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PIKE COUNTY, MISSISSIPPI

**Audited Financial Statements
And
Special Reports**

For the Year Ended September 30, 2017

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, 2017, 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, 2017, 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

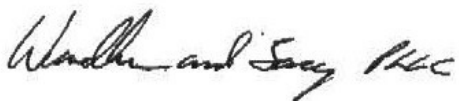
Pike County, Mississippi, has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America required to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, 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 4, 2018, on our consideration of Pike County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Pike County, Mississippi's 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 4, 2018

PIKE COUNTY

FINANCIAL STATEMENTS

PIKE COUNTY
Statement of Net Position
September 30, 2017

Exhibit 1

	Primary Government	Component Unit
	Governmental Activities	Economic Development
ASSETS		
Cash	\$ 14,242,682	845,721
Accrued interest receivable	3,967	
Property tax receivable	11,226,186	
Accounts receivable (net of allowance for uncollectibles of \$913,323)	1,021,796	
Fines receivable (net of allowance for uncollectibles of \$12,953,629)	1,270,690	
Loans receivable	450,000	
Intergovernmental receivables	530,801	
Other receivables	51,719	
Inventories and prepaid items	32,249	
Capital assets:		
Land and construction in progress	4,431,913	881,895
Other capital assets, net	56,263,672	45,126
Total Assets	89,525,675	1,772,742
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions	842,747	184,110
Total Deferred Outflows of Resources	842,747	184,110
LIABILITIES		
Claims payable	295,284	1,310
Intergovernmental payables	466,722	24,750
Accrued interest payable	25,796	
Unearned revenue	169,174	
Amounts held in custody for others	505,405	
Long-term liabilities		
Net pension liability	18,419,339	550,310
Due within one year:		
Capital debt	1,070,000	
Due in more than one year:		
Capital debt	12,345,000	
Non-capital debt	263,639	
Total Liabilities	33,560,359	576,370
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions	134,398	46,478
Deferred revenues - property taxes	11,226,186	
Total Deferred Inflows of Resources	11,360,584	46,478

PIKE COUNTY
Statement of Net Position
September 30, 2017

(Continued)

	Primary Government	Component Unit
	<u>Governmental Activities</u>	<u>Economic Development</u>
NET POSITION		
Net investment in capital assets	47,280,585	927,021
Restricted for:		
Expendable:		
General government	1,161,193	
Public safety	1,454,193	
Public works	5,046,170	
Economic development and assistance	3,217,122	
Unemployment compensation	41,356	
Debt service	693,985	
Unrestricted	<u>(13,447,125)</u>	<u>406,983</u>
Total Net Position	<u>\$ 45,447,479</u>	<u>1,334,004</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, 2017

Exhibit 2

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
			Operating	Capital	Primary Government		Component
Functions/Programs	Expenses	Charges for	Grants and	Grants and	Governmental	Total	Unit
		Services	Contributions	Contributions	Activities		Economic
							Development
Primary Government:							
Governmental Activities:							
General government	\$ 7,415,580	2,119,226	130,380		(5,165,974)	(5,165,974)	
Public safety	6,314,452	437,743	841,037		(5,035,672)	(5,035,672)	
Public works	4,300,751	1,355,107	774,055	543,628	(1,627,961)	(1,627,961)	
Health and welfare	465,712		30,981		(434,731)	(434,731)	
Culture and recreation	49,949				(49,949)	(49,949)	
Conservation of natural resources	161,346				(161,346)	(161,346)	
Economic development and assistance	1,409,703				(1,409,703)	(1,409,703)	
Interest on long-term debt	480,748				(480,748)	(480,748)	
Pension expense	2,531,992				(2,531,992)	(2,531,992)	
Total Governmental Activities	23,130,233	3,912,076	1,776,453	543,628	(16,898,076)	(16,898,076)	
Component Unit:							
Economic Development	552,285		708,683				156,398
Total Component Unit	552,285	0	708,683	0	0	0	156,398
Total Primary Government	\$ 23,682,518	3,912,076	2,485,136	543,628	(16,898,076)	(16,898,076)	156,398

PIKE COUNTY
Statement of Activities
For the Year Ended September 30, 2017

(Continued)

	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		Component
	Governmental Activities	Total	Unit Economic Development
General revenues:			
Property taxes	\$ 13,989,087	13,989,087	
Road & bridge privilege taxes	505,193	505,193	
Grants and contributions not restricted to specific programs	960,383	960,383	
Unrestricted interest income	68,567	68,567	1,197
Gain/loss on sale of capital assets			(1,645)
Miscellaneous	<u>1,143,108</u>	<u>1,143,108</u>	
Total General Revenues	<u>16,666,338</u>	<u>16,666,338</u>	<u>(448)</u>
Changes in Net Position	<u>(231,738)</u>	<u>(231,738)</u>	<u>155,950</u>
Net Position - Beginning, as previously reported	45,725,326	45,725,326	1,178,054
Prior period adjustments	<u>(46,109)</u>	<u>(46,109)</u>	
Net Position - Beginning, as restated	<u>45,679,217</u>	<u>45,679,217</u>	<u>1,178,054</u>
Net Position - Ending	<u>\$ 45,447,479</u>	<u>45,447,479</u>	<u>1,334,004</u>

