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PIKE COUNTY, MISSISSIPPI

**Audited Financial Statements
And
Special Reports**

For the Year Ended September 30, 2018

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, 2018, 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, 2018, 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

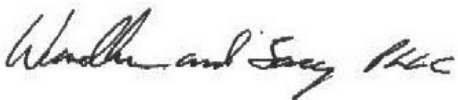
Pike County, Mississippi, has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America required to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, 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 January 22, 2020, 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
January 22, 2020

PIKE COUNTY

FINANCIAL STATEMENTS

PIKE COUNTY
Statement of Net Position
September 30, 2018

Exhibit 1

| | Primary Government | Component Unit |
|---|----------------------------|-------------------------|
| | Governmental Activities | Economic Development |
| ASSETS | | |
| Cash | \$ 14,753,471 | 941,783 |
| Accrued interest receivable | 19,359 | |
| Property tax receivable | 11,379,180 | |
| Accounts receivable (net of allowance for uncollectibles of \$944,327) | 1,028,971 | |
| Fines receivable (net of allowance for uncollectibles of \$13,983,757) | 1,312,347 | |
| Loans receivable | 450,000 | |
| Intergovernmental receivables | 567,446 | |
| Other receivables | 47,519 | |
| Inventories and prepaid items | 32,828 | |
| Capital assets: | | |
| Land and construction in progress | 4,647,580 | 881,895 |
| Other capital assets, net | 56,608,848 | 40,789 |
| Total Assets | <u>90,847,549</u> | <u>1,864,467</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Deferred outflows related to pensions | 528,176 | 253,184 |
| Total Deferred Outflows of Resources | <u>528,176</u> | <u>253,184</u> |
| LIABILITIES | | |
| Claims payable | 387,752 | 3,362 |
| Intergovernmental payables | 456,543 | |
| Accrued interest payable | 22,940 | |
| Unearned revenue | 173,334 | |
| Amounts held in custody for others | 580,459 | |
| Long-term liabilities | | |
| Net pension liability | 18,976,952 | 761,063 |
| Due within one year: | | |
| Non-capital debt | | 6,438 |
| Capital debt | 960,000 | |
| Due in more than one year: | | |
| Capital debt | 11,385,000 | |
| Non-capital debt | 308,631 | 11,938 |
| Total Liabilities | <u>33,251,611</u> | <u>782,801</u> |
| DEFERRED INFLOWS OF RESOURCES | | |
| Deferred inflows related to pensions | 438,257 | 29,162 |
| Deferred revenues - property taxes | 11,379,180 | |
| Total Deferred Inflows of Resources | <u>11,817,437</u> | <u>29,162</u> |
| NET POSITION | | |
| Net investment in capital assets | 48,911,428 | 922,684 |
| Restricted for: | | |
| Expendable: | | |
| General government | 1,138,480 | |
| Public safety | 1,374,828 | |
| Public works | 5,507,489 | |
| Economic development and assistance | 2,635,574 | |
| Unemployment compensation | 40,305 | |
| Debt service | 803,019 | |
| Unrestricted | (14,104,446) | 383,004 |
| Total Net Position | <u>\$ 46,306,677</u> | <u>1,305,688</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, 2018

Exhibit 2

| Functions/Programs | Program Revenues | | | | Net (Expense) Revenue and Changes in Net Position | | |
|--|------------------|-------------------------|--|--|--|-------------------|-------------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Governmental Activities | Component Unit | Economic Development |
| | | | | | | | |
| Primary Government: | | | | | | | |
| Governmental Activities: | | | | | | | |
| General government | \$ 6,764,817 | 1,918,021 | 168,075 | | (4,678,721) | | |
| Public safety | 5,773,590 | 527,224 | 1,007,859 | | (4,238,507) | | |
| Public works | 5,452,242 | 1,466,054 | 641,299 | 458,842 | (2,886,047) | | |
| Health and welfare | 465,545 | | 22,803 | | (442,742) | | |
| Culture and recreation | 723,146 | | | | (723,146) | | |
| Education | 62,021 | | | | (62,021) | | |
| Conservation of natural resources | 211,740 | | | | (211,740) | | |
| Economic development and assistance | 881,660 | | | | (881,660) | | |
| Interest on long-term debt | 442,923 | | | | (442,923) | | |
| Pension expense | 2,247,825 | | | | (2,247,825) | | |
| Total Governmental Activities | 23,025,509 | 3,911,299 | 1,840,036 | 458,842 | (16,815,332) | | |
| Total Primary Government | \$ 23,025,509 | 3,911,299 | 1,840,036 | 458,842 | (16,815,332) | | |
| Component Unit: | | | | | | | |
| Economic Development | \$ 568,058 | | 527,045 | | | | (41,013) |
| Total Component Unit | \$ 568,058 | 0 | 527,045 | 0 | 0 | | (41,013) |
| General revenues: | | | | | | | |
| Property taxes | | | | | \$ 14,495,531 | | |
| Road & bridge privilege taxes | | | | | 503,822 | | |
| Grants and contributions not restricted to specific programs | | | | | 1,919,425 | | |
| Unrestricted interest income | | | | | 375,405 | | 3,272 |
| Gain/loss on sale of capital assets | | | | | | | 135,000 |
| Disposition of Scenic Rivers | | | | | | | (125,575) |
| Miscellaneous | | | | | 380,347 | | |
| Total General Revenues | | | | | 17,674,530 | | 12,697 |
| Changes in Net Position | | | | | 859,198 | | (28,316) |
| Net Position - Beginning | | | | | 45,447,479 | | 1,334,004 |
| Net Position - Ending | | | | | \$ 46,306,677 | | 1,305,688 |

