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PIKE COUNTY, MISSISSIPPI

**Audited Financial Statements
And
Special Reports**

For the Year Ended September 30, 2016

PIKE COUNTY
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PIKE COUNTY

FINANCIAL SECTION

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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, 2016, 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.

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, 2016, 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, the Budgetary Comparison Schedules, the Schedule of the County's Proportionate Share of Net Pension Liability, the Schedule of County Contributions, 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

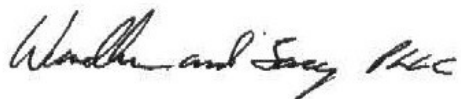
Pike County, Mississippi, has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America required to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, 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 December 29, 2017, on our consideration of Pike County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Pike County, Mississippi's internal control over financial reporting and compliance.



Windham and Lacey, PLLC
December 29, 2017

PIKE COUNTY

FINANCIAL STATEMENTS

PIKE COUNTY
Statement of Net Position
September 30, 2016

Exhibit 1

	Primary Government	Component Unit
	Governmental Activities	Economic Development
ASSETS		
Cash	\$ 14,635,109	646,636
Accrued interest receivable	3,820	
Property tax receivable	10,614,246	
Accounts receivable, net of allowance for uncollectible of \$840,614	927,059	
Fines receivable, net of allowance for uncollectible of \$12,568,711	1,278,303	
Loans receivable	450,000	
Intergovernmental receivable	512,524	
Other receivables	66,967	
Inventories and prepaid items	30,833	
Capital assets:		
Land and construction in progress	6,709,186	881,895
Other capital assets, net	53,772,584	24,135
Total Assets	89,000,631	1,552,666
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions	3,679,486	
Total Deferred Outflows of Resources	3,679,486	0
LIABILITIES		
Claims payable	446,230	6,995
Intergovernmental payables	439,188	31,589
Accrued interest payable	12,584	
Unearned revenue	209,785	
Other payables	542,849	
Long-term liabilities:		
Due within one year:		
Capital-related debt	1,092,130	
Due in more than one year:		
Capital-related debt	13,415,000	
Compensated absences	262,635	
Net pension liability	19,920,144	321,102
Total Liabilities	36,340,545	359,686
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions		14,926
Property tax for future reporting period	10,614,246	
Total Deferred Inflows of Resources	10,614,246	14,926

PIKE COUNTY
Statement of Net Position
September 30, 2016

Exhibit 1 (Continued)

	Primary Government	Component Unit
	<u>Governmental Activities</u>	<u>Economic Development</u>
NET POSITION		
Invested capital assets	45,974,640	906,030
General government	(6,156,933)	
Debt service	491,942	
Public safety	(3,940,731)	
Public works	1,176,379	
Economic development	503,735	
Unemployment compensation	23,378	
Capital projects	2,949,191	
Other purposes	161,043	
Unrestricted	<u>4,542,682</u>	<u>272,024</u>
Total Net Position	<u>\$ 45,725,326</u>	<u>1,178,054</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, 2016

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 Government Governmental Activities	Component Unit Economic Development
Primary government:						
Governmental Activities:						
General government	\$ 7,515,347	1,281,007	107,956		(6,126,384)	
Public safety	5,126,317	885,698	674,667		(3,565,952)	
Public works	4,945,378	1,170,401	711,479	2,155,486	(908,012)	
Health and welfare	497,660		36,884		(460,776)	
Culture and recreation	70,298				(70,298)	
Conservation of natural resources	158,634				(158,634)	
Economic development and assistance	2,188,722				(2,188,722)	
Pension expense	2,758,366				(2,758,366)	
Interest on long-term debt	449,845				(449,845)	
Total Governmental Activities	\$ <u>23,710,567</u>	<u>3,337,106</u>	<u>1,530,986</u>	<u>2,155,486</u>	<u>(16,686,989)</u>	<u>0</u>
Component Unit:						
Economic Development District	\$ <u>508,089</u>	<u>0</u>	<u>568,313</u>	<u>0</u>	<u>0</u>	<u>60,224</u>
General revenues:						
Property taxes					\$ 13,479,793	
Road and bridge privilege taxes					504,595	
Grants and contributions not restricted to specific programs					1,000,865	
Unrestricted investment income					65,964	956
Loss on transfer of asset to other government					(1,326,660)	
Miscellaneous					680,547	55,720
Total general revenues					<u>14,405,104</u>	<u>56,676</u>
Changes in Net Position					(2,281,885)	116,900
Net Position - Beginning					<u>48,007,211</u>	<u>1,061,154</u>
Net Position - Ending					<u>\$ 45,725,326</u>	<u>1,178,054</u>

