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# **PIKE COUNTY, MISSISSIPPI**

**Audited Financial Statements  
And  
Special Reports**

**For the Year Ended September 30, 2019**

PIKE COUNTY  
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PIKE COUNTY

FINANCIAL SECTION

# Windham and Lacey, PLLC

## *Certified Public Accountants*

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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, 2019, 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, 2019, 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 and Component Unit's Proportionate Share of Net Pension Liability, the Schedule of the County's and Component Unit's 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*

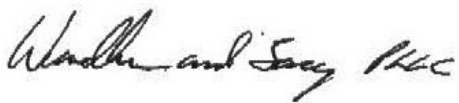
Pike County, Mississippi, has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America required to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements,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

### *Supplementary and Other Information*

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

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 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  
October 29, 2020

PIKE COUNTY

FINANCIAL STATEMENTS



PIKE COUNTY  
Statement of Net Position  
September 30, 2019

Exhibit 1

	Primary Government Governmental Activities	Component Unit Economic Development
<b>ASSETS</b>		
Cash	\$ 18,942,170	580,463
Accrued interest receivable	23,644	
Property tax receivable	12,058,976	
Accounts receivable (net of allowance for uncollectibles of \$980,814)	1,075,017	
Fines receivable (net of allowance for uncollectibles of \$14,461,704)	1,320,274	
Loans receivable	450,000	
Capital lease receivable		730,000
Intergovernmental receivables	481,389	
Other receivables	66,588	
Inventories and prepaid items	32,828	
Capital assets:		
Land and construction in progress	5,608,881	881,895
Other capital assets, net	55,891,276	1,052,246
Total Assets	95,951,043	3,244,604
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows related to pensions	697,376	143,461
Total Deferred Outflows of Resources	697,376	143,461
<b>LIABILITIES</b>		
Claims payable	385,168	3,805
Intergovernmental payables	552,634	
Accrued interest payable	21,080	
Unearned revenue	185,598	
Amounts held in custody for others	608,291	
Long-term liabilities:		
Net pension liability	19,464,143	584,728
Due within one year:		
Capital debt	1,005,000	
Non-capital debt		6,503
Due in more than one year:		
Capital debt	10,380,000	
Non-capital debt	290,538	5,435
Total Liabilities	32,892,452	600,471
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows related to pensions	723,603	169,092
Deferred revenues - property taxes	12,058,976	
Deferred revenues - capital lease receivable		730,000
Total Deferred Inflows of Resources	12,782,579	899,092
<b>NET POSITION</b>		
Net investment in capital assets	50,115,157	1,934,141
Restricted for:		
Expendable:		
General government	1,589,138	
Public safety	1,345,359	
Public works	6,130,723	
Economic development and assistance	5,240,006	
Unemployment compensation	40,467	
Debt service	896,058	
Unrestricted	(14,383,520)	(45,639)
Total Net Position	\$ 50,973,388	1,888,502

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

PIKE COUNTY  
Statement of Activities  
For the Year Ended September 30, 2019

Exhibit 2

Program Revenues					Net (Expense) Revenue and Changes in Net Position		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Unit
					Governmental Activities	Total	Economic Development
Primary Government:							
Governmental activities:							
General government	\$ 6,742,427	1,895,448	182,956		(4,664,023)	(4,664,023)	
Public safety	6,255,781	444,163	550,661		(5,260,957)	(5,260,957)	
Public works	5,438,660	1,508,009	556,416	1,204,291	(2,169,944)	(2,169,944)	
Health and welfare	461,016		16,703		(444,313)	(444,313)	
Culture and recreation	59,213				(59,213)	(59,213)	
Conservation of natural resources	158,701				(158,701)	(158,701)	
Economic development and assistance	866,239			3,055,000	2,188,761	2,188,761	
Interest on long-term debt	410,489				(410,489)	(410,489)	
Pension expense	1,689,671				(1,689,671)	(1,689,671)	
Total Governmental Activities	22,082,197	3,847,620	1,306,736	4,259,291	(12,668,550)	(12,668,550)	
Total Primary Government	\$ 22,082,197	3,847,620	1,306,736	4,259,291	(12,668,550)	(12,668,550)	
Component Unit:							
Economic Development	\$ 522,111		1,097,912				575,801
Total Component Unit	\$ 522,111	0	1,097,912	0	0	0	575,801
General revenues:							
Property taxes					\$ 14,454,573	14,454,573	
Road & bridge privilege taxes					517,611	517,611	
Grants and contributions not restricted to specific programs					948,624	948,624	
Unrestricted interest income					501,115	501,115	7,013
Miscellaneous					913,338	913,338	
Total General Revenues					17,335,261	17,335,261	7,013
Changes in Net Position					4,666,711	4,666,711	582,814
Net Position - Beginning					46,306,677	46,306,677	1,305,688
Net Position - Ending					\$ 50,973,388	50,973,388	1,888,502