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

PIKE COUNTY
Balance Sheet - Governmental Funds
September 30, 2018

Exhibit 3

| | <u>Major Funds</u> | | | |
|---|----------------------|---|---|---|
| | <u>General</u> | <u>Countywide Road Maintenance Fund</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
| ASSETS | | | | |
| Cash | \$ 4,069,594 | 3,534,307 | 7,149,570 | 14,753,471 |
| Accrued interest receivable | 4,352 | 4,976 | 10,031 | 19,359 |
| Property tax receivable | 6,664,449 | 1,564,763 | 3,149,968 | 11,379,180 |
| Accounts receivable (net of allowance for uncollectibles of \$944,327) | | | 1,028,971 | 1,028,971 |
| Fines receivable (net of allowance for uncollectibles of \$13,983,757) | 1,312,347 | | | 1,312,347 |
| Loans receivable | | | 450,000 | 450,000 |
| Intergovernmental receivables | 358,249 | 64,304 | 144,893 | 567,446 |
| Other receivables | 12,129 | | 35,390 | 47,519 |
| Due from other funds | | 178,574 | 63,443 | 242,017 |
| Inventories and prepaid items | 7,235 | | 25,593 | 32,828 |
| Total Assets | <u>\$ 12,428,355</u> | <u>5,346,924</u> | <u>12,057,859</u> | <u>29,833,138</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Claims payable | \$ 168,437 | 32,892 | 186,423 | 387,752 |
| Intergovernmental payables | 425,741 | | 3,727 | 429,468 |
| Due to other funds | 269,092 | | | 269,092 |
| Unearned revenue | | | 173,334 | 173,334 |
| Amounts held in custody for others | 580,459 | | | 580,459 |
| Total Liabilities | <u>1,443,729</u> | <u>32,892</u> | <u>363,484</u> | <u>1,840,105</u> |
| Deferred Inflows of Resources: | | | | |
| Unavailable revenue - property taxes | 6,664,449 | 1,564,763 | 3,149,968 | 11,379,180 |
| Unavailable revenue - accounts receivable | | | 1,028,971 | 1,028,971 |
| Unavailable revenue - fines | 1,312,347 | | | 1,312,347 |
| Total Deferred Inflows of Resources | <u>7,976,796</u> | <u>1,564,763</u> | <u>4,178,939</u> | <u>13,720,498</u> |
| Fund Balances: | | | | |
| Nonspendable | 7,235 | | 25,593 | 32,828 |
| Restricted for: | | | | |
| General government | | | 1,116,240 | 1,116,240 |
| Public safety | | | 1,375,475 | 1,375,475 |
| Public works | | 3,749,269 | 1,758,220 | 5,507,489 |
| Economic development and assistance | | | 2,635,574 | 2,635,574 |
| Debt service | | | 825,959 | 825,959 |
| Unemployment compensation | | | 40,305 | 40,305 |
| Unassigned | 3,000,595 | | (261,930) | 2,738,665 |
| Total Fund Balances | <u>3,007,830</u> | <u>3,749,269</u> | <u>7,515,436</u> | <u>14,272,535</u> |
| Total Liabilities and Fund Balances | <u>\$ 12,428,355</u> | <u>5,346,924</u> | <u>12,057,859</u> | <u>29,833,138</u> |

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

PIKE COUNTY

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
September 30, 2018

Exhibit 3-1

| | <u>Amount</u> |
|---|-----------------------------|
| Total Fund Balance - Governmental Funds | \$ 14,272,535 |
| 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 \$72,087,011. | 61,256,428 |
| Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. | 2,341,318 |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. | (12,653,631) |
| Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds. | (18,976,952) |
| Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds. | (22,940) |
| 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 | 528,176 |
| Deferred inflows of resources related to pensions | <u>(438,257)</u> |
| Total Net Position - Governmental Activities | \$ <u><u>46,306,677</u></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, 2018