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, 2016

Exhibit 3

	Major Funds			
	General Fund	Countywide Road Maintenance Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash	\$ 3,485,786	2,633,859	8,514,891	14,634,536
Accrued interest receivable	471	864	2,485	3,820
Property tax receivable	6,045,569	1,382,104	3,186,573	10,614,246
Accounts receivable			927,059	927,059
Fines receivable	1,278,303			1,278,303
Loans receivable			450,000	450,000
Intergovernmental receivable	360,954	115,097	36,473	512,524
Other receivable	32,206		34,761	66,967
Due from other funds		70,003	65,098	135,101
Inventories and prepaid items	6,403		24,430	30,833
Total Assets	\$ 11,209,692	4,201,927	13,241,770	28,653,389
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Claims payable	\$ 173,024	42,728	230,478	446,230
Intergovernmental payable	405,661		3,727	409,388
Due to other funds	164,901			164,901
Unearned revenue			209,785	209,785
Other payables	542,849			542,849
Total Liabilities	1,286,435	42,728	443,990	1,773,153
Deferred Inflows of Resources:				
Property tax for future reporting period	6,045,569	1,382,104	3,186,573	10,614,246
Unavailable revenue - fines	1,278,303			1,278,303
Unavailable revenue - solid waste fees			927,059	927,059
Total Deferred Inflows of Resources	7,323,872	1,382,104	4,113,632	12,819,608
Fund Balances:				
Restricted:				
General government			794,651	794,651
Public safety			2,642,424	2,642,424
Public works		2,777,095	1,315,454	4,092,549
Debt service			504,526	504,526
Economic development			450,000	450,000
Committed:				
Public safety			21,703	21,703
Economic development			6,199	6,199
Capital projects			2,949,191	2,949,191
Unassigned	2,599,385			2,599,385
Total Fund Balances	2,599,385	2,777,095	8,684,148	14,060,628
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 11,209,692	4,201,927	13,241,770	28,653,389

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, 2016

Exhibit 3-1

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 14,060,628
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$70,506,675.	60,481,770
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:	
Fines receivable, net	1,278,303
Solid waste fees	927,059
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(14,769,765)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(12,584)
Deferred outflows of resources related to pension reported in governmental activities is not a financial resource and, therefore, is not reported in the funds:	
Net pension liability	(19,920,144)
Deferred outflows related to pensions	3,679,486
Internal Service Funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the Statement of Net Assets.	<u>573</u>
Total Net Assets - Governmental Activities	<u>\$ 45,725,326</u>

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

PIKE COUNTY

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended September 30, 2016

Exhibit 4

	Major Funds			
	General	Countywide Road Maintenance Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Property taxes	\$ 8,008,044	1,649,923	3,821,826	13,479,793
Road and bridge privilege tax		504,595		504,595
Licenses, commissions & other	471,746		139,069	610,815
Fines and forfeitures	603,562		78,298	681,860
Intergovernmental revenues	1,305,957	812,765	579,014	2,697,736
Charges for services	453,402		1,559,885	2,013,287
Interest income	23,363	9,901	37,381	70,645
Miscellaneous revenues	733,459	6,008	76,732	816,199
Total Revenues	<u>11,599,533</u>	<u>2,983,192</u>	<u>6,292,205</u>	<u>20,874,930</u>
EXPENDITURES				
Current				
General government	6,447,220		1,404,529	7,851,749
Public safety	4,383,245		1,142,013	5,525,258
Public works	26,408	2,513,020	2,379,672	4,919,100
Health and welfare	456,936			456,936
Culture and recreation	3,500		11,085	14,585
Conservation of natural resources	158,633			158,633
Economic development and assistance	63,190		3,800,340	3,863,530
Debt Service:				
Principal	56,045		2,845,000	2,901,045
Interest	1,682		455,742	457,424
Bond issue costs			10,090	10,090
Total Expenditures	<u>11,596,859</u>	<u>2,513,020</u>	<u>12,048,471</u>	<u>26,158,350</u>
Excess (Deficiency) of Revenue Over(Under) Expenditures	<u>2,674</u>	<u>470,172</u>	<u>(5,756,266)</u>	<u>(5,283,420)</u>
OTHER FINANCING SOURCES				
Long-term debt issued			2,500,000	2,500,000
Refunding bonds issued			2,005,000	2,005,000
Proceeds sale - capital assets		11,071	25,000	36,071
Transfers in		24,944	369,763	394,707
Transfers out	(83,141)	(286,622)	(24,944)	(394,707)
Total Other Financing Sources	<u>(83,141)</u>	<u>(250,607)</u>	<u>4,874,819</u>	<u>4,541,071</u>
Net Change in Fund Balances	(80,467)	219,565	(881,447)	(742,349)
Fund Balances - Beginning	<u>2,679,853</u>	<u>2,557,530</u>	<u>9,565,594</u>	<u>14,802,977</u>
Fund Balances - Ending	<u>\$ 2,599,386</u>	<u>2,777,095</u>	<u>8,684,147</u>	<u>14,060,628</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, 2016

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ (742,349)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net assets differs from the change in fund balances by the amount that capital outlay of \$4,071,539 exceeded depreciation of \$1,045,386 in the current period.	3,026,153
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net assets differs from the change in fund balances by the amount of the net loss of \$10,651 and the proceeds from the sale of \$36,071 in the current period.	(46,722)
Loss on transfer of waste water lift station to McComb.	(1,326,660)
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.	(14,244)
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.	47,590
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Thus, the change in net assets differs from the change in fund balances by the amount that debt proceeds of \$4,505,000 exceeded debt repayments of \$2,901,045.	(1,603,955)
Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net assets differs from the change in fund balances by a combination of the following items:	
Change accrued bond interest payable	7,579
Change in compensated absences	14,075

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, 2016

Amount

In the Statement of Activities, only interest income from payments received on capital leases are reported, whereas in the governmental funds, both principal and interest payments received increase financial resources. Thus, the change in net assets differs from change in fund balances by the principal collections on the capital leases.

