</u>
Business-type Activities:					
Revenue bonds	\$ 1,745,000	1,580,000	2,170,000	1,155,000	430,000
Capital leases	330,000		108,269	221,731	109,991
	<u>2,075,000</u>	<u>1,580,000</u>	<u>2,278,269</u>	<u>1,376,731</u>	<u>539,991</u>
Add: Bond premiums		22,156	8,095	14,061	
Compensated absences	293,429	28,369		321,798	
Total	\$ <u>2,368,429</u>	<u>1,630,525</u>	<u>2,286,364</u>	<u>1,712,590</u>	<u>539,991</u>

Compensated absences will be paid from the fund from which the employees' salaries were paid which are generally the General Fund, County Road and Bridge Fund, Regional Jail Fund, Solid Waste Fund, E-911 Fund and the 8th District Drug Court Fund.

Current Year Defeasance of Debt:

In fiscal year 2014, the county issued bonds to refund the remaining balance of the county's \$3,755,000 Urban Renewal Revenue Refunding Bond, Series 2008. This bond had a call provision to allow the county to pay off the outstanding balance. The proceeds were transferred to a trust account to pay the debt when the call provision was exercised. The amount shown as outstanding at September 30, 2013, \$1,745,000, was callable at November 1, 2013. The refunding of the issues resulted in a savings of \$267,496 and an economic gain of \$259,751.

LEAKE COUNTY

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

(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:

Leake County is a participant with the City of Carthage in a joint venture authorized by Section 39-3-11, Miss. Code Ann. (1972), to operate the Carthage-Leake County Airport. The joint venture was created to provide airport facilities to the area and is governed by a six-member board appointed by the Board of Supervisors and the city council; three from each government. By contractual agreement, the county's appropriation to the joint venture was \$1,500 in fiscal year 2014. Complete financial statements for the Carthage-Leake County Airport can be obtained from the Carthage-Leake County Airport, P.O. Box 577, Carthage, MS 39051.

Leake County is a participant with the Counties of Attala, Holmes, Montgomery and Winston in a joint venture authorized by Section 39-3-9, Miss. Code Ann. (1972), to operate the Mid-Mississippi Regional Library System. The joint venture was created to provide free public library service to the citizens of the member counties. The Leake County Board of Supervisors appoints one of the five members of the board of directors. By contractual agreement, the county's appropriation to the joint venture was \$187,872 in fiscal year 2014.

(13) Jointly Governed Organizations.

The county participates in the following jointly governed organizations:

East Central Community College operates in a district composed of the Counties of Leake, Neshoba, Newton, Scott and Winston. The Leake County Board of Supervisors appoints six of the 30 members of the college board of trustees. The county appropriated \$334,045 for maintenance and support of the college in fiscal year 2014.

Central Mississippi Emergency Medical Services District operates in a district composed of the Counties of Attala, Clarke, Copiah, Holmes, Lauderdale, Leake, Madison, Neshoba, Rankin, Scott, Smith, Warren and Yazoo. The Leake County Board of Supervisors appoints two of the 26 board members. The county provided no financial support in fiscal year 2014.

East Central Community Action Agency, Inc., operates in a district composed of the Counties of Leake, Neshoba, Rankin, Scott and Smith. The Leake County Board of Supervisors appoints two of the 30 board members. The county provided no financial support in fiscal year 2014.

LEAKE COUNTY

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

East Central Mississippi Planning and Development District operates in a district composed of the Counties of Clarke, Jasper, Kemper, Lauderdale, Leake, Neshoba, Newton, Scott and Smith. The Leake County Board of Supervisors appoints one of the 15 members of the board of directors. The county appropriated \$16,313 for support of the district in fiscal year 2014.

Region Ten Mental Health-Mental Retardation Commission operates in a district composed of the Counties of Clarke, Jasper, Kemper, Lauderdale, Leake, Neshoba, Newton, Scott and Smith. The Leake County Board of Supervisors appoints one of the nine members of the board of commissioners. The county appropriated \$18,200 for support of the commission in fiscal year 2014.

(14) Defined Benefit Pension Plan.

Plan Description. Leake County, Mississippi, contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefit provisions are established by state law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

Funding Policy. PERS members are required to contribute 9% of their annual covered salary, and the county is required to contribute at an actuarially determined rate. The rate at September 30, 2014 was 15.75% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The county's contributions (employer share only) to PERS for the years ending September 30, 2014, 2013 and 2012 were \$706,064, \$654,420 and \$571,358, respectively, equal to the required contributions for each year.

(15) Subsequent Events.