| | Major Funds | | | |
|---|---------------------|---|--------------------------------|--------------------------------|
| | General | Countywide Road Maintenance Fund | Other Governmental Funds | Total Governmental Funds |
| | Fund | Fund | | |
| REVENUES | | | | |
| Property taxes | \$ 8,498,897 | 1,793,076 | 4,203,558 | 14,495,531 |
| Road and bridge privilege taxes | | 503,822 | | 503,822 |
| Licenses, commissions and other revenue | 687,973 | | 35,029 | 723,002 |
| Fines and forfeitures | 532,314 | | 151,908 | 684,222 |
| Intergovernmental revenues | 2,652,348 | 888,209 | 677,746 | 4,218,303 |
| Charges for services | 608,526 | | 1,846,717 | 2,455,243 |
| Interest income | 209,368 | 51,884 | 114,153 | 375,405 |
| Miscellaneous revenues | 275,310 | 32,964 | 94,856 | 403,130 |
| Total Revenues | <u>13,464,736</u> | <u>3,269,955</u> | <u>7,123,967</u> | <u>23,858,658</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 6,198,129 | | 1,723,550 | 7,921,679 |
| Public safety | 4,890,823 | | 1,248,235 | 6,139,058 |
| Public works | 46,256 | 2,901,987 | 2,482,744 | 5,430,987 |
| Health and welfare | 424,821 | | | 424,821 |
| Culture and recreation | 883,100 | | | 883,100 |
| Education | 62,021 | | | 62,021 |
| Conservation of natural resources | 211,740 | | | 211,740 |
| Economic development and assistance | 69,760 | | 810,561 | 880,321 |
| Debt service: | | | | |
| Principal | | | 1,070,000 | 1,070,000 |
| Interest | | | 445,779 | 445,779 |
| Total Expenditures | <u>12,786,650</u> | <u>2,901,987</u> | <u>7,780,869</u> | <u>23,469,506</u> |
| Excess of Revenues over (under) Expenditures | <u>678,086</u> | <u>367,968</u> | <u>(656,902)</u> | <u>389,152</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Proceeds from sale of capital assets | | | 8,550 | 8,550 |
| Transfers in | | | 226,495 | 226,495 |
| Transfers out | (127,695) | (95,625) | (3,175) | (226,495) |
| Total Other Financing Sources and Uses | <u>(127,695)</u> | <u>(95,625)</u> | <u>231,870</u> | <u>8,550</u> |
| Net Changes in Fund Balances | 550,391 | 272,343 | (425,032) | 397,702 |
| Fund Balances - Beginning | <u>2,457,439</u> | <u>3,476,926</u> | <u>7,940,468</u> | <u>13,874,833</u> |
| Fund Balances - Ending | <u>\$ 3,007,830</u> | <u>3,749,269</u> | <u>7,515,436</u> | <u>14,272,535</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, 2018

| | <u>Amount</u> |
|---|--------------------------|
| Net Changes in Fund Balances - Governmental Funds | \$ 397,702 |
| Amounts reported for governmental activities in the Statement of Activities are different because: | |
| Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount that capital outlays of \$1,586,699 exceeded depreciation of \$994,523 in the current period. | 592,176 |
| 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 \$22,783 and \$8,550 proceeds from the sale of equipment in the current period. | (31,333) |
| 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. | 41,657 |
| 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. | 7,175 |
| 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 \$1,070,000 exceeded debt proceeds of \$0. | 1,070,000 |
| 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 | 2,856 |
| Change in compensated absences payable | (44,992) |
| Some items reported in the Statement of Activities relating to the implementation of GASB No. 68 are not reported in the governmental funds. These activities include: | |
| Recording of pension expense for the current period | (2,247,825) |
| Recording of contributions made during the year: | |
| Before the measurement date | 268,686 |
| After the measurement date | <u>803,096</u> |
| Change in Net Position of Governmental Activities | \$ <u><u>859,198</u></u> |

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

PIKE COUNTY
Statement of Fiduciary Assets and Liabilities
September 30, 2018

Exhibit 5

| | <u>Agency Funds</u> |
|------------------------------------|--------------------------|
| ASSETS | |
| Cash and investments | \$ 431,503 |
| Due from other funds | <u>27,075</u> |
| Total Assets | \$ <u><u>458,578</u></u> |
| LIABILITIES | |
| Amounts held in custody for others | \$ 14,601 |
| Intergovernmental payables | <u>443,977</u> |
| Total Liabilities | \$ <u><u>458,578</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, 2018

(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 have significant operational or financial relationships with the County.

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

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

B. Individual Component Unit Disclosures.

Discretely Presented Component Unit

The component unit column in the financial statements include the financial data of the following component unit of the County. It is reported in a separate column to emphasize that it is legally separate from the County. A majority of the members of the governing bodies 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.

PIKE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2018

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.

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 and fiduciary. Major individual Governmental 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.

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

PIKE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2018

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.

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 broad classifications recommended in *Governmental Accounting, Auditing and Financial Reporting* as issued in 2012 by the Government Finance Officers Association.

F. Deposits and Investments.

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

PIKE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2018

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

G. Receivables.

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

H. Interfund Transactions and Balances.

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

I. Inventories and Prepaid Items.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

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.

PIKE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2018

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

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

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

K. Deferred Outflows/Inflows of Resources.

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(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 8 for additional details.

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

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 8 for additional details.

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

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.

PIKE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2018

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.

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.

PIKE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2018

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

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

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

PIKE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2018

P. Intergovernmental Revenues in Governmental Funds.

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

Q. Compensated Absences.

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

(2) Deposits and Investments.

The carrying amount of the County's total deposits with financial institutions at September 30, 2018, was \$15,184,974, and the bank balance was \$16,248,855. 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 County'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.

(3) Interfund Transactions and Balances.

The following is a summary of interfund balances at September 30, 2018:

A. Due From/To Other Funds:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|-----------------------------|---------------------|-------------------|
| Countywide Road Maintenance | General Fund | \$ 178,574 |
| Other Governmental Funds | General Fund | 63,443 |
| Agency Funds | General Fund | 27,075 |
| Total | | <u>\$ 269,092</u> |

The receivables represent an error in posting revenue during the year. The receivables represent the tax revenue collected in September 2018, but not settled until October, 2018. All interfund balances are expected to be repaid within one year from the date of the financial statements.

