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# **PIKE COUNTY, MISSISSIPPI**

**Audited Financial Statements  
And  
Special Reports**

**For the Year Ended September 30, 2015**

PIKE COUNTY  
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PIKE COUNTY

FINANCIAL SECTION

# Windham and Lacey, PLLC

*Certified Public Accountants*

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

Members:  
American Institute of CPAs  
Mississippi Society of CPAs

## INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors  
Pike County, Mississippi

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

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund and the aggregate remaining fund information of Pike County, Mississippi, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the basic financial statements of the county's primary government as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

## **Unmodified Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component unit, each major fund and the aggregate remaining fund information of Pike County, Mississippi, as of September 30, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### *Omission of Required Supplementary Information*

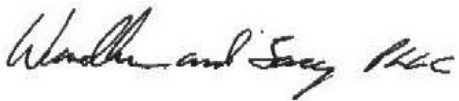
Pike County, Mississippi, has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America required to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements,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

### *Supplemental and Other Information*

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2016, on our consideration of Pike County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Pike County, Mississippi's internal control over financial reporting and compliance.



Windham and Lacey, PLLC  
October 10, 2016

PIKE COUNTY

FINANCIAL STATEMENTS



PIKE COUNTY  
Statement of Net Position  
September 30, 2015

Exhibit 1

	Primary Government	Component Unit
	<u>Governmental Activities</u>	<u>Economic Development</u>
<b>ASSETS</b>		
Cash	\$ 15,163,374	577,354
Accrued interest receivable	2,576	
Property tax receivable	10,150,901	
Accounts receivable, net of allowance for uncollectible of \$795,943	879,470	22,278
Fines receivable, net of allowance for uncollectible of \$12,108,758	1,292,547	
Loans receivable	450,000	
Intergovernmental receivable	450,277	
Other receivables	60,207	
Prepaid items	38,124	
Capital assets:		
Land and construction in progress	8,769,872	881,895
Other capital assets, net	50,059,127	19,595
Total Assets	<u>87,316,475</u>	<u>1,501,122</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows related to pensions	3,254,062	74,218
Total Deferred Outflows of Resources	<u>3,254,062</u>	<u>74,218</u>
<b>LIABILITIES</b>		
Claims payable	226,628	10,878
Intergovernmental payables	457,423	92,408
Accrued interest payable	20,163	
Unearned revenue	159,120	
Other payables	517,838	
Long term liabilities -		
Due within one year:		
Capital-related debt	981,045	
Due in more than one year:		
Capital-related debt	11,922,130	
Non-capital debt	276,709	
Net pension liability	17,851,369	410,900
Total Liabilities	<u>32,412,425</u>	<u>514,186</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property tax for future reporting period	10,150,901	
Total Deferred Inflows of Resources	<u>10,150,901</u>	<u>0</u>

PIKE COUNTY  
Statement of Net Position  
September 30, 2015

Exhibit 1 (Continued)

	Primary Government	Component Unit
	<u>Governmental Activities</u>	<u>Economic Development</u>
NET POSITION		
Net investment in capital assets	45,925,824	901,490
Restricted:		
Expendable:		
General government	797,642	
Debt service	375,013	
Public safety	2,793,644	
Public works	3,842,887	
Economic development	503,335	140,456
Unemployment compensation	7,629	
Capital projects	3,651,782	
Unrestricted	<u>(9,890,545)</u>	<u>19,208</u>
Total Net Position	\$ <u>48,007,211</u>	<u>1,061,154</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, 2015

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Fines, Fees and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Component Unit Economic Development
Primary Government:						
Governmental Activities:						
General government	\$ 7,757,957	1,302,313	116,153		(6,339,491)	
Public safety	5,148,541	950,382	604,718	7,420	(3,586,021)	
Public works	6,044,662	1,136,284	835,579	3,027,572	(1,045,227)	
Health and welfare	478,855		29,348		(449,507)	
Culture and recreation	73,698				(73,698)	
Conservation of natural resources	141,008				(141,008)	
Economic development and assistance	4,073,608				(4,073,608)	
Pension expense	2,168,379				(2,168,379)	
Interest on long-term debt	452,539				(452,539)	
Total Governmental Activities	\$ 26,339,247	3,388,979	1,585,798	3,034,992	(18,329,478)	0
Component Unit:						
Economic Development District	\$ 582,480	0	601,424	0	0	18,944
General revenues:						
Property taxes					\$ 13,313,487	
Road and bridge privilege taxes					496,609	
Grants and contributions not restricted to specific programs					1,447,513	
Unrestricted investment income					44,050	982
Miscellaneous					236,591	50,600
Total general revenues					15,538,250	51,582
Changes in net position					(2,791,228)	70,526
Net position - Beginning, as previously reported					64,375,194	1,284,236
Prior Period Adjustment					(13,576,755)	(293,608)
Net Position - Beginning, as restated					50,798,439	990,628
Net position - Ending					\$ 48,007,211	1,061,154

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

PIKE COUNTY  
Balance Sheet - Governmental Funds  
For the Year Ended September 30, 2015