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	(2,758,366)
Recording contributions made during the fiscal year:	
Before the measurement date	837,397
After the measurement date	<u>277,617</u>

Change in Net Assets of Governmental Activities	\$ <u><u>(2,281,885)</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, 2016

Exhibit 5

	Governmental Activities
	Self-Insurance Internal Service Fund
ASSETS	
Current assets:	
Cash	\$ 573
Other receivables	<u> </u>
Total Assets	\$ <u><u>573</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$
Claims and judgments	<u> </u>
Total Liabilities	\$ <u><u>0</u></u>
NET POSITION	
Restricted for health insurance	\$ <u>573</u>
Total Net Position	\$ <u><u>573</u></u>

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

PIKE COUNTY
Statement of Revenues, Expenses and Changes in Fund Net Position –
Proprietary Fund
For the Year Ended September 30, 2016

Exhibit 6

	Governmental Activities
	Self-Insurance Internal Service Fund
OPERATING REVENUES	
Premiums	\$ 0
Total Operating Revenues	<u>0</u>
OPERATING EXPENSES	
Claims payments	0
Insurance premiums	0
Administration fees	<u>0</u>
Total Operating Expenses	<u>0</u>
Operating Income (Loss)	<u>0</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	<u>0</u>
Total Nonoperating Revenues (Expenses)	<u>0</u>
TRANSFERS	
Transfers in	<u>0</u>
Change in Net Position	0
Total Net Position - Beginning	<u>573</u>
Total Net Position - Ending	<u>\$ 573</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, 2016

Exhibit 7

	Governmental Activities
	Self-Insurance Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from internal service provided	\$
Payments for administrative fees	
Payments for reinsurance premiums	
Payments for insurance claims	
Net Cash Provided by Operating Activities	
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfer in from other funds	
Net Cash Provided by Noncapital Financing Activities	
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	
Net Cash Provided (Used) by Investing Activities	
Net Increase in Cash and Cash Equivalents	
Cash and Cash Equivalents - Beginning of Year	
Cash and Cash Equivalents - End of Year	\$
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:	
(Increase) decrease in other receivables	\$
Increase (decrease) in accounts payable	
Increase (decrease) in claims and judgements payable	
Total adjustments	
Net Cash Provided (Used) by Operating Activities	\$

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, 2016

Exhibit 8

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 491,582
Accrued interest receivable	78
Due from other funds	29,800
Other receivable	<u>4,198</u>
Total Assets	\$ <u><u>525,658</u></u>
LIABILITIES	
Claims payable	\$ 73,365
Intergovernmental payables	<u>452,293</u>
Total Liabilities	\$ <u><u>525,658</u></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, 2016

(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 Unit

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

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

C. Basis of Presentation.

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

PIKE COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2016

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, deferred inflows of resources, liabilities, fund equity, revenues and expenditures. Funds are organized into governmental, proprietary and fiduciary. Major individual Governmental Funds and major individual Proprietary Funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column as Other Governmental Funds.

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, 2016

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.

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 that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. 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 and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Capital Projects Funds - These funds are used to account for and report resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

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, 2016

FIDUCIARY FUND TYPE

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

E. Account Classifications.

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

F. Deposits and Investments.

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

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

G. Receivables.

Receivables 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.

H. Interfund Transactions and Balances.

Transactions between funds that are representative of short-term lending/borrowing arrangements and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as "due to/from other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

I. 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.

J. Capital Assets.

Capital acquisition and construction are reflected as expenditures in Governmental Fund statements and the related assets are reported as capital assets in the governmental activities column in the government-wide financial statements. All purchased capital assets are stated at historical cost where records are available and at an estimated historical cost where no records exist. The extent to which capital assets 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.

PIKE COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2016

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

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 and construction-in-progress. Depreciation expense is taken from the date placed in service for all purchases of capital assets during the year. Depreciation is calculated on the number of months that each asset is owned during the year. The following schedule details those thresholds and estimated useful lives:

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

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

K. 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.

Deferred Inflows.

In addition to liabilities, the Statement of Net Position Balance Sheet - Governmental Funds will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period 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 - 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.

PIKE COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2016

Balance Sheet - Governmental Funds:

Property tax for future reporting period/unavailable revenue - 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.

Unavailable revenue - accounts receivable - 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 a time as the revenue becomes available.

L. 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.

M. 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. Bond premiums as well as refunding charges (the difference between the carrying amount of redeemed/defeased debt and its reacquisition price) are deferred and amortized over the life of the bonds using the effective interest method.

N. 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.

Government-wide Financial Statements:

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

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

Restricted net position – Consists of net position with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or law through constitutional provisions or enabling legislation.

Unrestricted net position – All other net position not meeting the definition of “restricted” or “net investment in capital assets.”

PIKE COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2016

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, 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.

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.

Government fund balance is classified as restricted, committed, or unassigned. The following are descriptions of fund classifications used by the County:

Restricted fund balance includes amounts that have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

Committed fund balance includes amounts that can be used only for specific purposes pursuant to constraints imposed by a formal action of the Board of Supervisors, the County's highest level of decision-making authority. This formal action is an order of the Board of Supervisors as approved in the board minutes.