PIKE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2018

B. Transfers In/Out:

| <u>Transfers In</u> | <u>Transfers Out</u> | <u>Amount</u> |
|--------------------------|-----------------------------|-------------------|
| Other Governmental Funds | General Fund | \$ 127,695 |
| Other Governmental Funds | Countywide Road Maintenance | 95,625 |
| Other Governmental Funds | Other Governmental Funds | <u>3,175</u> |
| Total | | \$ <u>226,495</u> |

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

(4) Intergovernmental Receivables.

Intergovernmental receivables at September 30, 2018, consisted of the following:

| <u>Description</u> | <u>Amount</u> |
|-------------------------------|-------------------|
| Governmental Activities: | |
| Legislative tax credit | \$ 192,467 |
| Heavy truck privilege | 28,306 |
| Oil severance | 25,431 |
| Motor vehicle privilege | 64,304 |
| VOCA grant | 17,208 |
| Youth court grant | 25,185 |
| Drug court grant | 92,454 |
| Emergency management | 34,470 |
| Other | <u>87,621</u> |
| Total Governmental Activities | \$ <u>567,446</u> |

(5) Loans Receivable.

Loans receivable balances at September 30, 2018, 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 |

PIKE COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2018

(6) Capital Assets.

The following is a summary of capital assets activity for the year ended September 30, 2018:

Governmental Activities:

| | Balance Oct. 1, 2017 | Additions | Deletions | Adjustments | Balance Sept. 30, 2018 |
|---|-------------------------|------------------|----------------|-------------|---------------------------|
| <u>Non-depreciable capital assets:</u> | | | | | |
| Land | \$ 4,431,913 | | | | 4,431,913 |
| Construction in progress | | 215,667 | | | 215,667 |
| Total non-depreciable capital assets | <u>4,431,913</u> | <u>215,667</u> | <u>0</u> | <u>0</u> | <u>4,647,580</u> |
| <u>Depreciable capital assets:</u> | | | | | |
| Infrastructure | 101,820,958 | 86,991 | | | 101,907,949 |
| Buildings | 17,666,897 | 879,600 | | | 18,546,497 |
| Improvements other than buildings | 1,065,361 | | | | 1,065,361 |
| Mobile equipment | 5,943,320 | 326,828 | 251,717 | | 6,018,431 |
| Furniture and equipment | 1,161,721 | 77,613 | 81,713 | | 1,157,621 |
| Total depreciable capital assets | <u>127,658,257</u> | <u>1,371,032</u> | <u>333,430</u> | | <u>128,695,859</u> |
| <u>Less accumulated depreciated for:</u> | | | | | |
| Infrastructure | 59,470,190 | 279,474 | | | 59,749,664 |
| Buildings | 6,033,942 | 343,008 | | | 6,376,950 |
| Improvements other than buildings | 330,704 | 33,126 | | | 363,830 |
| Mobile equipment | 4,563,721 | 273,874 | 226,545 | | 4,611,050 |
| Furniture and equipment | 996,028 | 65,041 | 75,552 | | 985,517 |
| Total accumulated depreciation | <u>71,394,585</u> | <u>994,523</u> | <u>302,097</u> | <u>0</u> | <u>72,087,011</u> |
| Total depreciable capital assets, net | <u>56,263,672</u> | <u>376,509</u> | <u>31,333</u> | <u>0</u> | <u>56,608,848</u> |
| Governmental activities capital assets, net | <u>\$ 60,695,585</u> | <u>592,176</u> | <u>31,333</u> | <u>0</u> | <u>61,256,428</u> |

Depreciation expense was charged to the following functions:

| | Amount |
|--|-------------------|
| Governmental Activities: | |
| General government | \$ 289,829 |
| Public safety | 186,752 |
| Public works | 414,915 |
| Health and welfare | 40,724 |
| Culture and recreation | 55,713 |
| Economic development and assistance | <u>6,590</u> |
| Total governmental activities depreciation expense | <u>\$ 994,523</u> |

PIKE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2018

COMPONENT UNIT – PIKE COUNTY ECONOMIC DEVELOPMENT DISTRICT

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

| | Balance Oct. 1, 2017 | Additions | Deletions | Balance Sept. 30, 2018 |
|---|-------------------------|-----------|-----------|---------------------------|
| <u>Non-depreciable capital assets:</u> | | | | |
| Land | \$ 881,895 | 0 | 0 | 881,895 |
| Total non-depreciable capital assets | 881,895 | 0 | 0 | 881,895 |
| <u>Depreciable capital assets:</u> | | | | |
| Machinery and equipment | 84,922 | 2,999 | (2,869) | 85,052 |
| Total depreciable capital assets | 84,922 | 2,999 | (2,869) | 85,052 |
| <u>Less accumulated depreciation for:</u> | | | | |
| Machinery and equipment | (39,795) | (6,175) | 1,707 | (44,263) |
| Total accumulated depreciation | (39,795) | (6,175) | 1,707 | (44,263) |
| Total depreciable capital assets, net | 45,127 | (3,176) | (1,162) | 40,789 |
| Business-type activities capital assets, net | \$ 927,022 | (3,176) | (1,162) | 922,684 |

(7) Claims and Judgments.