Exhibit 3

	Major Funds					
	General Fund	Countywide Road Maintenance Fund	Bridge Bond Projects Fund	Gateway Industrial Park Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash	\$ 3,482,858	2,534,945	2,379,180	828,907	5,936,911	15,162,801
Accrued interest receivable	444	495	448	156	1,033	2,576
Property tax receivable	5,811,774	1,338,745			3,000,382	10,150,901
Accounts receivable					879,470	879,470
Fines receivable	1,292,547					1,292,547
Loans receivable					450,000	450,000
Intergovernmental receivable	350,832	45,215		2,633	51,597	450,277
Other receivable	11,662				48,545	60,207
Due from other funds		66,494			64,527	131,021
Prepaid items	16,963				21,161	38,124
Total Assets	\$ <u>10,967,080</u>	<u>3,985,894</u>	<u>2,379,628</u>	<u>831,696</u>	<u>10,453,626</u>	<u>28,617,924</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>						
Liabilities:						
Claims payable	\$ 82,083	89,619		10,010	44,916	226,628
Intergovernmental payable	422,500				5,455	427,955
Due to other funds	160,489					160,489
Unearned revenue					159,120	159,120
Other payables	517,838					517,838
Total Liabilities	<u>1,182,910</u>	<u>89,619</u>	<u>0</u>	<u>10,010</u>	<u>209,491</u>	<u>1,492,030</u>
Deferred Inflows of Resources:						
Property tax for future reporting period	5,811,773	1,338,745			3,000,383	10,150,901
Unavailable revenue - fines	1,292,548					1,292,548
Unavailable revenue - solid waste fees					879,470	879,470
Total Deferred Inflows of Resources	<u>7,104,321</u>	<u>1,338,745</u>	<u>0</u>	<u>0</u>	<u>3,879,853</u>	<u>12,322,919</u>

PIKE COUNTY

Balance Sheet - Governmental Funds

For the Year Ended September 30, 2015

Exhibit 3 (Continued)

	<u>Major Funds</u>					
	General	Countywide	Bridge	Gateway	Other	Total
	Fund	Road	Bond	Industrial	Governmental	Governmental
		Maintenance	Projects	Park	Funds	Funds
		Fund	Fund	Fund		
Fund Balances:						
Restricted:						
General government					1,042,445	1,042,445
Public safety					2,714,531	2,714,531
Public works		2,557,530			1,290,616	3,848,146
Debt service					395,176	395,176
Economic development					450,000	450,000
Committed:						
Public safety					15,072	15,072
Economic development					5,973	5,973
Capital projects			2,379,628	821,686	450,469	3,651,783
Unassigned	2,679,849					2,679,849
Total Fund Balances	<u>2,679,849</u>	<u>2,557,530</u>	<u>2,379,628</u>	<u>821,686</u>	<u>6,364,282</u>	<u>14,802,975</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	 \$ <u>10,967,080</u>	 <u>3,985,894</u>	 <u>2,379,628</u>	 <u>831,696</u>	 <u>10,453,626</u>	 <u>28,617,924</u>

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

PIKE COUNTY

Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position  
September 30, 2015

Exhibit 3-1

Total Fund Balance - Governmental Funds	\$	14,802,975
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Amounts reported for governmental activities 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 \$69,610,433.	58,828,999
--	------------

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	2,172,018
--	-----------

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(13,179,884)
--	--------------

Accrued interest payable is not due and payable in the current period and, therefore, are not reported in the funds.	(20,163)
--	----------

Pension Obligations:

Pension obligations are not due and payable in the current period and, therefore, are not reported in the funds:

Net pension liability	(17,851,369)
-----------------------	--------------

Deferred outflows of resources related to pension obligations are applicable to future periods and, therefore, are not reported in the funds:

Deferred outflows of resources related to pension obligations	<u>3,254,062</u>	(14,597,307)
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Internal Service Funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the Statement of Net Position.

573

Total Net Position - Governmental Activities	\$	<u><u>48,007,211</u></u>
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The notes to the financial statements are an integral part of this statement.

PIKE COUNTY

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds  
For the Year Ended September 30, 2015

Exhibit 4

	Major Funds					
	General Fund	Countywide Road Maintenance Fund	Bridge Bond Projects Fund	Gateway Industrial Park Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Property taxes	\$ 7,914,559	1,627,592			3,771,337	13,313,488
Road and bridge privilege tax		496,609				496,609
Licenses, commissions & other	441,189				126,760	567,949
Fines and forfeitures	689,608				118,785	808,392
Intergovernmental revenues	1,450,233	798,055		366,531	525,520	3,140,339
Charges for services	512,782				1,546,178	2,058,960
Interest income	13,713	6,145	7,271	2,810	14,114	44,053
Miscellaneous revenues	215,347	590			40,595	256,532
Total Revenues	11,237,431	2,928,991	7,271	369,341	6,143,289	20,686,322
EXPENDITURES						
Current:						
General government	6,068,083				1,221,034	7,289,117
Public safety	4,314,905				1,243,207	5,558,112
Public works	31,225	2,695,009			2,281,073	5,007,307
Health and welfare	446,586					446,586
Culture and recreation	3,500				14,485	17,985
Conservation of natural resources	141,008					141,008
Economic development and assistance	64,654		1,263,201	2,952,930	1,050,577	5,331,362
Debt Service:						
Principal	54,980				830,000	884,980
Interest	2,746				452,126	454,872
Total Expenditures	11,127,687	2,695,009	1,263,201	2,952,930	7,092,502	25,131,329
Excess (Deficiency) of Revenue Over (Under) Expenditures	109,744	233,982	(1,255,930)	(2,583,589)	(949,213)	(4,445,007)

PIKE COUNTY

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds  
For the Year Ended September 30, 2015

Exhibit 4 (Continued)

	<u>Major Funds</u>					
	<u>General Fund</u>	<u>Countywide Road Maintenance Fund</u>	<u>Bridge Bond Projects Fund</u>	<u>Gateway Industrial Park Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
OTHER FINANCING SOURCES (USES)						
Long-term debt issued					900,000	900,000
Proceeds sale - capital assets	9,175	20,025		480,000		509,200
Transfers in	338,275	143,000			351,719	832,994
Transfers out	(628,462)	(9,519)			(195,013)	(832,994)
Total Other Financing Sources (Uses)	<u>(281,012)</u>	<u>153,506</u>	<u>0</u>	<u>480,000</u>	<u>1,056,706</u>	<u>1,409,200</u>
Net Change in Fund Balances	(171,268)	387,488	(1,255,930)	(2,103,589)	107,493	(3,035,807)
Fund Balances - Beginning	<u>2,851,117</u>	<u>2,170,042</u>	<u>3,635,558</u>	<u>2,925,275</u>	<u>6,256,790</u>	<u>17,838,782</u>
Fund Balances - Ending	\$ <u><u>2,679,849</u></u>	<u><u>2,557,530</u></u>	<u><u>2,379,628</u></u>	<u><u>821,686</u></u>	<u><u>6,364,283</u></u>	<u><u>14,802,975</u></u>