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

Fund Balance Flow Assumption:

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

PIKE COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2016

O. 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.

P. 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.

Q. Compensated Absences.

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

(2) Deposits.

The carrying amount of the county's total deposits with financial institutions at September 30, 2016, was \$15,126,691 and the bank balance was \$16,221,359. The carrying amount of the component unit's total deposits with financial institutions at September 30, 2016, was \$646,636 and the bank balance was \$658,723. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

PIKE COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2016

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. 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). Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the county.

(3) Interfund Transactions and Balances.

The following is a summary of interfund balances at September 30, 2016:

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Countywide Road Maintenance Fund	General Fund	\$ 70,003
Other Governmental Funds	General Fund	65,098
Agency Funds	General Fund	<u>29,800</u>
Total		\$ <u><u>164,901</u></u>

All amounts listed are the tax revenues or court fees collected but not settled until October, 2016.
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>
Other Governmental Funds	General Fund	\$ 83,141
Countywide Road Maintenance Fund	Other Governmental Funds	24,944
Other Governmental Funds	Countywide Road Maintenance Fund	<u>286,622</u>
Total		\$ <u><u>394,707</u></u>

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

PIKE COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2016

(4) Intergovernmental Receivables.

Intergovernmental receivables at September 30, 2016, consisted of the following:

Description	Amount
Legislative tag credit	\$ 224,125
Oil severance	23,325
Timber severance	1,419
Heavy truck privilege tax	13,040
Motor vehicle fuel tax	63,918
Reimbursement for prisoners	22,734
Grants	120,168
Other	43,795
Total Governmental Activities	\$ 512,524

(5) Loans Receivable.

Loans receivable balances at September 30, 2016, are as follows:

Description	Date of Loan	Interest Rate	Maturity Date	Balance Payable
Low income housing loan	03/10/2000	1.00%	03/10/2050	\$ 450,000

(6) Capital Assets.

The following is a summary of capital assets activity for the year ended September 30, 2016:

Governmental Activities:

	Balance Oct. 1, 2015	Additions	Deletions	Adjustments	Balance Sept. 30, 2016
Capital assets, not being depreciated:					
Land	\$ 2,837,832	1,619,081	(25,000)		4,431,913
Construction in progress	5,932,040	1,625,196		(5,279,963)	2,277,273
Total capital assets, not being depreciated	8,769,872	3,244,277	(25,000)	(5,279,963)	6,709,186
Capital assets, being depreciated:					
Buildings	16,503,950				16,503,950
Improvements other than buildings	1,065,361	62,317	(1,326,660)	1,264,343	1,065,361
Mobile equipment	5,642,816	282,638	(157,471)		5,767,983
Furniture and equipment	1,128,611	22,581	(13,395)		1,137,797
Infrastructure	95,328,822	459,726		4,015,620	99,804,168
Total capital assets being depreciated	119,669,560	827,262	(1,497,526)	5,279,963	124,279,259

(Continued)

PIKE COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2016

	Balance Oct. 1, 2015	Additions	Deletions	Adjustments	Balance Sept. 30, 2016
Less: Accumulated depreciation for:					
Buildings	5,383,110	325,416			5,708,526
Improvements other than buildings	264,452	33,126			297,578
Mobile equipment	4,177,064	332,169	(137,089)		4,372,144
Furniture and equipment	866,111	79,428	(12,055)		933,484
Infrastructure	58,919,696	275,247			59,194,943
Total accumulated depreciation	69,610,433	1,045,386	(149,144)	0	70,506,675
Total capital assets, being depreciated, net	50,059,127	(218,124)	(1,348,382)	5,279,963	53,772,584
Governmental activities capital assets, net	\$ 58,828,999	3,026,153	(1,373,382)	0	60,481,770

Adjustments are made to capital assets to transfer completed projects from construction in progress to infrastructure.

Depreciation expense was charged to the following functions:

Governmental activities:	
General government	\$ 276,942
Public safety	213,748
Public works	451,669
Health and welfare	40,724
Culture and recreation	55,713
Economic development and assistance	6,590
Total depreciation expense - governmental activities	\$ 1,045,386

COMPONENT UNIT - PIKE COUNTY ECONOMIC DEVELOPMENT DISTRICT

The following is a summary of capital assets activity for the year ended September 30, 2016:

	Balance Oct. 1, 2015	Additions	Deletions	Balance Sept. 30, 2016
Non-depreciable capital assets:				
Land	\$ 881,895			881,895
Total non-depreciable capital assets	881,895	0	0	881,895
Depreciable capital assets:				
Machinery and equipment	61,652	9,462		71,114
Total depreciable capital assets	61,652	9,462	0	71,114
Less accumulated depreciation	(42,057)	(4,922)	0	(46,979)
Total depreciable capital assets, net	19,595	4,540	0	24,135
Governmental activities capital assets, net	\$ 901,490	4,540	0	906,030

PIKE COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2016

(7) Claims and Judgments.

Risk Financing.

The county finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The county pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2016, to January 1, 2017. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

(8) Defined Benefit Pension Plan.

General Information about the Pension Plan.

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

Benefits Provided. Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring.

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 receive 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).