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

PIKE COUNTY  
Balance Sheet - Governmental Funds  
September 30, 2019

Exhibit 3

	Major Funds				
	General Fund	Countywide Road Maintenance Fund	Central Maintenance Facility Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash	\$ 4,309,363	4,006,170	2,910,243	7,716,394	18,942,170
Accrued interest receivable	3,555	5,632	3,818	10,639	23,644
Property tax receivable	7,260,513	1,598,433		3,200,030	12,058,976
Accounts receivable (net of allowance for uncollectibles of \$980,814)				1,075,017	1,075,017
Fines receivable (net of allowance for uncollectibles of \$14,461,704)	1,320,274				1,320,274
Loans receivable				450,000	450,000
Intergovernmental receivables	368,602	62,708		50,079	481,389
Other receivables	7,562			59,026	66,588
Due from other funds		70,069		70,833	140,902
Inventories and prepaid items	7,235			25,593	32,828
Total Assets	\$ 13,277,104	5,743,012	2,914,061	12,657,611	34,591,788
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
Liabilities:					
Claims payable	\$ 132,705	40,171	18,099	194,193	385,168
Intergovernmental payables	517,302			3,727	521,029
Due to other funds	172,507				172,507
Unearned revenue				185,598	185,598
Amounts held in custody for others	608,291				608,291
Total Liabilities	1,430,805	40,171	18,099	383,518	1,872,593
Deferred Inflows of Resources:					
Unavailable revenue - property taxes	7,260,513	1,598,433		3,200,030	12,058,976
Unavailable revenue - accounts receivable				1,075,017	1,075,017
Unavailable revenue - fines	1,320,274				1,320,274
Total Deferred Inflows of Resources	8,580,787	1,598,433	0	4,275,047	14,454,267
Fund Balances:					
Nonspendable	7,235			25,293	32,528
Restricted for:					
General government				1,577,631	1,577,631
Public safety				1,335,573	1,335,573
Public works		4,104,408		2,022,315	6,126,723
Economic development and assistance			2,895,962	2,344,044	5,240,006
Debt service				917,138	917,138
Unemployment compensation				40,467	40,467
Unassigned	3,258,277			(263,415)	2,994,862
Total Fund Balances	3,265,512	4,104,408	2,895,962	7,999,046	18,264,928
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 13,277,104	5,743,012	2,914,061	12,657,611	34,591,788

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

PIKE COUNTY

Exhibit 3-1

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position  
September 30, 2019

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 18,264,928
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 \$72,877,909.	61,500,157
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	2,395,291
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(11,675,538)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(19,464,143)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(21,080)
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	697,376
Deferred inflows of resources related to pensions	<u>(723,603)</u>
Total Net Position - Governmental Activities	\$ <u>50,973,388</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, 2019