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



PIKE COUNTY

Exhibit 4-1

Reconciliation of the Statement of Revenues, Expenditures and Changes in  
Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended September 30, 2015

Net Changes in Fund Balances - Governmental Funds	\$	(3,035,807)
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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 outlay of \$3,572,981 exceeded depreciation of \$1,105,790 in the current period.	2,467,191
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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 \$653,037 and the proceeds from the sale of \$509,200 in the current period.	(1,162,237)
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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.	(85,907)
--	----------

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.	42,023
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Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount that debt proceeds of \$900,000 exceeded debt repayments of \$884,980.	(15,020)
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Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net position differs from the change in fund balances by a combination of the following items:	
Change accrued bond interest payable	2,333
Change in compensated absences	16,837

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.	(89)
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PIKE COUNTY

Exhibit 4-1 (Continued)

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, 2015

Some items reported in the Statement of Activities related to the implementation of  
GASB 68 are not reported as revenues/expenditures in the Governmental Funds.

These include:

Recording pension expense for the current year	(2,168,379)	
Recording contributions made during the fiscal year:		
Before the measurement date	861,804	
After the measurement date	<u>286,023</u>	<u>(1,020,552)</u>

Change in Net Position of Governmental Activities	\$	<u><u>(2,791,228)</u></u>
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The notes to the financial statements are an integral part of this statement.

PIKE COUNTY  
Statement of Net Position - Proprietary Fund  
For the Year Ended September 30, 2015

Exhibit 5

	Governmental Activities
	Self-Insurance Internal Service Fund
ASSETS	
Current assets:	
Cash	\$ 573
Total Assets	\$ 573
NET POSITION	
Restricted for health insurance	\$ 573
Total Net Position	\$ 573

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 Position -  
Proprietary Fund  
For the Year Ended September 30, 2015

	Governmental Activities
	Self-Insurance Internal Service Fund
OPERATING REVENUES	
Premiums	\$ 1,236
Total Operating Revenues	<u>1,236</u>
OPERATING EXPENSES	
Administration fees	<u>1,325</u>
Total Operating Expenses	<u>1,325</u>
Operating Income (Loss)	<u>(89)</u>
Change in Net Position	(89)
Total Net Position - Beginning	<u>662</u>
Total Net Position - Ending	\$ <u><u>573</u></u>

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

PIKE COUNTY  
Statement of Cash Flows - Proprietary Fund  
For the Year Ended September 30, 2015

Exhibit 7

	Governmental Activities
	Self-Insurance Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from internal service provided	\$ 1,898
Payments for administrative fees	(1,325)
Net Cash Provided by Operating Activities	<u>573</u>
Net Increase in Cash and Cash Equivalents	573
Cash and Cash Equivalents - Beginning of Year	<u>0</u>
Cash and Cash Equivalents - End of Year	<u>\$ 573</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ <u>(89)</u>
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:	
(Increase) decrease in other receivables	<u>662</u>
Total adjustments	<u>662</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 573</u>

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

PIKE COUNTY  
Statement of Fiduciary Assets and Liabilities  
For the Year Ended September 30, 2015

Exhibit 8

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 494,256
Accrued interest receivable	27
Due from other funds	29,468
Other receivable	<u>3,335</u>
Total Assets	\$ <u>527,086</u>
LIABILITIES	
Claims payable	\$ 67,568
Intergovernmental payables	<u>459,518</u>
Total Liabilities	\$ <u>527,086</u>

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

## PIKE COUNTY

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

#### (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
- Tax Collector
- Sheriff

##### B. Individual Component Unit Disclosures.

###### Discretely Presented Component Units

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

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

##### C. Basis of Presentation.

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

## PIKE COUNTY

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

#### Government-wide Financial Statements:

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

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

#### Fund Financial Statements:

Fund financial statements of the county are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, deferred inflows of resources, fund equity, revenues and expenditures/expenses. 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 revenues and expenses of the Proprietary Fund are classified as operating or nonoperating. Operating revenues and expenses generally result from providing services in connection with a Proprietary Fund's primary operations. All other revenues and expenses are reported as nonoperating.



## PIKE COUNTY

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

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

The county reports the following major Governmental Funds:

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

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

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

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

The county reports the following major Proprietary Fund:

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

Additionally, the county reports the following fund types:

#### GOVERNMENTAL FUND TYPES

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

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

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

#### PROPRIETARY FUND TYPE

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

## PIKE COUNTY

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

#### FIDUCIARY FUND TYPE

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

#### E. 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 represent amounts due to the county for revenue earned that will be collected sometime in the future. Receivables are reported net of allowances for uncollectible accounts, where applicable.

#### 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." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

#### H. 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.

# PIKE COUNTY

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

### I. Capital Assets.

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

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

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

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

### J. Deferred Outflows/Inflows of Resources.

#### Deferred Outflows.

In addition to assets, the Statement of Net 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 and so will not be recognized as an outflow of resources (expense/expenditure) until then. The county reports the following item in this category:

Deferred outflows related to pensions. This amount represents the county's proportionate share of the deferred outflows of resources reported by the pension plan in which the county participates.

## PIKE COUNTY

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

#### Deferred Inflows.

In addition to liabilities, the Statement of Net Position and the Governmental Funds balance sheet 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 and fund balance that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The county reports the following items in this category:

##### Statement of Net Position:

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

##### Governmental Funds Balance Sheet:

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

Unavailable revenue - fines and solid waste fees - 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.