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

PIKE COUNTY
Balance Sheet - Governmental Funds
September 30, 2017

Exhibit 3

	<u>Major Funds</u>			
	General	Countywide Road Maintenance Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash	\$ 3,296,529	3,335,535	7,610,618	14,242,682
Accrued interest receivable	620	1,053	2,294	3,967
Property tax receivable	6,428,164	1,546,009	3,252,013	11,226,186
Accounts receivable (net of allowance for uncollectibles of \$913,323)			1,021,796	1,021,796
Fines receivable (net of allowance for uncollectibles of \$12,953,629)	1,270,690			1,270,690
Loans receivable			450,000	450,000
Intergovernmental receivables	371,884	103,850	55,067	530,801
Other receivables	16,812		34,907	51,719
Due from other funds		74,216	76,490	150,706
Inventories and prepaid items	7,214		25,035	32,249
Total Assets	<u>\$ 11,391,913</u>	<u>5,060,663</u>	<u>12,528,220</u>	<u>28,980,796</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Claims payable	\$ 116,514	37,728	141,042	295,284
Intergovernmental payables	429,299		3,727	433,026
Due to other funds	184,402			184,402
Unearned revenue			169,174	169,174
Amounts held in custody for others	505,405			505,405
Total Liabilities	<u>1,235,620</u>	<u>37,728</u>	<u>313,943</u>	<u>1,587,291</u>
Deferred Inflows of Resources:				
Unavailable revenue - property taxes	6,428,164	1,546,009	3,252,013	11,226,186
Unavailable revenue - accounts receivable			1,021,796	1,021,796
Unavailable revenue - fines	1,270,690			1,270,690
Total Deferred Inflows of Resources	<u>7,698,854</u>	<u>1,546,009</u>	<u>4,273,809</u>	<u>13,518,672</u>
Fund Balances:				
Restricted for:				
General government			1,161,193	1,161,193
Public safety			1,454,193	1,454,193
Public works		3,476,926	1,569,244	5,046,170
Economic development and assistance			3,217,122	3,217,122
Debt service			719,781	719,781
Unemployment compensation			41,356	41,356
Unassigned	2,457,439		(222,421)	2,235,018
Total Fund Balances	<u>2,457,439</u>	<u>3,476,926</u>	<u>7,940,468</u>	<u>13,874,833</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 11,391,913</u>	<u>5,060,663</u>	<u>12,528,220</u>	<u>28,980,796</u>

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

PIKE COUNTY

Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
September 30, 2017

Exhibit 3-1

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 13,874,833
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$71,394,585.	60,695,585
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	2,292,486
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(13,678,639)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(18,419,339)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(25,796)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:	
Deferred outflows of resources related to pensions	842,747
Deferred inflows of resources related to pensions	(134,398)
Total Net Position - Governmental Activities	\$ <u>45,447,479</u>

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

PIKE COUNTY

Exhibit 4

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended September 30, 2017

	Major Funds			
	General Fund	Countywide Road Maintenance Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Property taxes	\$ 8,141,514	1,708,480	4,139,093	13,989,087
Road and bridge privilege taxes		505,193		505,193
Licenses, commissions and other revenue	700,233		35,366	735,599
Fines and forfeitures	625,927		194,081	820,008
Intergovernmental revenues	1,816,705	835,200	628,559	3,280,464
Charges for services	520,421		1,748,924	2,269,345
Interest income	25,602	12,040	30,925	68,567
Miscellaneous revenues	317,719	9,930	827,065	1,154,714
Total Revenues	<u>12,148,121</u>	<u>3,070,843</u>	<u>7,604,013</u>	<u>22,822,977</u>
EXPENDITURES				
Current:				
General government	6,553,020		1,313,971	7,866,991
Public safety	4,756,129		2,067,080	6,823,209
Public works	31,303	2,348,973	2,340,147	4,720,423
Health and welfare	424,988			424,988
Culture and recreation	3,500			3,500
Conservation of natural resources	161,346			161,346
Economic development and assistance	60,662		1,342,451	1,403,113
Debt service:				
Principal	57,130		1,035,000	1,092,130
Interest	596		466,940	467,536
Total Expenditures	<u>12,048,674</u>	<u>2,348,973</u>	<u>8,565,589</u>	<u>22,963,236</u>
Excess of Revenues Over (Under) Expenditures	<u>99,447</u>	<u>721,870</u>	<u>(961,576)</u>	<u>(140,259)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	63,122		244,256	307,378
Transfers out	(126,969)	(117,287)	(63,122)	(307,378)
Total Other Financing Sources and Uses	<u>(63,847)</u>	<u>(117,287)</u>	<u>181,134</u>	<u>0</u>
Net Changes in Fund Balances	<u>35,600</u>	<u>604,583</u>	<u>(780,442)</u>	<u>(140,259)</u>
Fund Balances - Beginning, as previously reported	2,599,386	2,777,095	8,684,147	14,060,628
Fund reclassification			573	573
Prior period adjustments	(177,547)	95,248	36,190	(46,109)
Fund Balances - Beginning, as restated	<u>2,421,839</u>	<u>2,872,343</u>	<u>8,720,910</u>	<u>14,015,092</u>
Fund Balances - Ending	<u>\$ 2,457,439</u>	<u>3,476,926</u>	<u>7,940,468</u>	<u>13,874,833</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, 2017