PIKE COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2016

PERS also provides certain death and disability benefits. A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 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 30 percent compounded for each fiscal year thereafter. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

Contributions. At September 30, 2016, PERS members were required to contribute 9% of their annual covered salary, and the county is required to contribute at an actuarially determined rate. The employer's share at September 30, 2016, was 15.75% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The county's contributions (employer share only) to PERS for the year ended September 30, 2016, 2015 and 2014 were \$1,115,014, \$1,147,827 and \$1,120,301 respectively, equal to the required contribution for each year.

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

At September 30, 2016, Pike County reported a liability of \$19,920,144 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, 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 proportionate share was 0.111519 percent, which was a decrease of 0.003964 from its proportionate share measured as of June 30, 2015.

For the year ended September 30, 2016, Pike County recognized pension expense of \$2,758,366.

At September 30, 2016, 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	\$ 497,898
Net difference between projected and actual earnings on pension plan investments	2,345,993
Changes of assumptions	894,646
Changes in proportion and differences between county contributions and proportionate share of contributions	(336,668)
County contributions subsequent to the measurement date	<u>277,617</u>
Total	<u>\$ 3,679,486</u>

PIKE COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2016

\$277,617 reported as deferred outflows of resources related to pensions resulting from county contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2017. 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>
2017	\$ 1,292,852
2018	1,094,840
2019	620,649
2020	<u>393,528</u>
Total	\$ <u>3,401,869</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, 2016 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.

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
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	<u>1.00</u>	(0.50)
Total	<u>100.00 %</u>	

PIKE COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2016

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 county'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	\$ 25,542,091	19,920,144	15,255,751

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.

COMPONENT UNIT

Pike County Economic Development District.

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.

Contributions. The district's contributions to PERS for the years ending September 30, 2016, 2015 and 2014 were \$16,473, \$22,271 and \$21,137, 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, 2016, the district reported a liability of \$321,102 for its proportionate share of the net pension liability. At June 30, 2016, the district's proportionate share was 0.001798 percent, which was a decrease of 0.0008602 from its proportionate share measured as of June 30, 2015.

For the year ended September 30, 2016, the district recognized pension expense of \$15,819.

PIKE COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2016

At September 30, 2016, the district reported as a component of pension expense, deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 9,194	
Net difference between projected and actual earnings on pension plan investments	43,141	
Changes of assumptions	21,812	853
Changes in proportion and differences between district contributions and proportionate share of contributions	(78,877)	14,073
District contributions subsequent to the measurement date	<u>4,730</u>	
Total	\$ <u><u>0</u></u>	<u><u>14,926</u></u>

\$4,730 reported as deferred inflows of resources related to pensions resulting from district contributions subsequent to the measurement date will be recognized as an increase in the net pension liability in the year ended September 30, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending September 30:</u>	<u>Amount</u>
2017	\$ 7,824
2018	12,382
2019	4,258
2020	<u>(4,808)</u>
Total	\$ <u><u>19,656</u></u>

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%)
District's proportionate share of the net pension liability	\$ <u>411,724</u>	<u>321,102</u>	<u>245,914</u>

PIKE COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2016

(9) Long-term Debt.

Debt outstanding as of September 30, 2016, 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	\$ 970,000	1.80% - 2.50%	04/01/2022
Refunding issue 2011	740,000	2.00-3.25%	07/01/2021
Series 2012B, bridge bonds	4,640,000	2.40 - 3.40%	10/01/2032
Industrial park bonds	2,810,000	5.25%	09/15/2034
Central maintenance facility bonds	825,000	1.75 - 2.375%	04/01/2025
Jail renovation bonds - refunding 2015	1,965,000	1.00-2.75%	08/01/2026
G.O. bridge bonds (2016A)	600,000	1.75-2.45%	08/10/2036
G.O. gateway bonds (2016B)	<u>1,900,000</u>	3.625-5.00%	07/15/2036
Total General Obligation Bonds	\$ <u>14,450,000</u>		
B. Loans:			
Mark Street loan, Trustmark National Bank	\$ <u>57,130</u>	1.92%	09/15/2017
Total Loans	\$ <u>57,130</u>		

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

Governmental Activities:

Year Ending September 30:	General Obligation Bonds		Other Loans	
	Principal	Interest	Principal	Interest
2017	\$ 1,035,000	466,362	57,130	596
2018	1,070,000	440,540		
2019	960,000	409,274		
2020	1,005,000	381,549		
2021	1,040,000	352,630		
2022-2026	4,205,000	1,349,246		
2027-2031	3,245,000	769,734		
2032-2036	<u>1,890,000</u>	<u>200,704</u>		
Total	\$ <u>14,450,000</u>	<u>4,370,039</u>	<u>57,130</u>	<u>596</u>

PIKE COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2016

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, 2016, the amount of outstanding debt was equal to 4.58% of the latest property assessments.

Current year Defeasance of Debt:

In fiscal year 2016, the county issued bonds to refund jail renovation bonds issued in 2006. The bonds refunded had a call provision to allow the county to pay off the outstanding balance in fiscal year 2016. The proceeds were transferred to a trust account to pay the debt when the call provisions were exercised. The refunding of the issue resulted in a savings of \$85,178 and an economic gain of \$77,659.