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. The management of Leake County evaluated the activity of the county through August 20, 2015, the date the financial statements were available to be issued, and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements:

<u>Issue Date</u>	<u>Interest Rate</u>	<u>Issue Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
10/29/2014	1.880%	\$ 44,352	Lease purchase	Ad valorem taxes
02/10/2015	1.840%	23,203	Lease purchase	Ad valorem taxes
02/20/2015	1.810%	95,377	Lease purchase	Ad valorem taxes

LEAKE COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

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

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 3,567,919	3,546,178	3,545,678	(500)
Licenses, commissions and other revenue	264,725	210,390	210,737	347
Fines and forfeitures	291,075	222,968	223,121	153
Intergovernmental revenues	1,125,800	692,631	692,631	
Charges for services	515,750	429,990	436,590	6,600
Interest income	28,000	4,705	4,705	
Miscellaneous revenues	114,000	125,586	118,986	(6,600)
Total Revenues	<u>5,907,269</u>	<u>5,232,448</u>	<u>5,232,448</u>	<u>0</u>
EXPENDITURES				
Current:				
General government	3,275,284	2,927,933	2,908,308	19,625
Public safety	2,136,031	1,909,611	1,868,748	40,863
Public works	68,525	54,948	54,948	
Health and welfare	144,416	128,876	128,876	
Culture and recreation	210,549	210,449	210,449	
Conservation of natural resources	106,035	82,208	82,208	
Economic development and assistance	75,058	75,833	75,833	
Debt service:				
Principal			58,058	(58,058)
Interest			2,430	(2,430)
Total Expenditures	<u>6,015,898</u>	<u>5,389,858</u>	<u>5,389,858</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>(108,629)</u>	<u>(157,410)</u>	<u>(157,410)</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	190,000	1,622,487	1,322,487	(300,000)
Proceeds from sale of capital assets			44,150	44,150
Transfers out	(110,000)		(1,366,610)	(1,366,610)
Total Other Financing Sources and Uses	<u>80,000</u>	<u>1,622,487</u>	<u>27</u>	<u>(1,622,460)</u>
Net Change in Fund Balance	(28,629)	1,465,077	(157,383)	(1,622,460)
Fund Balances - Beginning	<u>0</u>	<u>827,728</u>	<u>1,180,440</u>	<u>352,712</u>
Fund Balances - Ending	<u>\$ (28,629)</u>	<u>2,292,805</u>	<u>1,023,057</u>	<u>(1,269,748)</u>

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

LEAKE COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 County Road and Bridge Fund
 For the Year Ended September 30, 2014

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 1,670,000	1,392,939	1,392,939	
Road and bridge privilege taxes	235,000	221,521	221,521	
Intergovernmental revenues	903,000	761,407	761,407	
Charges for services	3,000			
Interest income	10,000	3,436	3,436	
Miscellaneous revenues	56,525	55,534	55,534	
Total Revenues	<u>2,877,525</u>	<u>2,434,837</u>	<u>2,434,837</u>	<u>0</u>
EXPENDITURES				
Current:				
Public works	2,180,219	2,245,743	2,050,225	(195,518)
Debt service:				
Principal	255,000		187,034	187,034
Interest	20,000		8,484	8,484
Total Expenditures	<u>2,455,219</u>	<u>2,245,743</u>	<u>2,245,743</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>422,306</u>	<u>189,094</u>	<u>189,094</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of assets	50,000	348,400	48,400	(300,000)
Transfers out			(46,530)	(46,530)
Total Other Financing Sources and Uses	<u>50,000</u>	<u>348,400</u>	<u>1,870</u>	<u>(346,530)</u>
Net Change in Fund Balance	472,306	537,494	190,964	(346,530)
Fund Balances - Beginning		<u>1,043,283</u>	<u>1,037,109</u>	<u>(6,174)</u>
Fund Balances - Ending	<u>\$ 472,306</u>	<u>1,580,777</u>	<u>1,228,073</u>	<u>(352,704)</u>

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

LEAKE COUNTY

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

A. Budgetary Information.

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

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

B. Basis of Presentation.

The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) presents the original legally adopted budget, the final legally adopted budget, actual amounts on a budgetary (Non-GAAP Basis) and variances between the final budget and the actual amounts. The schedule is presented for the General Fund and each major Special Revenue Fund. The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) is a part of required supplemental information.

C. Budget/GAAP Reconciliation.

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

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

LEAKE COUNTY

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

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

	<u>Governmental Fund Types</u>	
	<u>General Fund</u>	<u>County Road And Bridge Fund</u>
Net Change in Fund Balance - Budget (Cash Basis)	\$ (157,383)	190,964
Increase (decrease):		
Net adjustments for revenue accruals	(714,899)	130,203
Net adjustments for expenditure accruals	<u>1,091,376</u>	<u>(182,478)</u>
Net Change in Fund Balance GAAP Basis	<u>\$ 219,094</u>	<u>138,689</u>