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ (140,259)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount that capital outlay of \$1,217,777 exceeded depreciation of \$992,356 in the current period.	225,421
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balances by the amount of the net loss of \$11,606 and no proceeds from the sale in the current period.	(11,606)
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.	(7,613)
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.	94,737
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount that debt repayments of \$1,092,130 exceeded debt proceeds of \$0.	1,092,130
Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net position differs from the change in fund balances by a combination of the following items:	
Change in accrued bond interest payable	(13,212)
Change in compensated absences payable	(1,004)
Some items reported in the Statement of Activities relating to the implementation of GASB 68 are not reported in the governmental funds. These activities include:	
Recording of pension expense for the current period	(2,531,992)
Recording of contributions made during the year:	
Before the measurement date	791,221
After the measurement date	270,439
Change in Net Position of Governmental Activities	\$ <u>(231,738)</u>

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

PIKE COUNTY
Statement of Fiduciary Assets and Liabilities
September 30, 2017

Exhibit 5

	<u>Agency Funds</u>
ASSETS	
Cash and investments	\$ 437,195
Due from other funds	<u>33,696</u>
Total Assets	\$ <u><u>470,891</u></u>
LIABILITIES	
Amounts held in custody for others	\$ 14,601
Intergovernmental payables	<u>456,290</u>
Total Liabilities	\$ <u><u>470,891</u></u>

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

PIKE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2017

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

Pike County, Mississippi (the 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 unit which has a significant operational or financial relationship with the County.

State law pertaining to county government provides for the independent election of county officials. The following elected and appointed officials are all part of the County legal entity and, therefore, are reported as part of the primary government financial statements:

- Board of Supervisors
- Chancery Clerk
- Circuit Clerk
- Justice Court Clerk
- Purchase Clerk
- Tax Assessor
- Tax Collector
- Sheriff

B. Individual Component Unit Disclosures.

Discretely Presented Component Units

The component unit column in the financial statements includes the financial data of the following component unit of the County. It is reported in a separate column to emphasize that it is legally separate from the County. A majority of the members of the governing body of this component unit are 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 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, fund financial statements and accompanying note disclosures which provide a detailed level of financial information.

Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information concerning the County as a whole. The statements include all nonfiduciary activities of the primary government and its component unit. 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 certain legally separate component units for which the primary government is financially accountable.

PIKE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2017

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 and 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 outflows, liabilities, deferred inflows, fund balances, 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 Proprietary Funds are classified as operating or nonoperating. Operating revenues and expenses generally result from providing services in connection with a Proprietary Fund's primary operations. All other revenues and expenses are reported as nonoperating.

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

The County reports the following major Governmental Funds:

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

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

PIKE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2017

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

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

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 financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

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 board 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.

PIKE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2017

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 (applicable) 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.

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

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

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

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. See Note 9 for additional details.

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

PIKE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2017

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

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

Deferred inflows related to pensions – This amount represents the County's proportionate share of the deferred inflows of resources reported by the pension plan in which the County participates. See Note 9 for additional details.

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 the 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.

N. Equity Classifications.

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 improvement of those 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 and regulations 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."

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.

PIKE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2017

Fund Financial Statements:

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

Government fund balance is classified as restricted 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.

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.

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 collectability criteria for property tax recognition because the lien and due date cannot be established until the date of original purchase occurs.

PIKE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2017

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 and Proprietary Funds financial statements. In fund financial statements, Governmental Funds report the compensated absence liability payable only if the payable has matured, for example an employee resigns or retires.

R. Changes in Accounting Standards.

The County implemented the following standards issued by the Governmental Accounting Standards Board (GASB) in the current fiscal year as required: GASB Statement No. 77, *Tax Abatement Disclosures* and GASB Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68 and No. 73*. The provisions of these standards have been incorporated into the financial statements and notes.

(2) Prior Period Adjustments.

A summary of the significant net position/fund balance adjustments is as follows:

Exhibit 2 - Statement of Activities - Governmental Activities.

<u>Explanation</u>	<u>Amount</u>
To record any adjustments made in prior year through cash that effect beginning fund balance.	\$ <u>(46,109)</u>

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

<u>Explanation</u>	<u>Amount</u>
To record any adjustments made in prior year through cash that effect beginning fund balance.	
General Fund	\$ (177,547)
County Road Maintenance Fund	95,248
Metro Narcotics Fund	(16,786)
Drug Court Fund	13,794
Reappraisal Maintenance Fund	5,544
Pike County 911 Fund	5,065
Garbage & Solid Waste Fund	(5,637)
Metro Narcotics Fine & Seizure Fund	(1,808)
Civil Defense Fund	64
Inmate Canteen Fund	(49)
County Bridge Maintenance Fund	<u>36,003</u>
Total prior period adjustments	\$ <u>(46,109)</u>

PIKE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2017

(3) Deposits.

The carrying amount of the County's total deposits with financial institutions at September 30, 2017, was \$14,679,877, and the bank balance was \$15,399,667. The carrying amount of the component unit's total deposits with financial institutions at September 30, 2017, was \$845,721 and the bank balance was \$865,304. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of the failure of a financial institution, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. The County does not have a formal policy for custodial credit risk. 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.

(4) Interfund Transactions and Balances.

The following is a summary of interfund balances at September 30, 2017:

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Countywide Road Maintenance	General Fund	\$ 74,216
Other Governmental Funds	General Fund	76,490
Agency Funds	General Fund	<u>33,696</u>
Total		<u>\$ 184,402</u>

The receivables represent the tax revenue collected in September 2017, but not settled until October, 2017. All interfund balances are expected to be repaid within one year from the date of the financial statements.