	Major Funds				
	General Fund	Countywide Road Maintenance Fund	Central Maintenance Facility Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	\$ 8,643,699	1,794,476		4,016,398	14,454,573
Road and bridge privilege taxes		517,611			517,611
Licenses, commissions and other revenue	686,746			35,478	722,224
Fines and forfeitures	570,473			222,282	792,755
Intergovernmental revenues	1,512,253	1,622,018	3,000,000	380,380	6,514,651
Charges for services	425,895			1,852,772	2,278,667
Interest income	258,753	63,764	47,528	131,070	501,115
Miscellaneous revenues	166,361	17,800		775,611	959,772
Total Revenues	<u>12,264,180</u>	<u>4,015,669</u>	<u>3,047,528</u>	<u>7,413,991</u>	<u>26,741,368</u>
EXPENDITURES					
Current:					
General government	6,118,251			1,691,731	7,809,982
Public safety	5,075,353			1,093,315	6,168,668
Public works	20,000	3,572,210		2,374,379	5,966,589
Health and welfare	420,292				420,292
Culture and recreation	3,500				3,500
Conservation of natural resources	158,701				158,701
Economic development and assistance	61,225		151,566	646,858	859,649
Debt service:					
Principal				960,000	960,000
Interest				412,349	412,349
Total Expenditures	<u>11,857,322</u>	<u>3,572,210</u>	<u>151,566</u>	<u>7,178,632</u>	<u>22,759,730</u>
Excess of Revenues over (under) Expenditures	<u>406,858</u>	<u>443,459</u>	<u>2,895,962</u>	<u>235,359</u>	<u>3,981,638</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets		10,755			10,755
Transfers in	8,910			832,031	840,941
Transfers out	(158,086)	(99,075)		(583,780)	(840,941)
Total Other Financing Sources and Uses	<u>(149,176)</u>	<u>(88,320)</u>	<u>0</u>	<u>248,251</u>	<u>10,755</u>
Net Changes in Fund Balances	257,682	355,139	2,895,962	483,610	3,992,393
Fund Balances - Beginning	<u>3,007,830</u>	<u>3,749,269</u>	<u>0</u>	<u>7,515,436</u>	<u>14,272,535</u>
Fund Balances - Ending	<u>\$ 3,265,512</u>	<u>4,104,408</u>	<u>2,895,962</u>	<u>7,999,046</u>	<u>18,264,928</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, 2019

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ 3,992,393
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 \$1,529,454 exceeded depreciation of \$1,228,536 in the current period.	300,918
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 \$46,434 and \$10,755 proceeds from the sale of equipment in the current period.	(57,189)
Fine revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	7,928
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.	46,046
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 \$960,000 exceeded debt proceeds of \$0.	960,000
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	1,860
Change in compensated absences payable	18,093
Some items reported in the Statement of Activities relating to the implementation of GASB Statement No. 68 are not reported in the governmental funds. These activities include:	
Recording of pension expense for the current period	(1,689,671)
Recording of contributions made during the year:	
Before the measurement date	291,919
After the measurement date	<u>794,414</u>
Change in Net Position of Governmental Activities	\$ <u><u>4,666,711</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, 2019

Exhibit 5

	<u>Agency Funds</u>
ASSETS	
Cash and investments	\$ 459,176
Due from other funds	<u>31,605</u>
Total Assets	\$ <u>490,781</u>
LIABILITIES	
Amounts held in custody for others	\$ 14,601
Intergovernmental payables	<u>476,180</u>
Total Liabilities	\$ <u>490,781</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, 2019

#### (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, 2019

#### 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. 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 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, 2019

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.

Central Maintenance Facility Fund - This fund is used to account for monies from specific revenue sources that are restricted for economic development.

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.

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.

## PIKE COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2019

#### 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.

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.

## PIKE COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2019

#### 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 9 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 9 for additional details.

Deferred revenues - property taxes/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.

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

In addition to assets, the Statement of Net Position - Component Unit 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 Component Unit's proportionate share of the deferred outflows of resources reported by the pension plan in which the Component Unit participates. See Note 9 for additional details.

In addition to liabilities, the Statement of Net Position - Component Unit 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 revenues - capital lease receivable - When an asset is recorded in the Statement of Net Position, 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, 2019

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

#### L. Pensions.

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

#### M. Long-term Liabilities.

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

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

In the fund financial statements, the face amount of the debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### N. Equity Classifications.

Government-wide Financial Statements:

Equity is classified as Net Position and displayed in three components:

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

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

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

Net Position Flow Assumption:

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

## PIKE COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2019

#### Fund Financial Statements:

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

Government fund balance is classified as 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, 2019

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.

R. Changes in Accounting Standards.

The County implemented the following standard issued by the Governmental Accounting Standards Board (GASB) in the current fiscal year as required: GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The provisions of this standard have been incorporated into the financial statements and notes.

(2) Deposits.

The carrying amount of the County's total deposits with financial institutions at September 30, 2019, was \$19,401,346, and the bank balance was \$20,499,920. 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.