LEAKE COUNTY

OTHER INFORMATION

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

Name	Position	Company	Bond
Tony Smith	Supervisor District 1	Brierfield Insurance	\$100,000
Joe A. Helton	Supervisor District 2	Brierfield Insurance	\$100,000
Oliver Smith	Supervisor District 3	Brierfield Insurance	\$100,000
J. Lucas Brown	Supervisor District 4	Brierfield Insurance	\$100,000
Davis Gill	Supervisor District 5	Travelers Casualty	\$100,000
Dot Merchant	Chancery Clerk	Brierfield Insurance	\$100,000
Freddie Terrell	County Administrator	Western Surety	\$100,000
Robert Gill	County Administrator	RLI Insurance	\$100,000
Belinda Atkinson	Purchase Clerk	Brierfield Insurance	\$75,000
Debbie Beranich	Assistant Purchase Clerk	Brierfield Insurance	\$50,000
Venita Verry	Receiving Clerk	Brierfield Insurance	\$75,000
Deborah G. Daughtery	Assistant Receiving Clerk	Brierfield Insurance	\$50,000
Rhonda L. Blanton	Assistant Receiving Clerk	Brierfield Insurance	\$50,000
Tiffany Agent	Assistant Receiving Clerk	Brierfield Insurance	\$50,000
Stephanie Mayes	Assistant Receiving Clerk	Brierfield Insurance	\$50,000
Michelle Joiner	Assistant Receiving Clerk	Brierfield Insurance	\$50,000
Barbara C. Smith	Assistant Receiving Clerk	Brierfield Insurance	\$50,000
Sonya Nealy	Assistant Receiving Clerk	Brierfield Insurance	\$50,000
Tammy Jones	Assistant Receiving Clerk	RLI Insurance	\$50,000
Mary Sharp	Assistant Receiving Clerk	Brierfield Insurance	\$50,000
Sherry Leflore	Assistant Receiving Clerk	RLI Insurance	\$50,000
Vicky Patrick	Assistant Receiving Clerk	Brierfield Insurance	\$50,000
Kristyn Horn	Inventory Control Clerk	RLI Insurance	\$75,000
Ronnie Ingram	Road Manager	Brierfield Insurance	\$75,000
Randy Atkinson	Constable	Brierfield Insurance	\$50,000
Steve McMilan	Constable	Western Surety	\$50,000
Kathy Henderson	Circuit Clerk	Western Surety	\$100,000
Gregg Waggoner	Sheriff	Brierfield Insurance	\$100,000
Ruby Graham	Justice Court Judge	Brierfield Insurance	\$50,000
Ken Adcock	Justice Court Judge	Brierfield Insurance	\$50,000
Teshia Johnson	Justice Court Clerk	RLI Insurance	\$50,000
Sonya Nealy	Deputy Justice Court Clerk	Brierfield Insurance	\$50,000
Adrianna Wilcher	Deputy Justice Court Clerk	Brierfield Insurance	\$50,000
Twanna Steve	Deputy Justice Court Clerk	Travelers	\$50,000
Kim Withers	Tax Collector-Tax Assessor	Brierfield Insurance	\$100,000
Cynthia Fortune	Deputy Tax Collector	RLI Insurance	\$50,000
Jenna Lepard	Deputy Tax Collector	RLI Insurance	\$50,000
Vickie Alford	Deputy Tax Collector	Brierfield Insurance	\$50,000
Tammy Jones	Deputy Tax Collector	RLI Insurance	\$50,000
Tina Ingram	Deputy Tax Collector	Brierfield Insurance	\$50,000
Wendy A. Shuler	Deputy Tax Collector	RLI Insurance	\$50,000
Heather Cook	Deputy Tax Collector	RLI Insurance	\$50,000
Diashana Jones	Deputy Tax Collector	RLI Insurance	\$50,000

LEAKE COUNTY

SPECIAL REPORTS

Windham and Lacey, PLLC

Certified Public Accountants

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

Members:
American Institute of CPAs
Mississippi Society of CPAs

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

Members of the Board of Supervisors
Leake County, Mississippi

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Leake County, Mississippi, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the county's basic financial statements and have issued our report thereon dated August 20, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Leake County, Mississippi's internal control to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the county's internal control. Accordingly, we do not express an opinion on the effectiveness of the county's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Leake County, Mississippi's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



Windham and Lacey, PLLC
August 20, 2015

Windham and Lacey, PLLC

Certified Public Accountants

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

Members of the Board of Supervisors
Leake County, Mississippi

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

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

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

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

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

This report is intended for use in evaluating the central purchasing system and inventory control system of Leake 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.



Windham and Lacey, PLLC
August 20, 2015

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

Schedule 1

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

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

Schedule 2

Our test results did not identify any emergency purchase.

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

Schedule 3

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

Windham and Lacey, PLLC

Certified Public Accountants

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Mississippi Society of CPAs

LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Leake County, Mississippi

In planning and performing our audit of the financial statements of Leake County, Mississippi for the year ended September 30, 2014, we considered Leake 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 Leake 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 August 20, 2015, on the financial statements of Leake County, Mississippi.

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

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



Windham and Lacey, PLLC
August 20, 2015

LEAKE COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

LEAKE COUNTY

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

Section 1: Summary of Auditor's Results

Financial Statements:

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

Section 2: Financial Statement Findings

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