B. Transfers In/Out:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 63,122
Other Governmental Funds	General Fund	126,969
Other Governmental Funds	Countywide Road Maintenance	<u>117,287</u>
Total		<u>\$ 307,378</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 Financial Statements
For the Year Ended September 30, 2017

(5) Intergovernmental Receivables.

Intergovernmental receivables at September 30, 2017, consisted of the following:

<u>Description</u>	<u>Amount</u>
Governmental Activities:	
Legislative tag credit	\$ 200,453
Oil severance	20,520
Heavy truck privilege tax	16,375
Motor vehicle privilege tax	67,146
State aid road funds	36,704
Reimbursement for prisoners	30,832
Grants	100,094
Other	<u>58,677</u>
Total Governmental Activities	<u>\$ 530,801</u>

(6) Loans Receivable.

Loans receivable balances at September 30, 2017, are as follows:

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

(7) Capital Assets.

The following is a summary of capital assets activity for the year ended September 30, 2017:

	<u>Balance Oct. 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments *</u>	<u>Balance Sept. 30, 2017</u>
Governmental Activities:					
<u>Non-depreciable capital assets:</u>					
Land	\$ 4,431,913				4,431,913
Construction in progress	<u>2,277,273</u>	<u>902,464</u>		<u>(3,179,737)</u>	
Total non-depreciable capital assets	<u>6,709,186</u>	<u>902,464</u>	<u>0</u>	<u>(3,179,737)</u>	<u>4,431,913</u>
<u>Depreciable capital assets:</u>					
Infrastructure	99,804,168			2,016,790	101,820,958
Buildings	16,503,950			1,162,947	17,666,897
Improvements other than buildings	1,065,361				1,065,361
Mobile equipment	5,767,983	277,250	101,913		5,943,320
Furniture and equipment	<u>1,137,797</u>	<u>38,063</u>	<u>14,139</u>		<u>1,161,721</u>
Total depreciable capital assets	<u>124,279,259</u>	<u>315,313</u>	<u>116,052</u>	<u>3,179,737</u>	<u>127,658,257</u>

(Continued)

PIKE COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2017

	Balance Oct. 1, 2016	Additions	Deletions	Adjustments *	Balance Sept. 30, 2017
<u>Less: Accumulated depreciation for:</u>					
Infrastructure	59,194,943	275,247			59,470,190
Buildings	5,708,526	325,416			6,033,942
Improvements other than buildings	297,578	33,126			330,704
Mobile equipment	4,372,144	283,298	91,721		4,563,721
Furniture and equipment	933,484	75,269	12,725		996,028
Total accumulated depreciation	<u>70,506,675</u>	<u>992,356</u>	<u>104,446</u>	<u>0</u>	<u>71,394,585</u>
 Total depreciable capital assets, net	<u>53,772,584</u>	<u>(677,043)</u>	<u>11,606</u>	<u>3,179,737</u>	<u>56,263,672</u>
 Governmental activities capital assets, net	<u>\$ 60,481,770</u>	<u>225,421</u>	<u>11,606</u>	<u>0</u>	<u>60,695,585</u>

* Completed construction projects are reclassified to the appropriate asset type.

Depreciation expense was charged to the following functions:

	Amount
Governmental activities:	
General government	\$ 265,742
Public safety	199,350
Public works	424,237
Health and welfare	40,724
Culture and recreation	55,713
Economic development and assistance	<u>6,590</u>
Total depreciation expense - governmental activities	<u>\$ 992,356</u>

COMPONENT UNIT – PIKE COUNTY ECONOMIC DEVELOPMENT DISTRICT

The following is a summary of changes in capital assets for governmental activity:

	Balance Oct. 1, 2016	Additions	Deletions	Balance Sept. 30, 2017
<u>Non-depreciable capital assets:</u>				
Land	\$ 881,895			881,895
Total non-depreciable capital assets	<u>881,895</u>	<u>0</u>	<u>0</u>	<u>881,895</u>
 <u>Depreciable capital assets:</u>				
Machinery and equipment	71,114	34,340	20,532	84,922
Total depreciable capital assets	<u>71,114</u>	<u>34,340</u>	<u>20,532</u>	<u>84,922</u>
 <u>Less accumulated depreciation:</u>	<u>46,979</u>	<u>5,478</u>	<u>12,661</u>	<u>39,796</u>
 Total depreciable capital assets, net	<u>24,135</u>	<u>28,862</u>	<u>7,871</u>	<u>45,126</u>
 Governmental activities capital assets, net	<u>\$ 906,030</u>	<u>28,862</u>	<u>7,871</u>	<u>927,021</u>

PIKE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2017

(8) Claims and Judgments.

Risk Financing.

The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The County pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2017, to January 1, 2018. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

(9) Defined Benefit Pension Plan.

General Information about the Pension Plan

Plan Description. Pike County, Mississippi contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. Section 25-11-1 et seq., (1972, as amended) 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 became 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 2.0 percent 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 2.5 percent for each additional year of creditable 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. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. 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 3.0 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, 2017, 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 rate at September 30, 2017 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 years ending September 30, 2017, 2016 and 2015 were \$1,061,660, \$1,115,014 and \$1,147,827, respectively, equal to the required contributions for each year.