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2016:

	Balance Oct. 1, 2015	Additions	Reductions	Balance Sept. 30, 2016	Amount due within one year
Governmental Activities:					
Compensated absences	\$ 276,709		14,074	262,635	
General obligation bonds	12,790,000	4,505,000	2,845,000	14,450,000	1,035,000
Other loans	113,175		56,045	57,130	57,130
Total	\$ 13,179,884	4,505,000	2,915,119	14,769,765	1,092,130

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.

(10) 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 by the grantor agency could result in 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.

(11) 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 \$193,141, 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.

PIKE COUNTY

Notes to the Financial Statements For the Year Ended September 30, 2016

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 \$16,019 in fiscal year 2016. Complete financial statements for the McComb-Pike County Airport can be obtained from 2051 John E. Lewis Drive, McComb, MS 39648.

Pike County is a participant with Amite County and the City of McComb in a joint venture, authorized by Section 41-13-15, Miss. Code Ann. (1972), to operate the Southwest Mississippi Regional Medical Center. The joint venture was created to provide medical service for the residents of the local area and is governed by seven board members. One member is appointed by Amite County, two by Pike County, two by the City of McComb and two jointly by Pike County and the City of McComb. The hospital is basically self-supporting. However, the counties and city have the power to approve or disapprove the hospital's budget and are authorized to levy taxes for the maintenance and operation of the hospital. Complete financial statements for the Southwest Mississippi Regional Medical Center can be obtained from 215 Marion Avenue, McComb, MS 39648.

Pike County is a participant with the Counties of Amite and Walthall in a joint venture, authorized by Section 39-3-11, Miss. Code Ann. (1972), to operate the Pike-Amite-Walthall Regional Library System. The joint venture was created to provide library service for the three counties and is governed by five board members. The Counties of Amite and Pike appoint two board members each and Walthall County appoints one board member. By contractual agreement, the county's appropriation to the joint venture was \$340,400 in fiscal year 2016. Complete financial statements for the Pike-Amite-Walthall Regional Library System can be obtained from 1022 Virginia Avenue, McComb, MS 39648.

(12) 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 2016.

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 2016.

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 \$1,614,176 for the operations and maintenance of the college in fiscal year 2016.

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, 2016

(13) Effect of Deferred Amounts on Net Position.

The governmental activities' unrestricted net position amount of \$4,542,682 includes the effect of deferred outflows on resources related to pensions. A portion of the deferred outflow of resources related to pensions in the amount of \$277,617, resulting from county contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2017. The \$3,401,869 balance of the deferred outflow of resources related to pensions at September 30, 2016, will be recognized in pension expense over the next four years.

COMPONENT UNIT

Pike County Economic Development District.

The district's unrestricted net position amount of \$272,024 includes the effect of deferred inflows on resources related to pensions. A portion of the deferred inflow of resources related to pensions in the amount of \$4,730, resulting from county contributions subsequent to the measurement date will be recognized as an increase in the net pension liability in the year ended September 30, 2017. The \$19,656 balance of the deferred inflow of resources related to pensions at September 30, 2016, will be recognized in pension expense over the next four years.

(14) Subsequent Events.

GAAP requires the county to evaluate events that occur subsequent to the date of the Statement of Net Position but before the financial statements are issued (subsequent events). Such events that provide additional evidence with respect to conditions that existed as of the Statement of Net Position date are recognized in the accompanying financial statements. However, subsequent events that provide evidence with respect to conditions that did not exist at the Statement of Net Position date but arose subsequently, and are of such a nature that their disclosure is essential to the user's understanding of the financial statements, are required to be disclosed herein. Management of Pike County evaluated the county's activity and events that occurred through December 29, 2017, and determined that no subsequent events met the disclosure requirements.

PIKE COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

PIKE COUNTY
Budgetary Comparison Schedule -
Budget and Actual (Non-GAAP Basis)
General Fund
For the Year Ended September 30, 2016

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 7,565,750	7,738,918	7,738,918	
Licenses, commissions and other revenue	469,000	468,288	468,288	
Fines and forfeitures	879,000	603,562	603,562	
Intergovernmental revenues	1,635,178	1,136,784	1,136,784	
Charges for services	460,000	453,401	453,401	
Interest income	44,454	21,837	21,837	
Miscellaneous revenues	347,700	733,458	733,458	
Total Revenues	<u>11,401,082</u>	<u>11,156,248</u>	<u>11,156,248</u>	<u>0</u>
EXPENDITURES				
Current:				
General government	7,022,250	6,377,862	6,377,862	
Public safety	4,451,008	4,388,011	4,388,011	
Public works	29,000	26,408	26,408	
Health and welfare	448,229	456,936	456,936	
Culture and recreation	3,500	3,500	3,500	
Conservation of natural resources	169,895	158,633	158,633	
Economic development and assistance	80,268	63,190	63,190	
Debt service:				
Principal	55,000	56,045	56,045	
Interest	2,800	1,681	1,681	
Total Expenditures	<u>12,261,950</u>	<u>11,532,266</u>	<u>11,532,266</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	<u>(860,868)</u>	<u>(376,018)</u>	<u>(376,018)</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)				
Proceeds sale - capital assets	255,000			
Transfers in	433,000	433,000	433,000	
Transfers out	(157,958)	(130,416)	(130,416)	
Total Other Financing Sources and Uses	<u>530,042</u>	<u>302,584</u>	<u>302,584</u>	<u>0</u>
Net Change in Fund Balance	(330,826)	(73,434)	(73,434)	
Fund Balances - Beginning	<u>2,300,000</u>	<u>2,461,304</u>	<u>2,461,304</u>	
Fund Balances - Ending	<u>\$ 1,969,174</u>	<u>2,387,870</u>	<u>2,387,870</u>	<u>0</u>