#### K. Pensions.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Public Employees' Retirement System of Mississippi (PERS) and additions to/deductions from PERS' fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

#### L. Long-term Liabilities.

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

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

#### M. Equity Classifications.

The difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources is reported as Net Position on the government-wide and proprietary funds financial statements and as Fund Balance on the governmental funds financial statements.

## PIKE COUNTY

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

GAAP requires that net position be subdivided into three categories:

Net investment in capital assets – capital assets net of accumulated depreciation and related deferred outflows of resources reduced by outstanding balances for bonds, notes and other debt net of unspent debt proceeds and related deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position – assets and deferred outflows of resources less any related liabilities and deferred inflows of resources that are restricted externally by creditors, grantors, contributors, or imposed by law through constitutional provision or enabling legislation.

Unrestricted net position – the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that is not classified as net investment in capital assets or restricted net position.

#### Net Position Flow Assumption:

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

#### Fund Financial Statements:

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

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

Restricted - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed - includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.

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

#### Fund Balance Flow Assumption:

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

## PIKE COUNTY

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

#### N. Property Tax Revenues.

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

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

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

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

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

#### P. Compensated Absences.

The county has adopted a policy of compensation for accumulated unpaid employee personal leave. No payment is authorized for accrued major medical leave. Accounting principles generally accepted in the United States of America require accrual of accumulated unpaid employee benefits as long-term liabilities in the government-wide financial statements. In fund financial statements, Governmental Funds report the compensated absence liability payable only if the payable has matured, for example an employee resigns or retires.

#### Q. Changes in Accounting Standards.

The county implemented the following standards issued by the Governmental Accounting Standards Board (GASB) in the current fiscal year as required: GASB Statement No. 68 – *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*; and GASB Statement No. 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. The provisions of these standards have been incorporated into the financial statements and notes.

# PIKE COUNTY

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

### (2) Prior Period Adjustments.

A summary of significant equity adjustments is as follows:

#### PIKE COUNTY:

##### Statement of Activities:

##### Explanation

##### Implementation of GASB 68 and 71:

Net pension liability (6-30-2014)	\$ (13,851,271)
Deferred Outflows - contributions made from 7/1/2014 through 9/30/2014	<u>274,516</u>
Total prior year adjustments related to GASB 68 and 71	\$ <u><u>(13,576,755)</u></u>

#### COMPONENT UNIT - PIKE COUNTY ECONOMIC DEVELOPMENT DISTRICT:

##### Statement of Activities

##### Explanation

##### Implementation of GASB 68 and 71:

Net pension liability (9-30-2014)	(318,828)
Deferred Outflows- contributions made from 7/1/2014 through 9/30/2014	<u>25,220</u>
Total prior year adjustments related to GASB 68 and 71	\$ <u><u>(293,608)</u></u>

### (3) Deposits.

The carrying amount of the county's total deposits with financial institutions at September 30, 2015, was \$15,657,630 and the bank balance was \$16,571,598. The carrying amount of the component unit's total deposits with financial institutions at September 30, 2015, was \$577,354, and the bank balance was \$585,113. 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 the Financial Statements For the Year Ended September 30, 2015

### (4) Interfund Transactions and Balances.

The following is a summary of interfund balances at September 30, 2015:

#### A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Countywide Road Maintenance Fund	General Fund	\$ 66,494
Other Governmental Funds	General Fund	64,527
Agency Funds	General Fund	29,468
Total		<u>\$ 160,489</u>

All amounts listed are the tax revenues or court fees collected but not settled until October, 2015.

All interfund balances are expected to be repaid within one year from the date of the financial statements.

#### B. Transfers In/Out:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
General Fund	General Fund	\$ 338,275
Countywide Road Maintenance Fund	General Fund	143,000
Other Governmental Funds	General Fund	147,187
Other Governmental Funds	Other Governmental Funds	195,013
Other Governmental Funds	Countywide Road Maintenance Fund	9,519
Total		<u>\$ 832,994</u>

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

### (5) Intergovernmental Receivables.

Intergovernmental receivables at September 30, 2015, consisted of the following:

<u>Description</u>	<u>Amount</u>
Legislative tag credit	\$ 228,720
Oil severance	17,275
Heavy truck privilege tax	21,784
Motor vehicle fuel tax	45,214
Reimbursement for prisoners	37,324
Grants	62,715
Other	37,245
Total Governmental Activities	<u>\$ 450,277</u>

### (6) Loans Receivable.

Loans receivable balances at September 30, 2015, are as follows:

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



# PIKE COUNTY

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

### (7) Capital Assets.

The following is a summary of capital assets activity for the year ended September 30, 2015:

#### Governmental Activities:

	Beginning Balance	Increases	Decreases	Adjustments *	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 3,337,881		(500,049)		2,837,832
Construction in progress	2,924,977	3,007,063			5,932,040
Total capital assets, not being depreciated	<u>6,262,858</u>	<u>3,007,063</u>	<u>(500,049)</u>	<u>0</u>	<u>8,769,872</u>
Capital assets, being depreciated:					
Buildings	17,561,639		(1,057,689)		16,503,950
Improvements other than buildings	1,065,361				1,065,361
Mobile equipment	5,552,690	299,416	(209,290)		5,642,816
Furniture and equipment	1,160,222	12,099	(43,710)		1,128,611
Infrastructure	95,074,419	254,403			95,328,822
Total capital assets being depreciated	<u>120,414,331</u>	<u>565,918</u>	<u>(1,310,689)</u>	<u>0</u>	<u>119,669,560</u>
Less: Accumulated depreciation for:					
Buildings	5,455,740	346,572	(419,202)		5,383,110
Improvements other than buildings	231,326	33,126			264,452
Mobile equipment	4,026,807	338,618	(188,361)		4,177,064
Furniture and equipment	791,510	115,539	(40,938)		866,111
Infrastructure	58,647,761	271,935			58,919,696
Total accumulated depreciation	<u>69,153,144</u>	<u>1,105,790</u>	<u>(648,501)</u>	<u>0</u>	<u>69,610,433</u>
Total capital assets, being depreciated, net	<u>51,261,187</u>	<u>(539,872)</u>	<u>(662,188)</u>	<u>0</u>	<u>50,059,127</u>
Governmental activities capital assets, Net	<u>\$ 57,524,045</u>	<u>2,467,191</u>	<u>(1,162,237)</u>	<u>0</u>	<u>58,828,999</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
General government	\$ 310,103
Public safety	237,360
Public works	455,300
Health and welfare	40,724
Culture and recreation	55,713
Economic development and assistance	<u>6,590</u>
Total depreciation expense - governmental activities	<u>\$ 1,105,790</u>