Risk Financing.

The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The County pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2018, to January 1, 2019. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

(8) Defined Benefit Pension Plan.

General Information about the Pension Plan

Plan Description. Pike County, Mississippi 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.

PIKE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2018

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, 2018, 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, 2018 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, 2018, 2017 and 2016 were \$1,071,782, \$1,061,660 and \$1,115,014, 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, 2018, the County reported a liability of \$18,976,952 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, 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, 2018 net pension liability was 0.114092 percent, which was based on a measurement date of June 30, 2018. This was an increase of 0.003288 percent from its proportionate share used to calculate the September 30, 2017 net pension liability, which was based on a measurement date of June 30, 2017.

PIKE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2018

For the year ended September 30, 2018, the County recognized pension expense of \$2,247,825. At September 30, 2018, 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 |
|---|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ 81,727 | 77,691 |
| Net difference between projected and actual earnings on pension plan investments | | 360,566 |
| Changes of assumptions | 629 | |
| Changes in the proportion and differences between the County's contributions and proportionate share of contributions | 177,134 | |
| County contributions subsequent to the measurement date | 268,686 | |
| Total | \$ 528,176 | 438,257 |

\$268,686 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, 2019. 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 Ending September 30:</u> | Deferred Outflows of Resources | Deferred Inflows of Resources |
|----------------------------------|--------------------------------------|-------------------------------------|
| 2019 | \$ 41,929 | (156,808) |
| 2020 | 106,112 | 68,591 |
| 2021 | 111,449 | 441,134 |
| 2022 | | 85,340 |
| Total | \$ 259,490 | 438,257 |

Actuarial Assumptions. The total pension liability in the June 30, 2018 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 |

PIKE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2018

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, 2018 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, 2018, are summarized in the following table:

| Asset Class | Target Allocation | Long-term Expected Real Rate of Return |
|-------------------------|----------------------|--|
| 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 Estate | 10.00 | 3.50 |
| Private Equity | 8.00 | 5.10 |
| Cash | 1.00 | 0.00 |
| Total | 100.00 % | |

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.

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 (6.75%) | Current Discount Rate (7.75%) | 1% Increase (8.75%) |
|--|---------------------------|-------------------------------------|---------------------------|
| County's proportionate share of the net pension liability | \$ 24,987,118 | \$ 18,976,952 | \$ 13,981,596 |

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS Comprehensive Annual Financial Report, publicly available at www.pers.ms.gov.

PIKE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2018

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, 2018, 2017 and 2016 were \$41,321, \$30,761 and \$16,473, 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, 2018, the District reported a liability of \$761,063 for its proportionate share of the net pension liability. At June 30, 2018, the District's proportionate share was 0.0045756 percent, which was an increase of 0.001269 from its proportionate share measured as of June 30, 2017.

For the year ended September 30, 2018, the District recognized pension expense of \$165,684.

At September 30, 2018, 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 | \$ 1,753 | 2,318 |
| Net difference between projected and actual earnings on pension plan investments | | 26,844 |
| Changes of assumptions | 158 | |
| Changes in proportion and differences between District contributions and proportionate share of contributions | 242,039 | |
| District contributions subsequent to the measurement date | 9,234 | |
| Total | \$ 253,184 | 29,162 |

\$9,234 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, 2019. Other amounts as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the pension expense as follows:

| <u>Year Ending September 30:</u> | Deferred Outflows of Resources | Deferred Inflows of Resources |
|----------------------------------|--------------------------------------|-------------------------------------|
| 2019 | \$ 114,205 | 3,378 |
| 2020 | 81,932 | 8,321 |
| 2021 | 47,813 | 14,039 |
| 2022 | | 3,424 |
| Total | \$ 243,950 | 29,162 |

PIKE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2018

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

| | 1% Decrease (6.75%) | Current Discount Rate (7.75%) | 1% Increase (8.75%) |
|---|---------------------------|-------------------------------------|---------------------------|
| District's proportionate share of the net pension liability | \$ <u>1,002,101</u> | \$ <u>761,063</u> | \$ <u>560,728</u> |

(9) Long-term Debt.

Debt outstanding as of September 30, 2018, consisted of the following:

| Description and Purpose | Amount Outstanding | Interest Rate | Final Maturity Date |
|--|-----------------------|---------------|---------------------------|
| Governmental Activities: | | | |
| General Obligation Bonds: | | | |
| Series 2012A, John E. Lewis Drive | \$ 675,000 | 1.80-2.50% | 04/2022 |
| Refunding issue 2011 | 280,000 | 2.00-3.25% | 07/2021 |
| Series 2012B, bridge bonds | 4,170,000 | 2.40-3.40% | 10/2032 |
| Industrial park bonds | 2,605,000 | 5.25% | 09/2034 |
| Central maintenance facility bonds | 665,000 | 1.75-2.375% | 04/2025 |
| Jail renovation bonds - refunding 2015 | 1,570,000 | 1.00-2.75% | 08/2026 |
| G.O. bridge bonds (2016A) | 570,000 | 1.75-2.45% | 08/2036 |
| G.O. gateway bonds (2016B) | <u>1,810,000</u> | 3.625-5.00% | 07/2036 |
| Total General Obligation Bonds | \$ <u>12,345,000</u> | | |