PIKE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2017

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

At September 30, 2017, the County reported a liability of \$18,419,339 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, 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 contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The County's proportionate share used to calculate the September 30, 2017 net pension liability was 0.110804 percent, which was based on a measurement date of June 30, 2017. This was a decrease of 0.000715 percent from its proportionate share used to calculate the September 30, 2016 net pension liability, which was based on a measurement date of June 30, 2016.

For the year ended September 30, 2017, the County recognized pension expense of \$2,531,992. At September 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 268,832	134,398
Net difference between projected and actual earnings on pension plan investments	279,652	
Changes of assumptions	394,296	
Changes in proportion and differences between entity contributions and proportionate share of contributions	(370,472)	
Entity contributions subsequent to the measurement date	<u>270,439</u>	
Total	\$ <u>842,747</u>	<u>134,398</u>

\$270,439 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended September 30:</u>	Deferred Outflows of Resources	Deferred Inflows of Resources
2018	\$ 691,139	56,709
2019	216,955	56,709
2020	20,008	20,980
2021	<u>(355,794)</u>	
Total	\$ <u>572,308</u>	<u>134,398</u>

PIKE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2017

Actuarial Assumptions. The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

Inflation	3.00 percent
Salary increases	3.25 – 18.50 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 2022, with male rates set forward one year.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2016. The experience report is dated April 18, 2017.

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 real 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 as of June 30, 2017, 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	27.00 %	4.60 %
International Equity	18.00	4.50
Emerging Markets Equity	4.00	4.75
Fixed Income	18.00	0.75
Global	12.00	4.75
Emerging Debt	2.00	2.25
Real Assets	10.00	3.50
Private Equity	8.00	5.10
Cash	1.00	0.00
Total	<u>100.00 %</u>	

Discount Rate. The discount rate used to measure the total pension liability was 7.75 percent. 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.

PIKE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2017

Sensitivity to the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.750%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
County's proportionate share of the net pension liability	\$ 24,158,193	\$ 18,419,339	\$ 13,654,843

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

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, 2017, 2016 and 2015 were \$30,761, \$16,473 and \$22,271, 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, 2017, the District reported a liability of \$550,310 for its proportionate share of the net pension liability. At June 30, 2017, the District's proportionate share was 0.0033064 percent, which was an increase of 0.0015087 from its proportionate share measured as of June 30, 2016.

For the year ended September 30, 2017, the District recognized pension expense of \$107,411.

At September 30, 2017, the District reported as components of pension expense, deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 4,835	4,010
Net difference between projected and actual earnings on pension plan investments	31,051	42,468
Changes of assumptions	9,421	
Changes in proportion and differences between entity contributions and proportionate share of contributions	128,402	
Entity contributions subsequent to the measurement date	10,401	
Total	\$ 184,110	46,478

PIKE COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2017

\$10,401 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2018. Other amounts as deferred outflows of resources related to pensions will be recognized in the pension expense as follows:

<u>Year Ended September 30:</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2018	\$ 65,128	12,309
2019	73,430	12,309
2020	35,151	11,243
2021		10,617
Total	\$ <u>173,709</u>	<u>46,478</u>

Sensitivity of the Entity's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.

	<u>1% Decrease (6.750%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
District's proportionate share of the net pension liability	\$ <u>720,875</u>	\$ <u>550,310</u>	\$ <u>407,458</u>

(10) Long-term Debt.

Debt outstanding as of September 30, 2017, consisted of the following:

<u>Description and Purpose</u>	<u>Amount Outstanding</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>
Governmental Activities:			
General Obligation Bonds:			
Series 2012A, John E. Lewis Drive	\$ 825,000	1.80% - 2.50%	04/2022
Refunding issue 2011	510,000	2.00 - 3.25%	07/2021
Series 2012B, bridge bonds	4,410,000	2.40 - 3.40%	10/2032
Industrial park bonds	2,710,000	5.25%	09/2034
Central maintenance facility bonds	745,000	1.75 - 2.375%	04/2025
Jail renovation bonds - refunding 2015	1,765,000	1.00 - 2.75%	08/2026
G.O. bridge bonds (2016A)	585,000	1.75 - 2.45%	08/2036
G.O. gateway bonds (2016B)	<u>1,865,000</u>	3.625 - 5.00%	07/2036
Total General Obligation Bonds	\$ <u>13,415,000</u>		

PIKE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2017

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

Governmental Activities:

<u>Year Ending September 30:</u>	<u>General Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2018	\$ 1,070,000	440,540
2019	960,000	409,274
2020	1,005,000	381,549
2021	1,040,000	352,630
2022	960,000	322,771
2023-2027	3,845,000	1,221,521
2028-2032	3,375,000	658,443
2033-2036	1,160,000	116,949
Total	\$ <u>13,415,000</u>	<u>3,903,677</u>

Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the County. As of September 30, 2017, the amount of outstanding debt was equal to 4.18% of the latest property assessments.

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2017:

	<u>Balance Oct. 1, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance Sept. 30, 2017</u>	<u>Amount due within one year</u>
Governmental Activities:					
Compensated absences	\$ 262,635	1,004		263,639	
General obligation bonds	14,450,000		1,035,000	13,415,000	1,070,000
Other loans	57,130		57,130		
Total	\$ <u>14,769,765</u>	<u>1,004</u>	<u>1,092,130</u>	<u>13,678,639</u>	<u>1,070,000</u>

Compensated absences will be paid from the fund from which the employees' salaries were paid, which are generally the General Fund and the Road Maintenance Fund.

(11) Deficit Fund Balances of Individual Funds.