# PIKE COUNTY

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

### COMPONENT UNIT - PIKE COUNTY ECONOMIC DEVELOPMENT DISTRICT

The following is a summary of capital assets activity for the year ended September 30, 2015:

	Balance Oct. 1, 2014	Additions	Deletions	Balance Sept. 30, 2015
<u>Non-depreciable capital assets:</u>				
Land	\$ 881,895			881,895
Total Non-depreciable capital assets	881,895	0	0	881,895
<u>Depreciable capital assets:</u>				
Machinery and equipment	60,218	1,434		61,652
Total depreciable capital assets	60,218	1,434	0	61,652
<u>Less accumulated depreciation:</u>	(37,575)	(4,482)	0	(42,057)
Total depreciable capital assets, net	22,643	(3,048)	0	19,595
Governmental activities capital assets, net	\$ 904,538	(3,048)	0	901,490

#### (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, 2015, to January 1, 2016. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

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

##### General Information about the Pension Plan.

Plan Description. Pike County is a member of the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan as defined in GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Membership in PERS is a condition of employment and is granted upon hiring for qualifying employees and officials of the county. Section 25-11-15, Miss. Code Ann. (1972), grants the authority for general administration and proper operation of PERS to the PERS Board of Trustees (PERS Board). PERS issues a publicly available Comprehensive Annual Financial Report that can be obtained at [www.pers.ms.gov](http://www.pers.ms.gov).

## PIKE COUNTY

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

Benefits Provided. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who become members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.00% of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.50% for each additional year of credited service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. A member may elect a reduced retirement allowance payable for life with the provision that, after death, a beneficiary receives benefits for life or for a specified number of years. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. In the event of death prior to retirement of any member whose spouse and/or children are not entitled to a retirement allowance, the deceased member's accumulated contributions and interest are paid to the designated beneficiary. Benefit provisions are established by Section 25-11-1 et seq., Miss. Code Ann. (1972), and may be amended only by the State Legislature.

A Cost of Living Adjustment (COLA) is made to eligible retirees and beneficiaries. The COLA is equal to 3 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3 percent compounded for each fiscal year thereafter.

Contributions. Per Chapter 11 of Title 25, Miss. Code Ann. (1972), contribution requirements of plan members and their employers are established and may be amended only by the PERS Board. The adequacy of these rates is assessed annually by actuarial valuation. For the year ended September 30, 2015, member employees were required to contribute 9.00 percent of their annual pay, while the county's required contribution rate was 15.75 percent of annual covered payroll. The county's employer contributions to PERS for the years ended September 30, 2015, 2014 and 2013 were \$1,147,827, \$1,120,301 and \$1,076,018, respectively. The contributions for each year met the required contributions.

#### Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.

At September 30, 2015, Pike County reported a liability of \$17,851,369 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The county's proportion of the net pension liability was based on a projection of the county's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At the measurement date, the county's proportion was 0.115483 percent, which was an increase of 0.00137 from its proportion measured as of June 30, 2014.

For the year ended September 30, 2015, Pike County recognized pension expense of \$2,168,379.

# PIKE COUNTY

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

At September 30, 2015, Pike County reported as a component of pension expense, deferred outflows of resources from the following sources:

	<u>Deferred Outflows of Resources</u>
Difference between expected and actual experience	\$ 274,723
Net difference between projected and actual earnings on pension plan investments	1,044,496
Change in assumption	1,537,834
Changes in proportion and differences between entity contributions and proportionate share of contributions	110,984
County contributions subsequent to the measurement date	<u>286,025</u>
	<u>\$ 3,254,062</u>

\$286,025 reported as deferred outflows of resources related to pensions resulting from entity contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2016. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending September 30:</u>	<u>Amount</u>
2016	\$ 968,309
2017	968,309
2018	770,296
2019	<u>261,124</u>
Total	<u>\$ 2,968,038</u>

Actuarial assumptions. The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.75 – 19.00 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 Healthy Annuitant Blue Collar Table Projected with Scale BB to 2016, set forward one year for males.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the pension July 1, 2010 to June 30, 2014. The experience report is dated May 4, 2015.

## PIKE COUNTY

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

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage and by adding expected inflation.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation		Long-term Expected Real Rate of Return	
U.S. Broad	34.00	%	5.20	%
International Equity	19.00		5.00	
Emerging Markets Equity	8.00		5.45	
Fixed Income	20.00		0.25	
Real Assets	10.00		4.00	
Private Equity	8.00		6.15	
Cash	1.00		(0.50)	
Total	100.00	%		

Discount Rate. The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current employer contribution rate (15.75%). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the county's proportionate share of the net pension liability to changes in the discount rate.

The following table presents Pike County's proportionate share of the net pension liability of the cost-sharing plan, calculated using the discount rate of 7.75%, as well as what the entity's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
County's proportionate share of the net pension liability	\$ 23,529,738	\$ 17,851,369	\$ 13,139,382

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS Comprehensive Annual Financial Report, publicly available at [www.pers.ms.gov](http://www.pers.ms.gov).