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

Governmental Activities:

| Year Ending September 30: | General Obligation Bonds | |
|---------------------------|--------------------------|------------------|
| | Principal | Interest |
| 2019 | \$ 960,000 | 409,274 |
| 2020 | 1,005,000 | 381,549 |
| 2021 | 1,040,000 | 352,630 |
| 2022 | 960,000 | 322,771 |
| 2023 | 805,000 | 293,756 |
| 2024 - 2028 | 3,655,000 | 1,103,798 |
| 2029 - 2033 | 3,140,000 | 538,620 |
| 2034 - 2036 | <u>780,000</u> | <u>60,739</u> |
| Total | \$ <u>12,345,000</u> | <u>3,463,137</u> |

PIKE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2018

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, 2018, the amount of outstanding debt was equal to 3.75% of the latest property assessments.

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2018:

| | Balance Oct. 1, 2017 | Additions | Reductions | Balance Sept. 30, 2018 | Amount due within one year |
|--------------------------|-------------------------|-----------|------------|---------------------------|----------------------------------|
| Governmental Activities: | | | | | |
| Compensated absences | \$ 263,639 | 44,992 | | 308,631 | |
| General obligation bonds | 13,415,000 | | 1,070,000 | 12,345,000 | 960,000 |
| Total | \$ 13,678,639 | 44,992 | 1,070,000 | 12,653,631 | 960,000 |

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.

COMPONENT UNIT – PIKE COUNTY ECONOMIC DEVELOPMENT DISTRICT

The following is a summary of changes in long-term liabilities reported in the government-wide financial statements for the year ended September 30, 2018:

| | Beginning Balance Oct. 1, 2017 | Additions | Reductions/ Payments | Ending Balance Sept. 30, 2018 |
|---------------------------|--------------------------------------|-----------|-------------------------|-------------------------------------|
| Governmental activity: | | | | |
| Intergovernmental payable | \$ 24,750 | 0 | (6,374) | 18,376 |
| Government-wide total | \$ 24,750 | 0 | (6,374) | 18,376 |

Debt Service requirements at September 30, 2018 were as follows:

| Year Ended September 30: | Intergovernmental Payable | |
|--------------------------|---------------------------|----------|
| | Principal | Interest |
| 2019 | \$ 6,438 | 154 |
| 2020 | 6,503 | 90 |
| 2021 | 5,435 | 25 |
| Total | \$ 18,376 | 269 |

PIKE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2018

The intergovernmental payable at September 30, 2018 is comprised of the following:

On March 16, 2004, the Board of Supervisors of Pike County, Mississippi, and the Board of Trustees of Pike County Economic Development District, entered into an Interlocal Agreement with the Town of Summit, Mississippi, to assist in the completion of a rail spur for economic development in Pike County. The Town of Summit applied for a loan in the amount of \$91,798 from the Mississippi Development Authority, Mississippi Freight Rail Service Projects Revolving Loan Program (Rail Loan), repayable over fifteen years at one percent rate of interest. Pike County Economic Development District has agreed to remit to the Town of Summit, as billed by the Town of Summit on a monthly basis, the amount necessary to retire the loan from the Mississippi Development Authority.

(10) Deficit Fund Balances of Individual Funds.

The following funds reported deficits in fund balances at September 30, 2018:

| <u>Fund</u> | <u>Deficit Amount</u> |
|-----------------------|-----------------------|
| Court administrator | \$ (9,249) |
| Garbage & solid waste | \$ (254,048) |
| Civil defense | \$ (3,882) |

(11) Contingencies.

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

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

(12) Effect of Deferred Amounts on Net Position.

The governmental activities' unrestricted net position amount of \$(14,104,446) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflow of resources related to pension in the amount of \$268,686 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, 2019. The \$259,490 balance of the deferred outflow of resources related to pensions at September 30, 2018, will be recognized in pension expense over the next three years. The \$438,257 balance of the deferred inflow of resources related to pension at September 30, 2018, will be recognized in pension expense over the next four years.

PIKE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2018

COMPONENT UNIT – PIKE COUNTY ECONOMIC DEVELOPMENT DISTRICT

The unrestricted net position amount of \$383,004 includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. The \$253,184 balance of deferred outflow of resources at September 30, 2018 will be recognized as an expense and will decrease the unrestricted net position over the next three years.

The unrestricted net position amount of \$383,004 includes the effect of deferring the recognition of revenues resulting from a deferred inflow from pensions. The \$29,162 balance of deferred inflow of resources at September 30, 2018 will be recognized as revenue and will increase the unrestricted net position over the next four years.

(13) 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 \$55,100, which is appropriated from the General Fund. These non-tax revenues are received from seizures made by the Narcotics Enforcement Unit and subsequently forfeited by the defendants through the courts. The agreement terminates yearly but may be renewed by the parties hereto. The County's intention is to renew, yearly, its commitment to the agreement for the indefinite future.

Pike County is a participant with the City of McComb in a joint venture, authorized by Section 61-3-5, Miss. Code Ann. (1972), to operate the McComb-Pike County Airport. The joint venture was created to furnish the McComb-Pike County area with air service. The two entities each appoint three members to the six-member board of commissioners. The County's contribution to the joint venture was \$47,918 in fiscal year 2018. 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 2018. Complete financial statements for the Pike-Amite-Walthall Regional Library System can be obtained from 1022 Virginia Avenue, McComb, MS 39648.