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

PIKE COUNTY
Budgetary Comparison Schedule -
Budget and Actual (Non-GAAP Basis)
Countywide Road Maintenance Fund
For the Year Ended September 30, 2016

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 1,620,000	1,649,923	1,649,923	
Road and bridge privilege tax	490,000	504,595	504,595	
Intergovernmental revenues	828,500	812,765	812,765	
Interest income	3,621	9,901	9,901	
Miscellaneous revenues	3,500	6,008	6,008	
Total Revenues	<u>2,945,621</u>	<u>2,983,192</u>	<u>2,983,192</u>	<u>0</u>
EXPENDITURES				
Current:				
Public works	3,299,621	2,523,734	2,523,734	
Total Expenditures	<u>3,299,621</u>	<u>2,523,734</u>	<u>2,523,734</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	<u>(354,000)</u>	<u>459,458</u>	<u>459,458</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)				
Long-term debt issued				
Proceeds sale - capital assets		11,071	11,071	
Transfers in		24,944	24,944	
Transfers out		(286,622)	(286,622)	
Total Other Financing Sources and Uses	<u>0</u>	<u>(250,607)</u>	<u>(250,607)</u>	<u>0</u>
Net Change in Fund Balance	(354,000)	208,851	208,851	
Fund Balances - Beginning	<u>2,349,000</u>	<u>2,593,629</u>	<u>2,593,629</u>	
Fund Balances - Ending	<u>\$ 1,995,000</u>	<u>2,802,480</u>	<u>2,802,480</u>	<u>0</u>

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

PIKE COUNTY
Schedule of County Contributions
Last 10 Fiscal Years*
For the Year Ended September 30, 2016

	<u>2016</u>	<u>2015</u>
<u>GENERAL GOVERNMENT</u>		
Contractually required contribution	\$ 1,115,013	1,147,827
Contributions in relation to the contractually required contribution	<u>1,115,013</u>	<u>1,147,827</u>
Contribution deficiency (excess)	\$ <u>0</u>	<u>0</u>
County's covered-employee payroll	\$ 7,079,448	7,287,790
Contributions as a percentage of covered-employee payroll	15.75%	15.75%
<u>COMPONENT UNIT</u> - Pike County Economic Development District		
Contractually required contribution	\$ 16,473	22,271
Contributions in relation to the contractually required contribution	<u>16,473</u>	<u>22,271</u>
Contribution deficiency (excess)	\$ <u>0</u>	<u>0</u>
District's covered-employee payroll	\$ 104,590	141,403
Contributions as a percentage of covered-employee payroll	15.75%	15.75%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in FYE 9/30/15, 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, 2016

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>GENERAL GOVERNMENT</u>			
County's proportion of the net pension liability (asset)	\$ 19,920,144	17,851,368	13,851,271
County's proportionate share of the net pension liability (asset)	0.111519%	0.115483%	0.114113%
County's covered-employee payroll	\$ 7,140,724	7,380,800	7,133,416
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	278.965334%	241.862237%	194.174449%
Plan fiduciary net position as a percentage of the total pension liability	57.467727%	61.703983%	67.207687%
<u>COMPONENT UNIT</u> - Pike County Economic Development District			
District's proportion of the net pension liability (asset)	\$ 321,102	410,900	318,827
District's proportionate share of the net pension liability (asset)	0.001798%	0.002658%	0.0026267%
District covered-employee payroll	\$ 108,451	141,403	153,092
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	296.080257%	290.587894%	208.258567%
Plan fiduciary net position as a percentage of the total pension liability	57.467727%	61.703983%	67.207687%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in FYE 9/30/15, and until a full 10-year trend is compiled, the county has only presented information for the years in which information was available.

The amounts presented for each fiscal year were determined as of the measurement date of 6/30 of the fiscal year presented.

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

PIKE COUNTY

Notes to the Required Supplementary Information For the Year Ended September 30, 2016

(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, 2016

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>Countywide Road Maintenance Fund</u>
Net Change in Fund Balance – Budget (Cash Basis)	\$ (73,434)	208,851
Increase (decrease):		
Net adjustment for revenue accruals	10,285	
Net adjustment for expenditure accruals	<u>(17,318)</u>	<u>10,714</u>
Net Change in Fund Balance GAAP Basis	\$ <u><u>(80,467)</u></u>	<u><u>219,565</u></u>

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

Changes in Benefit Provisions.
None

Changes of Assumptions.

In 2016, the assumed rate of interest credited to the employee contribution was changed from 3.50% to 2.00%.