### COMPONENT UNIT

Pike County Economic Development District, Inc.

Plan Description. Pike County Economic Development District, Inc. contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan.

# PIKE COUNTY

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

Contributions. The District's contributions to PERS for the years ending September 30, 2015, 2014, and 2013 were \$22,271, \$21,137, and \$27,512, respectively, equal to the required contributions for each year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.

At September 30, 2015, the District reported a liability of \$410,900 for its proportionate share of the net pension liability. At June 30, 2015, the county's proportion was 0.0026582 percent, which was a decrease of 0.0000315 from its proportion measured as of June 30, 2014.

For the year ended September 30, 2015, the District recognized pension expense of \$49,660.

At September 30, 2015, the District reported as a component of pension expense, deferred outflows of resources from the following sources:

	Deferred Outflows of Resources
Difference between expected and actual experience	\$ 6,324
Net difference between projected and actual earnings on pension plan investments	24,042
Changes in assumptions	35,398
Changes in proportion and differences between entity contributions and proportionate share of contributions	1,870
Entity contributions subsequent to the measurement date	6,584
Total	\$ 74,218

\$6,584 reported as deferred outflows of resources related to pensions resulting from entity contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2016. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30:	Amount
2016	\$ 22,037
2017	22,037
2018	17,549
2019	6,011
Total	\$ 67,634

### Sensitivity to the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.

	1% Decrease (6.750%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Entity's proportionate share of the net pension liability	\$ 541,605	\$ 410,901	\$ 302,441

# PIKE COUNTY

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

### (10) Long-term Debt.

Debt outstanding as of September 30, 2015, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
A. General Obligation Bonds:			
Series 2012A, John E Lewis Drive	\$ 1,110,000	1.80% - 2.50%	04/01/2022
Jail renovation	2,040,000	4.00 - 5.50%	08/01/2026
Refunding issue 2011	965,000	2.00 - 3.25%	07/01/2021
Series 2012B, bridge bonds	4,870,000	2.40 - 3.40%	10/01/2032
Industrial Park bonds	2,905,000	5.25%	09/15/2034
Central Maintenance Facility bonds	900,000	1.75-2.375%	04/01/2025
Total General Obligation Bonds	\$ <u>12,790,000</u>		
B. Loans:			
Mark Street loan, Trustmark National Bank	\$ <u>113,175</u>	1.92%	09/15/2017
Total Loans	\$ <u>113,175</u>		

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

#### Governmental Activities:

Year Ending September 30:	General Obligation Bonds		Other Loans	
	Principal	Interest	Principal	Interest
2016	\$ 925,000	429,538	56,045	1,681
2017	960,000	401,255	57,130	596
2018	980,000	371,160		
2019	865,000	339,806		
2020	905,000	312,232		
2021-2025	3,965,000	1,140,506		
2026-2030	2,650,000	592,538		
2031-2034	1,540,000	153,699		
Total	\$ <u>12,790,000</u>	<u>3,740,733</u>	<u>113,175</u>	<u>2,277</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, 2015, the amount of outstanding debt was equal to 3.64% of the latest property assessments.

# PIKE COUNTY

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

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2015:

	Balance Oct. 1, 2014	Additions	Reductions	Balance Sept. 30, 2015	Amount due within one year
Governmental Activities:					
Compensated absences	\$ 293,546		16,837	276,709	
General obligation bonds	12,720,000	900,000	830,000	12,790,000	925,000
Other loans	168,155		54,980	113,175	56,045
Total	\$ 13,181,701	900,000	901,817	13,179,884	981,045

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 \$189,013, 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 \$31,225 in fiscal year 2015. 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 the Financial Statements For the Year Ended September 30, 2015

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 \$340,400 in fiscal year 2015. 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 2015.

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 2015.

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 \$1,591,907 for the operations and maintenance of the college in fiscal year 2015.

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

# PIKE COUNTY

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

### (14) 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 Pike County evaluated the activity of the county through October 10, 2016, 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>
12/03/2015	Variable	\$ 2,005,000	General Obligation bonds	Ad valorem taxes
09/15/2016	Variable	\$ 600,000	General Obligation bond	Ad valorem taxes
08/04/2016	Variable	\$ 1,900,000	General Obligation Industrial Park bonds	Ad valorem taxes

## PIKE COUNTY

### REQUIRED SUPPLEMENTARY INFORMATION

PIKE COUNTY  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis)  
 General Fund  
 For the Year Ended September 30, 2015

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 7,410,000	7,634,038	7,634,038	
Licenses, commissions and other revenue	517,000	455,833	455,833	
Fines and forfeitures	1,001,000	700,970	700,970	
Intergovernmental revenues	1,723,100	1,337,095	1,337,095	
Charges for services	455,000	528,536	528,536	
Interest income	51,525	12,734	12,734	
Miscellaneous revenues	309,700	218,159	218,159	
Total Revenues	<u>11,467,325</u>	<u>10,887,365</u>	<u>10,887,365</u>	<u>0</u>
<b>EXPENDITURES</b>				
Current:				
General government	6,455,008	6,057,280	6,057,280	
Public safety	4,481,625	4,333,725	4,333,725	
Public works	26,000	31,225	31,225	
Health and welfare	458,179	444,573	444,573	
Culture and recreation	3,500	3,500	3,500	
Conservation of natural resources	163,570	141,287	141,287	
Economic development and assistance	69,589	64,853	64,853	
Debt service:				
Principal	55,500	54,980	54,980	
Interest	2,900	2,746	2,746	
Total Expenditures	<u>11,715,871</u>	<u>11,134,169</u>	<u>11,134,169</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>(248,546)</u>	<u>(246,804)</u>	<u>(246,804)</u>	<u>0</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Long-term debt issued				
Proceeds sale - capital assets	5,000	9,175	9,175	
Transfers in	261,000	291,000	291,000	
Transfers out	(157,958)	(194,462)	(194,462)	
Total Other Financing Sources and Uses	<u>108,042</u>	<u>105,713</u>	<u>105,713</u>	<u>0</u>
Net Change in Fund Balance	(140,504)	(141,091)	(141,091)	
Fund Balances - Beginning	<u>2,159,500</u>	<u>2,602,395</u>	<u>2,602,395</u>	
Fund Balances - Ending	<u>\$ 2,018,996</u>	<u>2,461,304</u>	<u>2,461,304</u>	<u>0</u>