The following funds reported deficits in fund balances at September 30, 2017:

<u>Fund</u>	<u>Deficit Amount</u>
Garbage & solid waste	\$ (212,612)
Civil defense	\$ (9,809)

PIKE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2017

(12) Contingencies.

Federal Grants - The County has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a grantor audit may become a liability of the County. No provision for any liability that may result has been recognized in the County's financial statements.

Litigation - The County is party to legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate ultimate outcome or liability, if any, of the County with respect to the various proceedings. However, the County's legal counsel believes that ultimate liability resulting from these lawsuits will not have a material adverse effect on the financial condition of the County.

(13) Effect of Deferred Amounts on Net Position.

The governmental activities' unrestricted net position amount of \$(13,447,125) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflows of resources related to pension in the amount of \$270,439 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, 2018. The \$572,308 balance of the deferred outflow of resources related to pensions at September 30, 2017, will be recognized in pension expense over the next three years. The \$134,398 balance of the deferred inflows of resources related to pension at September 30, 2017, will be recognized in pension expense over the next four years.

COMPONENT UNIT

Pike County Economic Development District

The unrestricted net position amount of \$406,983 includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. The \$184,110 balance of deferred outflow of resources at September 30, 2017 will be recognized as an expense and will decrease the unrestricted net position over the

The unrestricted net position amount of \$406,983 includes the effect of deferring the recognition of revenues resulting from a deferred inflow from pensions. The \$46,478 balance of deferred inflow of resources at September 30, 2017 will be recognized as revenue and will increase the unrestricted net position over the next four years.

(14) 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 \$41,103, which is appropriated from the General Fund. These non-tax revenues are received from seizures made by the Narcotics Enforcement Unit and subsequently forfeited by the defendants through the courts. The agreement terminates yearly but may be renewed by the parties hereto. The County's intention is to renew, yearly, its commitment to the agreement for the indefinite future.

PIKE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2017

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 \$29,641 in fiscal year 2017. 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 2017. Complete financial statements for the Pike-Amite-Walthall Regional Library System can be obtained from 1022 Virginia Avenue, McComb, MS 39648.

(15) 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 2017.

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 2017.

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 \$1,681,804 for the operations and maintenance of the college in fiscal year 2017.

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 Financial Statements For the Year Ended September 30, 2017

(16) Tax Abatements.

For the year beginning October 1, 2016, the Governmental Accounting Standards Board (GASB) implemented Statement 77, Tax Abatement Disclosures. This statement requires governmental entities to disclose the reduction in tax revenues resulting from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

The Pike County Board of Supervisors negotiates property tax abatements on an individual basis. All abatements are for ten years and are for economic development purposes. The County had tax abatement agreements with six entities as of September 30, 2017.

The County has full tax abatements, none of which provides for the abatement of school or state tax levies:

Sections 27-31-101 and 27-31-105, Miss. Code (Ann.) 1972

All allowable property tax levies

All allowable property tax levies except for countywide road fund tax levy

Six companies have tax abatements under these statutes.

<u>Category</u>	<u>Percentage of Taxes Abated During the Fiscal Year</u>	<u>Amount of Taxes Abated During the Fiscal Year</u>
Construction and expansion of a manufacturing facility	58%	\$ 245,839
Construction and expansion of a processing facility	56%	\$ 4,709

(17) Subsequent Events.

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of Pike County evaluated the activity of the County through December 4, 2018, and determined that the 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, 2017

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 8,111,750	8,324,730	8,324,730	
Licenses, commissions and other revenue	709,000	516,361	516,361	
Fines and forfeitures	824,000	616,626	616,626	
Intergovernmental revenues	1,935,277	1,793,161	1,793,161	
Charges for services	465,000	510,423	510,423	
Interest income	28,214	25,506	25,506	
Miscellaneous revenues	370,738	340,621	340,621	
Total Revenues	<u>12,443,979</u>	<u>12,127,428</u>	<u>12,127,428</u>	<u>0</u>
EXPENDITURES				
Current:				
General government	6,773,803	6,593,055	6,593,055	
Public safety	4,561,047	4,773,683	4,773,683	
Public works	29,000	29,641	29,641	
Health and welfare	397,364	426,070	426,070	
Culture and recreation		3,500	3,500	
Conservation of natural resources	175,650	160,979	160,979	
Economic development and assistance	47,400	60,546	60,546	
Debt service:				
Principal	57,200	57,130	57,130	
Interest	600	596	596	
Total Expenditures	<u>12,042,064</u>	<u>12,105,200</u>	<u>12,105,200</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	<u>401,915</u>	<u>22,228</u>	<u>22,228</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)				
Other financing sources	497,275	550,397	550,397	
Other financing uses	(598,378)	(614,244)	(614,244)	
Total Other Financing Sources and Uses	<u>(101,103)</u>	<u>(63,847)</u>	<u>(63,847)</u>	<u>0</u>
Net Change in Fund Balance	300,812	(41,619)	(41,619)	0
Fund Balances - Beginning	<u>2,433,500</u>	<u>2,388,884</u>	<u>2,388,884</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 2,734,312</u>	<u>2,347,265</u>	<u>2,347,265</u>	<u>0</u>

The accompanying notes to the required supplementary information are an integral part of this schedule.