PIKE COUNTY

OTHER INFORMATION

PIKE COUNTY
Schedule of Officials' Bonds - UNAUDITED
For the Year Ending September 30, 2016

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Bond</u>
Tazwell Bowsky	Board of Supervisors - District 1	Western	\$ 100,000
Faye Hodges	Board of Supervisors - District 2	Western	100,000
Chuck E. Lambert	Board of Supervisors - District 3	Western	100,000
Luther Brewer	Board of Supervisors - District 4	Western	100,000
Gary Honea	Board of Supervisors - District 5	Western	100,000
Daniel Calcote	County Administrator	Travelers	100,000
Rebecca Buie	Chancery Clerk	Travelers	100,000
Roger Graves	Circuit Clerk	Western	100,000
Tanuyon Dangerfield	Purchase Clerk/Agent	Western	75,000
Daniel Calcote	Assistant Purchase Clerk	Travelers	50,000
Felicia Lewis	Receiving Clerk	Travelers	75,000
Janie Wells	Accounting Clerk	RLI	20,000
Sherry Williams	Accounts Payable	Western	25,000
Patricia Honea	Inventory Clerk	Western	75,000
Dennis Johnson	Constable	Brierfield	50,000
Billy Young	Constable	Western	50,000
Oliver James	Constable	Western	50,000
James Kenny Cotton	Sheriff	Western	100,000
Andranette R. Jordan	Justice Court Clerk	Western	50,000
Loretta Conerly	Deputy Justice Court Clerk	Western	50,000
Pam Williams	Deputy Justice Court Clerk	Western	50,000
Linda Moore	Deputy Justice Court Clerk	Western	50,000
Latoya Todd	Deputy Justice Court Clerk	Western	50,000
Danyelle Martin	Deputy Justice Court Clerk	Western	50,000
Suzanna Lynn Onellion	Deputy Justice Court Clerk	Western	50,000
Phyllis Hughes Lumpkin	Deputy Justice Court Clerk	Western	50,000
Leatrice Nimox	Deputy Justice Court Clerk	Western	50,000
Lederrick Davis	Deputy Justice Court Clerk	Western	50,000
Tonya Baylor	Deputy Justice Court Clerk	Western	50,000
Alison Aline Lebatard	Deputy Justice Court Clerk	Western	50,000
Sharon W. Miller	Deputy Justice Court Clerk	Western	50,000
Aubrey Rimes	Justice Court Judge	Western	50,000
Melvin Hollins	Justice Court Judge	Western	50,000
Bryan Harbour	Justice Court Judge	Western	50,000
Gwen Nunnery	Tax Collector	Western	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 Netteterville	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
Delores Smoots	Deputy Tax Collector	Travelers	50,000
Laurie Allen	Tax Assessor	Travelers	50,000
Michael Duncan	Road Manager	Western	75,000

PIKE COUNTY

SPECIAL REPORTS

Windham and Lacey, PLLC

Certified Public Accountants

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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, 2016, and the related notes to the financial statements, which collectively comprise the county's basic financial statements and have issued our report thereon dated December 29, 2017.

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.

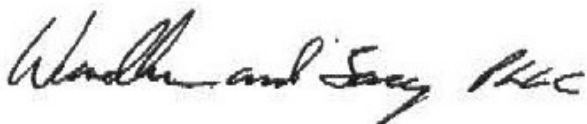
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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, appearing to read "Windham and Lacey, PLLC". The signature is written in a cursive, flowing style.

Windham and Lacey, PLLC
December 29, 2017

Windham and Lacey, PLLC

Certified Public Accountants

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

Members of the Board of Supervisors
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, 2016. 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.

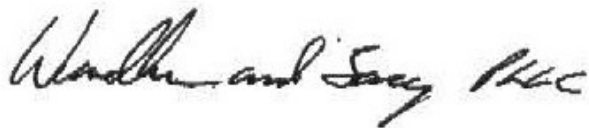
Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly included examining, on a test basis, evidence about the county's compliance with those requirements and performing other procedures as we considered 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, 2016.

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 Pike County, Mississippi's compliance with the aforementioned requirements, and is not intended to be and should not be relied upon for any other purpose. However, this report is a matter of public record and its distribution is not limited.

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

Windham and Lacey, PLLC
December 29, 2017

PIKE COUNTY

Schedule 1

Schedule of Purchases Not Made from the Lowest Bidder
For the Year Ended September 30, 2016

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>
April 4, 2016	Backhoe loader	\$ 99,950	Stribling Equipment

PIKE COUNTY
Schedule of Emergency Purchases
For the Year Ended September 30, 2016

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, 2016

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>
July 18, 2016	In-vehicle software	\$ 5,363	Digital Ally

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LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

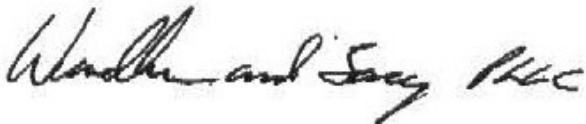
Members of the Board of Supervisors
Pike County, Mississippi

In planning and performing our audit of the financial statements of Pike County, Mississippi, for the year ended September 30, 2016, we considered Pike County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Pike County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the county's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated December 29, 2017, on the financial statements of Pike County, Mississippi.

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

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



Windham and Lacey, PLLC
December 29, 2017

PIKE COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

PIKE COUNTY

Schedule of Findings and Responses
For the Year Ended September 30, 2016

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*.