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

PIKE COUNTY  
Budgetary Comparison Schedule -  
Budget and Actual (Non-GAAP Basis)  
Countywide Road Maintenance Fund  
For the Year Ended September 30, 2015

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 1,599,000	1,625,558	1,625,558	
Road and bridge privilege tax	488,000	496,629	496,629	
Intergovernmental revenues	828,500	822,584	822,584	
Interest income	3,258	5,985	5,985	
Miscellaneous revenues	2,650	6,373	6,373	
Total Revenues	<u>2,921,408</u>	<u>2,957,129</u>	<u>2,957,129</u>	<u>0</u>
<b>EXPENDITURES</b>				
Current:				
Public works	3,218,115	2,707,623	2,707,623	
Debt service:				
Principal	80,000			
Interest	25,200			
Total Expenditures	<u>3,323,315</u>	<u>2,707,623</u>	<u>2,707,623</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>(401,907)</u>	<u>249,506</u>	<u>249,506</u>	<u>0</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds sale-capital assets		20,025	20,025	
Transfers in	143,000	143,000	143,000	
Transfers out		(9,519)	(9,519)	
Total Other Financing Sources and Uses	<u>143,000</u>	<u>153,506</u>	<u>153,506</u>	<u>0</u>
Net Change in Fund Balance	(258,907)	403,012	403,012	0
Fund Balances - Beginning	<u>1,556,000</u>	<u>2,190,617</u>	<u>2,190,617</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 1,297,093</u>	<u>2,593,629</u>	<u>2,593,629</u>	<u>0</u>

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

PIKE COUNTY  
Schedule of County Contributions  
Last 10 Fiscal Years\*  
For the Year Ended September 30, 2015

	<u>2015</u>
<u>GENERAL GOVERNMENT</u>	
Contractually required contribution	\$ 1,147,827
Contributions in relation to the contractually required contribution	<u>1,147,827</u>
Contribution deficiency (excess)	\$ <u><u>0</u></u>
County's covered-employee payroll	\$ 7,287,790
Contributions as a percentage of covered-employee payroll	15.75%
<u>COMPONENT UNIT - Pike County Economic Development District, Inc.</u>	
Contractually required contribution	\$ 22,271
Contributions in relation to the contractually required contribution	<u>22,271</u>
Contribution deficiency (excess)	\$ <u><u>0</u></u>
District's covered-employee payroll	\$ 141,403
Contributions as a percentage of covered-employee payroll	15.75%

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in fiscal year ended September 30, 2015, and until a full 10-year trend is compiled, the county has only presented information for the years in which information was available.

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

PIKE COUNTY  
Schedule of the County's Proportionate Share of the Net Pension Liability  
Last 10 Fiscal Years\*  
For the Year Ended September 30, 2015

	2015	2014
<u>GENERAL GOVERNMENT</u>		
County's proportion of the net pension liability (asset)	\$ 17,851,368	\$ 13,851,271
County's proportionate share of the net pension liability (asset)	0.115483%	0.114113%
County's covered-employee payroll	\$ 7,380,800	\$ 7,133,416
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	241.862237%	194.174449%
Plan fiduciary net position as a percentage of the total pension liability	61.703983%	67.207687%
<u>COMPONENT UNIT</u> - Pike County Economic Development District		
District's proportion of the net pension liability (asset)	\$ 410,900	\$ 318,827
District's proportionate share of the new pension liability (asset)	0.0026580%	0.0026267%
District's covered-employee payroll	\$ 141,403	\$ 134,205
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	290.587894%	237.567307%
Plan fiduciary net position as a percentage of the total pension liability	61.703983	67.207687%

\* The amounts presented for each fiscal year were determined as of the measurement date of June 30 of the fiscal year presented. This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015, and until a full 10-year trend is compiled, the county has only presented information for the years in which information was available.

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

## PIKE COUNTY

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

(1) Budget.

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).



# PIKE COUNTY

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

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

	<u>Governmental Fund Types</u>	
	<u>General Fund</u>	<u>Countrywide Road Maintenance Fund</u>
Net Change in Fund Balance - Budget (Cash Basis)	\$ (141,091)	403,012
Increase (decrease):		
Net adjustment for revenue accruals	397,341	(28,138)
Net adjustment for expenditure accruals	<u>(427,518)</u>	<u>12,614</u>
Net Change in Fund Balance GAAP basis	\$ <u>(171,268)</u>	<u>387,488</u>

- (2) Schedule of the County's Proportionate Share of the Net Pension Liability and Schedule of the County's Contributions:

### Changes of Assumptions.

In 2015 and later, the expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015. In 2015, the expectation of disabled mortality was changed to the RP-2014 Disabled Retire Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015. Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience. In 2015, assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. Finally, the price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively.