PIKE COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 Countywide Road Maintenance Fund
 For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 1,676,000	1,703,795	1,703,795	
Road and bridge privilege taxes	490,000	505,665	505,665	
Intergovernmental revenues	828,500	846,448	846,448	
Interest income	6,586	11,851	11,851	
Miscellaneous revenues	3,500	6,240	6,240	
Total Revenues	<u>3,004,586</u>	<u>3,073,999</u>	<u>3,073,999</u>	<u>0</u>
EXPENDITURES				
Current:				
Public works	<u>3,211,086</u>	<u>2,353,973</u>	<u>2,353,973</u>	
Total Expenditures	<u>3,211,086</u>	<u>2,353,973</u>	<u>2,353,973</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	<u>(206,500)</u>	<u>720,026</u>	<u>720,026</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)				
Other financing sources		3,690	3,690	
Other financing uses	<u>(100,500)</u>	<u>(117,288)</u>	<u>(117,288)</u>	
Total Other Financing Sources and Uses	<u>(100,500)</u>	<u>(113,598)</u>	<u>(113,598)</u>	<u>0</u>
Net Change in Fund Balance	<u>(307,000)</u>	<u>606,428</u>	<u>606,428</u>	<u>0</u>
Fund Balances - Beginning	<u>2,260,000</u>	<u>2,729,107</u>	<u>2,729,107</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 1,953,000</u>	<u>3,335,535</u>	<u>3,335,535</u>	<u>0</u>

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, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
PRIMARY GOVERNMENT				
County's proportion of the net pension liability (asset)	\$ 18,419,339	19,920,144	17,851,368	13,851,271
County's proportionate share of the net pension liability (asset)	0.110804%	0.111519%	0.115483%	0.114113%
County's covered payroll	\$ 6,676,762	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 payroll	275.872332%	278.965326%	241.862237%	194.174446%
Plan fiduciary net position as a percentage of the total pension liability	61.49%	57.47%	61.70%	67.21%
COMPONENT UNIT				
County's proportion of the net pension liability (asset)	\$ 550,310	321,102	410,900	318,827
County's proportionate share of the net pension liability (asset)	0.003306%	0.001798%	0.002658%	0.0026267%
County's covered payroll	\$ 159,302	108,451	141,403	153,092
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	345.450779%	296.080257%	290.587894%	208.258567%
Plan fiduciary net position as a percentage of the total pension liability	61.49%	57.47%	61.70%	67.21%

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

The accompanying notes to the required supplementary information are an integral part of this schedule .

PIKE COUNTY
Schedule of County Contributions
Last 10 Fiscal Years*
For the Year Ended September 30, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>
PRIMARY GOVERNMENT			
Contractually required contribution	\$ 1,061,660	1,115,013	1,147,827
Contributions in relation to the contractually required contribution	<u>1,061,660</u>	<u>1,115,013</u>	<u>1,147,827</u>
Contribution deficiency (excess)	\$ <u>0</u>	<u>0</u>	<u>0</u>
County's covered payroll	\$ 6,740,698	7,079,448	7,287,790
Contributions as a percentage of covered payroll	15.75%	15.75%	15.75%
COMPONENT UNIT			
Contractually required contribution	\$ 30,761	16,473	22,271
Contributions in relation to the contractually required contribution	<u>30,761</u>	<u>16,473</u>	<u>22,271</u>
Contribution deficiency (excess)	\$ <u>0</u>	<u>0</u>	<u>0</u>
County's covered payroll	\$ 195,289	104,590	141,403
Contributions as a percentage of covered payroll	15.75%	15.75%	15.75%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015, and until a full 10-year trend is compiled, the County has only presented information for the years in which information was available.

The accompanying notes 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, 2017

(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 and Tax Collector for his or her respective department, prepares an original budget for each of the Governmental Funds for said fiscal year. The completed budget for the fiscal year includes for each fund every source of revenue, each general item of expenditure, and the unencumbered cash and investment balances. When during the fiscal year it appears to the Board of Supervisors that budgetary estimates will not be met, it may make revisions to the budget.

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

B. Basis of Presentation.

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

C. Budget/GAAP Reconciliation.

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

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

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

	<u>Governmental Fund Types</u>	
	<u>General Fund</u>	<u>Countywide Road Maintenance Fund</u>
Budget (Cash Basis)	\$ (41,619)	606,428
Increase (decrease):		
Net adjustment for revenue accruals	20,693	(6,846)
Net adjustment for expenditure accruals	<u>56,526</u>	<u>5,001</u>
Net Change in Fund Balance GAAP Basis	<u>\$ 35,600</u>	<u>604,583</u>

PIKE COUNTY

Notes to the Required Supplementary Information For the Year Ended September 30, 2017

(2) Pension Schedules.

A. Changes of Assumptions.

2015

The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015.

The expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015.

Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.

Assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

The price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively.

2016

The assumed rate of interest credited to employee contributions was changed from 3.50% to 2.00%.

2017

The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022. Small adjustments were also made to the Mortality Table for disabled lives.

The wage inflation assumption was reduced from 3.75% to 3.25%.

Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual and anticipated experience.

The percentage of active member disabilities assumed to be in the line of duty was increased from 6% to 7%.

B. Changes in Benefit Provisions.

2016

Effective July 1, 2016, the interest rate on employee contributions shall be calculated based on the money market rate as published by the Wall Street Journal on December 31 of each preceding year with a minimum rate of one percent and a maximum rate of five percent.