PIKE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2018

(14) 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 2018.

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 2018.

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 \$1,726,346 for the operations and maintenance of the College in fiscal year 2018.

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.

Scenic Rivers Development Authority Alliance operates in a District composed of the Counties of Amite, Franklin, Pike, and Walthall, as well as the City of McComb, the Board of Wilkinson County Industrial Development Authority, and Pike County Economic Development District. The Pike County Board of Supervisors appoints two of the 16-member board of trustees. The County appropriated \$100,000 for its support in fiscal year 2018.

(15) Tax Abatements.

GASB Statement No. 77, *Tax Abatement Disclosures*, requires governments that enter into tax abatement agreements 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 the 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, 2018.

PIKE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2018

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>% 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 | 57% | \$ 445,866 |
| Construction and expansion of a processing facility | 59% | \$ 33,305 |

(16) 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 January 22, 2020, and determined that no subsequent events met the disclosure requirements.

(17) The Mississippi Office of the State Auditor (OSA) has elected to perform limited procedures in relation to purchasing and compliance with state laws. This report should be viewed in conjunction with the report from OSA in order to gain a comprehensive understanding of the County's operations. This report is available on OSA's website at <http://www.osa.ms.gov/reports>, and will include a Purchasing Report and Limited Compliance Review Report.

PIKE COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

PIKE COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 General Fund - UNAUDITED
 For the Year Ended September 30, 2018

| | Original Budget | Final Budget | Actual (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|---|---------------------|-------------------|--------------------------------|---|
| REVENUES | | | | |
| Property taxes | \$ 8,553,800 | 8,729,963 | 8,729,963 | |
| Licenses, commissions and other revenue | 476,250 | 484,848 | 484,848 | |
| Fines and forfeitures | 784,000 | 498,801 | 498,801 | |
| Intergovernmental revenues | 1,724,296 | 1,889,425 | 1,889,425 | |
| Charges for services | 460,000 | 623,153 | 623,153 | |
| Interest income | 29,698 | 203,079 | 203,079 | |
| Miscellaneous revenues | 346,600 | 226,580 | 226,580 | |
| Total Revenues | <u>12,374,644</u> | <u>12,655,849</u> | <u>12,655,849</u> | <u>0</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 6,716,060 | 6,202,121 | 6,202,121 | |
| Public safety | 4,834,047 | 4,891,431 | 4,891,431 | |
| Public works | 29,000 | 47,918 | 47,918 | |
| Health and welfare | 453,009 | 426,923 | 426,923 | |
| Culture and recreation | 3,500 | 3,500 | 3,500 | |
| Conservation of natural resources | 182,462 | 212,053 | 212,053 | |
| Economic development and assistance | 60,168 | 67,850 | 67,850 | |
| Total Expenditures | <u>12,278,246</u> | <u>11,851,796</u> | <u>11,851,796</u> | <u>0</u> |
| Excess of Revenues Over (Under) Expenditures | <u>96,398</u> | <u>804,053</u> | <u>804,053</u> | <u>0</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Other financing sources | 507,275 | 492,275 | 492,275 | |
| Other financing uses | (609,098) | (617,375) | (617,375) | |
| Total Other Financing Sources and Uses | <u>(101,823)</u> | <u>(125,100)</u> | <u>(125,100)</u> | <u>0</u> |
| Net Change in Fund Balance | (5,425) | 678,953 | 678,953 | 0 |
| Fund Balances - Beginning | <u>1,880,000</u> | <u>2,347,265</u> | <u>2,347,265</u> | <u>0</u> |
| Fund Balances - Ending | <u>\$ 1,874,575</u> | <u>3,026,218</u> | <u>3,026,218</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 - UNAUDITED
 For the Year Ended September 30, 2018

| | Original Budget | Final Budget | Actual (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|---|---------------------|------------------|--------------------------------|---|
| REVENUES | | | | |
| Property taxes | \$ 1,719,000 | 1,798,785 | 1,798,785 | |
| Road and bridge privilege taxes | 500,000 | 509,797 | 509,797 | |
| Intergovernmental revenues | 803,000 | 811,712 | 811,712 | |
| Interest income | 11,876 | 47,961 | 47,961 | |
| Miscellaneous revenues | 3,100 | 2,349 | 2,349 | |
| Total Revenues | <u>3,036,976</u> | <u>3,170,604</u> | <u>3,170,604</u> | <u>0</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public works | <u>3,374,976</u> | <u>2,876,207</u> | <u>2,876,207</u> | |
| Total Expenditures | <u>3,374,976</u> | <u>2,876,207</u> | <u>2,876,207</u> | <u>0</u> |
| Excess of Revenues Over (Under) Expenditures | <u>(338,000)</u> | <u>294,397</u> | <u>294,397</u> | <u>0</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Other financing sources | | | | |
| Other financing uses | | (95,625) | (95,625) | |
| Total Other Financing Sources and Uses | <u>0</u> | <u>(95,625)</u> | <u>(95,625)</u> | <u>0</u> |
| Net Change in Fund Balance | (338,000) | 198,772 | 198,772 | 0 |
| Fund Balances - Beginning | <u>3,260,000</u> | <u>3,335,535</u> | <u>3,335,535</u> | <u>0</u> |
| Fund Balances - Ending | <u>\$ 2,922,000</u> | <u>3,534,307</u> | <u>3,534,307</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 and Component Unit's Proportionate Share of the Net Pension Liability