PIKE COUNTY

OTHER INFORMATION

PIKE COUNTY  
Schedule of Surety Bonds for County Officials - UNAUDITED  
For the Year Ended September 30, 2015

Name	Position	Company	Bond
Tazwell Bowsky	Supervisor District 1	Western Surety	\$100,000
Faye Hodges	Supervisor District 2	Western Surety	\$100,000
Chuck E. Lambert	Supervisor District 3	Western Surety	\$100,000
Luther Brewer	Supervisor District 4	Western Surety	\$100,000
Gary Honea	Supervisor District 5	Western Surety	\$100,000
Daniel Calcote	County Administrator	Travelers	\$100,000
Doug Touchstone	Chancery Clerk	Western Surety	\$100,000
Tanuyon Dangerfield	Purchase Clerk	Western Surety	\$75,000
Daniel Calcote	Assistant Purchase Clerk	Travelers	\$50,000
Felicia Lewis	Receiving Clerk	Travelers	\$75,000
Velma Royal	Assistant Receiving Clerk	Western Surety	\$50,000
Patricia Honea	Inventory Control Clerk	Western Surety	\$75,000
Michael Duncan	Road Manager	Western Surety	\$75,000
Dennis Johnson	Constable	Brierfield	\$50,000
Billy Young	Constable	Western Surety	\$50,000
Oliver James	Constable	Western Surety	\$50,000
Roger Graves	Circuit Clerk	Western Surety	\$100,000
Mark Shepherd	Sheriff	Western Surety	\$100,000
Aubrey Rimes	Justice Court Judge	Western Surety	\$50,000
Melvin Hollins	Justice Court Judge	Western Surety	\$50,000
Bryan Harbour	Justice Court Judge	Western Surety	\$50,000
Sharon Miller	Justice Court Clerk	Western Surety	\$50,000
Loretta Conerly	Deputy Justice Court Clerk	Western Surety	\$50,000
Pam Williams	Deputy Justice Court Clerk	Western Surety	\$50,000
Linda Moore	Deputy Justice Court Clerk	Western Surety	\$50,000
Latoya Todd	Deputy Justice Court Clerk	Western Surety	\$50,000
Danyelle Martin	Deputy Justice Court Clerk	Western Surety	\$50,000
Jim Duckworth	Tax Assessor	Western Surety	\$50,000
Gwen Nunnery	Tax Collector	Western Surety	\$100,000
Lee Ann Patterson	Deputy Tax Collector	Travelers	\$50,000
Rebecca Rials	Deputy Tax Collector	Travelers	\$50,000
Ashley Abraham	Deputy Tax Collector	Travelers	\$50,000
Threasa Bodman	Deputy Tax Collector	Travelers	\$50,000
Patricia Netterville	Deputy Tax Collector	Travelers	\$50,000
Barbara Tate	Deputy Tax Collector	Travelers	\$50,000
Annette McGhee	Deputy Tax Collector	Travelers	\$50,000
Delores Brown	Deputy Tax Collector	Travelers	\$50,000
Johanna White	Deputy Tax Collector	Travelers	\$50,000

## PIKE COUNTY

## SPECIAL REPORTS

# Windham and Lacey, PLLC

## *Certified Public Accountants*

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American Institute of CPAs  
Mississippi Society of CPAs

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

Members of the Board of Supervisors  
Pike County, Mississippi

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Pike County, Mississippi, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the county's basic financial statements and have issued our report thereon dated October 10, 2016.

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

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

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

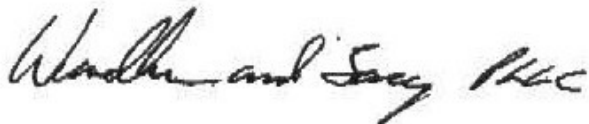
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

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

Windham and Lacey, PLLC  
October 10, 2016

# Windham and Lacey, PLLC

## *Certified Public Accountants*

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2708 Old Brandon Road  
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(601)939-8676

Members:  
American Institute of CPAs  
Mississippi Society of CPAs

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

Members of the Board of Supervisors  
Pike County, Mississippi

We have examined Pike County, Mississippi's compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972), and compliance with the purchasing requirements in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972), during the year ended September 30, 2015. The Board of Supervisors of Pike County, Mississippi is responsible for the county's compliance with those requirements. Our responsibility is to express an opinion on the county's compliance based on our examination.

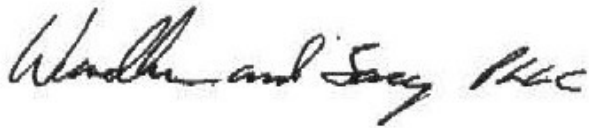
Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly included examining, on a test basis, evidence about the county's compliance with those requirements and performing other procedures as we considered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

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

In our opinion, Pike County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2015.

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

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

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

Windham and Lacey, PLLC  
October 10, 2016



PIKE COUNTY

Schedule 1

Schedule of Purchases Not Made from the Lowest Bidder  
For the Year Ended September 30, 2015

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>
08/03/2015	Steel pilings	\$ 12,240	J. D. Fields and Company
09/08/2015	Dump body base	\$ 9,100	Warren, Inc.

PIKE COUNTY  
Schedule of Emergency Purchases  
For the Year Ended September 30, 2015

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, 2015

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>
09/08/2015	Upgrade to MTI Control System	\$ 37,500	Montgomery Technology Systems, Inc.

# Windham and Lacey, PLLC

## *Certified Public Accountants*

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### LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

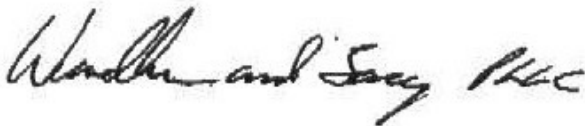
Members of the Board of Supervisors  
Pike County, Mississippi

In planning and performing our audit of the financial statements of Pike County, Mississippi for the year ended September 30, 2015, 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 October 10, 2016, on the financial statements of Pike County, Mississippi.

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

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



Windham and Lacey, PLLC  
October 10, 2016

PIKE COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

PIKE COUNTY

Schedule of Findings and Responses  
For the Year Ended September 30, 2015

Section 1: Summary of Auditor's Results

***Financial Statements:***

- |    |  |               |
|----|--|---------------|
| 1. | Type of auditor's report issued on the 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*.