PIKE COUNTY

OTHER INFORMATION

PIKE COUNTY
Schedule of Surety Bonds for County Officials - UNAUDITED
For the Year Ended September 30, 2017

Name	Position	Company	Bond
Tazwell Bowsky	Supervisor District 1	Western Surety	\$100,000
Faye Hodges	Supervisor District 2	Western Surety	\$100,000
Chuck E. Lambert	Supervisor District 3	Western Surety	\$100,000
Luther Brewer	Supervisor District 4	Western Surety	\$100,000
Gary Honea	Supervisor District 5	Western Surety	\$100,000
Tanuyon Dangerfield	County Administrator	Western Surety	\$100,000
Rebecca Buie	Chancery Clerk	Travelers	\$100,000
Tanuyon Dangerfield	Purchase Clerk	Western Surety	\$75,000
Felicia Lewis	Receiving Clerk	Travelers	\$75,000
Haylie Allen	Inventory Control Clerk	Western Surety	\$75,000
Michael Duncan	Road Manager	Western Surety	\$75,000
Dennis Johnson	Constable	FCCI	\$50,000
Billy Young	Constable	Western Surety	\$50,000
Oliver James	Constable	Western Surety	\$50,000
Roger Graves	Circuit Clerk	Western Surety	\$100,000
James Kenny Cotton	Sheriff	Western Surety	\$100,000
Aubrey Rimes	Justice Court Judge	Western Surety	\$50,000
Melvin Hollins	Justice Court Judge	Western Surety	\$50,000
Bryan Harbour	Justice Court Judge	Western Surety	\$50,000
Andranette R. Jordan	Justice Court Clerk	Western Surety	\$50,000
Loretta Conerly	Deputy Justice Court Clerk	Western Surety	\$50,000
Pam Woods	Deputy Justice Court Clerk	Western Surety	\$50,000
Linda Moore	Deputy Justice Court Clerk	Western Surety	\$50,000
Suzanna Lynn Morris	Deputy Justice Court Clerk	Western Surety	\$50,000
Danyelle Martin	Deputy Justice Court Clerk	Western Surety	\$50,000
Phyllis Hughes Lumpkin	Deputy Justice Court Clerk	Western Surety	\$50,000
Lederrick Davis	Deputy Justice Court Clerk	Western Surety	\$50,000
Tonya Baylor	Deputy Justice Court Clerk	Western Surety	\$50,000
Alison Aline Lebatard	Deputy Justice Court Clerk	Western Surety	\$50,000
Bonita Dunaway	Deputy Justice Court Clerk	Western Surety	\$50,000
Velva Ratliff	Deputy Justice Court Clerk	Western Surety	\$50,000
Angela Smith	Deputy Justice Court Clerk	Western Surety	\$50,000
Jason Newman	Deputy Justice Court Clerk	Western Surety	\$50,000
Laurie Allen	Tax Assessor	Travelers	\$50,000
Gwen Nunnery	Tax Collector	Western Surety	\$100,000
Lee Ann Patterson	Deputy Tax Collector	Travelers	\$50,000
Rebecca Rials	Deputy Tax Collector	Travelers	\$50,000
Ashley Abraham	Deputy Tax Collector	Travelers	\$50,000
Threasa Bodman	Deputy Tax Collector	Travelers	\$50,000
Lis Hutchison	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
Bonnie Martin	Deputy Tax Collector	Travelers	\$50,000

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, 2017, 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 4, 2018.

Internal Control Over Financial Reporting

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

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

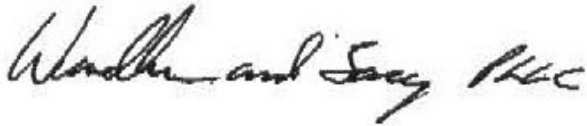
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

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

Purpose of this Report

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

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

Windham and Lacey, PLLC
December 4, 2018

Windham and Lacey, PLLC

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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, 2017. 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.

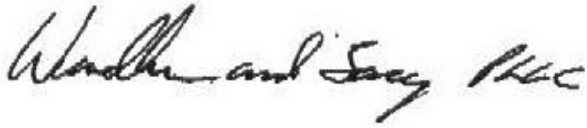
Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly included examining, on a test basis, evidence about the County's compliance with those requirements and performing other procedures as we considered 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, 2017.

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

Windham and Lacey, PLLC
December 4, 2018

PIKE COUNTY
Schedule of Purchases Not Made from the Lowest Bidder
For the Year Ended September 30, 2017

Schedule 1

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

PIKE COUNTY
Schedule of Emergency Purchases
For the Year Ended September 30, 2017

Schedule 2

Our test results did not identify any emergency purchases.

PIKE COUNTY

Schedule of Purchases Made Noncompetitively From a Sole Source
For the Year Ended September 30, 2017

Schedule 3

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>
October 10, 2016	Tasers	\$ 14,903	Taser International

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LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

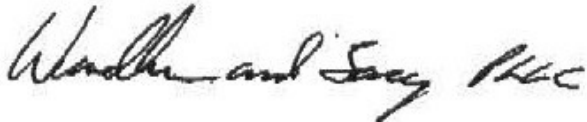
Members of the Board of Supervisors
Pike County, Mississippi

In planning and performing our audit of the financial statements of Pike County, Mississippi, for the year ended September 30, 2017, 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 4, 2018, 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 County, 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 4, 2018

PIKE COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

PIKE COUNTY

Schedule of Findings and Responses
For the Year Ended September 30, 2017

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*.