Last 10 Fiscal Years* - UNAUDITED

PERS

For the Year Ended September 30, 2018

| PRIMARY GOVERNMENT | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---------------|-------------|-------------|-------------|-------------|
| County's proportion of the net pension liability (asset) | 0.114092% | 0.110804% | 0.111519% | 0.115483% | 0.114113% |
| County's proportionate share of the net pension liability (asset) | \$ 18,976,952 | 18,419,339 | 19,920,144 | 17,851,368 | 13,851,271 |
| County's covered payroll | \$ 6,832,216 | 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 | 277.756909% | 275.872332% | 278.965326% | 241.862237% | 194.174446% |
| Plan fiduciary net position as a percentage of the total pension liability | 62.54% | 61.49% | 57.47% | 61.70% | 67.21% |
| COMPONENT UNIT | | | | | |
| District's proportion of the net pension liability (asset) | 0.0045756% | 0.003306% | 0.001798% | 0.002658% | 0.002626% |
| District's proportionate share of the net pension liability (asset) | \$ 761,063 | 550,310 | 321,102 | 410,900 | 318,827 |
| District's covered payroll | \$ 254,978 | 159,302 | 108,451 | 141,403 | 153,092 |
| District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | 298.481830% | 345.450779% | 296.080257% | 290.587894% | 208.258433% |
| Plan fiduciary net position as a percentage of the total pension liability | 62.54% | 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 entities have only presented information for the years in which information was available.

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

PIKE COUNTY

Schedule of the County's and Component Unit's Contributions
Last 10 Fiscal Years* - UNAUDITED
PERS

For the Year Ended September 30, 2018

| PRIMARY GOVERNMENT | 2018 | 2017 | 2016 | 2015 |
|--|------------------|------------------|------------------|------------------|
| Contractually required contribution | \$ 1,071,782 | 1,061,660 | 1,115,014 | 1,147,827 |
| Contributions in relation to the contractually required contribution | <u>1,071,782</u> | <u>1,061,660</u> | <u>1,115,014</u> | <u>1,147,827</u> |
| Contribution deficiency (excess) | <u>\$ 0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| County's covered payroll | \$ 6,804,965 | 6,740,698 | 7,079,448 | 7,287,790 |
| Contributions as a percentage of covered payroll | 15.75% | 15.75% | 15.75% | 15.75% |

COMPONENT UNIT

| | | | | |
|--|---------------|---------------|---------------|---------------|
| Contractually required contribution | \$ 41,321 | 30,761 | 16,473 | 22,271 |
| Contributions in relation to the contractually required contribution | <u>41,321</u> | <u>30,761</u> | <u>16,473</u> | <u>22,271</u> |
| Contribution deficiency (excess) | <u>\$ 0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| District's covered payroll | \$ 262,356 | 195,289 | 104,590 | 141,403 |
| Contributions as a percentage of covered payroll | 15.75% | 15.75% | 15.75% | 15.75% |

* This schedule is presented 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 entities have 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, 2018 UNAUDITED

(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 supplementary 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:

| | Governmental Fund Types | |
|--|-------------------------|----------------------------------|
| | General Fund | Countywide Road Maintenance Fund |
| Budget (Cash Basis) | \$ 678,953 | 198,772 |
| Increase (Decrease) | | |
| Net adjustments for revenue accruals | 808,887 | 99,351 |
| Net adjustments for expenditure accruals | (937,449) | (25,780) |
| GAAP Basis | \$ <u>550,391</u> | <u>272,343</u> |

PIKE COUNTY

Notes to the Required Supplementary Information
For the Year Ended September 30, 2018
UNAUDITED

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

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 rather than projected with Scale BB to 2016, which was used prior to 2017. 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 experience.

The percentage of active member disabilities assumed to be in the line of duty was increased from 6.00% to 7.00%.

PIKE COUNTY

Notes to the Required Supplementary Information
For the Year Ended September 30, 2018
UNAUDITED

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.

The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

| | |
|-------------------------------|---|
| Actuarial cost method | Entry age |
| Amortization method | Level percentage of payroll, open |
| Remaining amortization period | 36.6 years |
| Asset valuation method | 5-year smoothed market |
| Price inflation | 3.00 percent |
| Salary increase | 3.75 percent to 19.00 percent, including inflation |
| Investment rate of return | 7.75 percent, net of pension plan investment expense, including inflation |

PIKE COUNTY

OTHER INFORMATION

PIKE COUNTY
Schedule of Surety Bonds for County Officials - UNAUDITED
For the Year Ended September 30, 2018

| 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 REPORT

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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, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated January 22, 2020.

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.

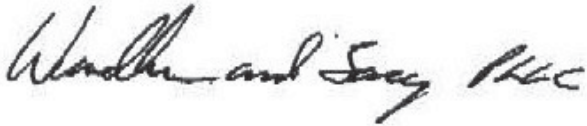
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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
January 22, 2020

PIKE COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

PIKE COUNTY

Schedule of Findings and Responses
For the Year Ended September 30, 2018

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*.