# PIKE COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2019

### (3) Interfund Transactions and Balances.

The following is a summary of interfund balances at September 30, 2019:

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Countywide Road Maintenance	General Fund	\$ 70,069
Other Governmental Funds	General Fund	70,833
Agency Funds	General Fund	<u>31,605</u>
Total		<u>\$ 172,507</u>

The receivables represent the tax revenue collected in September 2019, but not settled until October, 2019. All interfund balances are expected to be repaid within one year from the date of the financial statements.

#### B. Transfers In/Out:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 8,910
Other Governmental Funds	General Fund	158,086
Other Governmental Funds	Countywide Road Maintenance	99,075
Other Governmental Funds	Other Governmental Funds	<u>574,870</u>
Total		<u>\$ 840,941</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, 2019, consisted of the following:

<u>Description</u>	<u>Amount</u>
Governmental Activities:	
Legislative tax credit	\$ 221,860
Heavy truck privilege	22,323
Sheriff fees	19,959
Oil severance	16,611
Housing prisoners	26,080
State motor vehicle fuel tax	62,708
Youth court grant	12,890
Drug court grant	36,282
Other	<u>62,676</u>
Total Governmental Activities	<u>\$ 481,389</u>



PIKE COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2019

(5) Loans Receivable.

Loans receivable balances at September 30, 2019, 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

(6) Capital Assets.

The following is a summary of capital assets activity for the year ended September 30, 2019:

Governmental Activities:

	<u>Balance Oct. 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance Sept. 30, 2019</u>
<u>Non-depreciable capital assets:</u>				
Land	\$ 4,431,913			4,431,913
Construction in progress	215,667	961,301		1,176,968
Total non-depreciable capital assets	4,647,580	961,301	0	5,608,881
<u>Depreciable capital assets:</u>				
Infrastructure	101,907,949	13,080		101,921,029
Buildings	18,546,497			18,546,497
Improvements other than buildings	1,065,361	364,466		1,429,827
Mobile equipment	6,018,431	129,321	468,191	5,679,561
Furniture and equipment	1,157,621	61,286	26,636	1,192,271
Total depreciable capital assets	128,695,859	568,153	494,827	128,769,185
<u>Less accumulated depreciated for:</u>				
Infrastructure	59,749,664	387,241		60,136,905
Buildings	6,376,950	453,838		6,830,788
Improvements other than buildings	363,830	91,446		455,276
Mobile equipment	4,611,050	257,641	415,253	4,453,438
Furniture and equipment	985,517	38,370	22,385	1,001,502
Total accumulated depreciation	72,087,011	1,228,536	437,638	72,877,909
Total depreciable capital assets, net	56,608,848	(660,383)	57,189	55,891,276
Governmental activities capital assets, net	\$ 61,256,428	300,918	57,189	61,500,157

# PIKE COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2019

Depreciation expense was charged to the following functions:

	<u>Amount</u>
Governmental Activities:	
General government	\$ 417,356
Public safety	184,400
Public works	523,753
Health and welfare	40,724
Culture and recreation	55,713
Economic development and assistance	<u>6,590</u>
Total governmental activities depreciation expense	<u>\$ 1,228,536</u>

### COMPONENT UNIT – PIKE COUNTY ECONOMIC DEVELOPMENT DISTRICT

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

	<u>Balance Oct. 1, 2018</u>	<u>Additions</u>	<u>Balance Sept. 30, 2019</u>
<u>Non-depreciable capital assets:</u>			
Land	\$ 881,895	0	881,895
Total non-depreciable capital assets	<u>881,895</u>	<u>0</u>	<u>881,895</u>
<u>Depreciable capital assets:</u>			
Building		1,025,586	1,025,586
Machinery and equipment	85,052		85,052
Total depreciable capital assets	<u>85,052</u>	<u>1,025,586</u>	<u>1,110,638</u>
<u>Less accumulated depreciation for:</u>			
Building, machinery, and equipment	(44,263)	(14,129)	(58,392)
Total accumulated depreciation	<u>(44,263)</u>	<u>(14,129)</u>	<u>(58,392)</u>
Total depreciable capital assets, net	<u>40,789</u>	<u>1,011,457</u>	<u>1,052,246</u>
Component Unit's capital assets, net	<u>\$ 922,684</u>	<u>1,011,457</u>	<u>1,934,141</u>

### (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, 2019, to January 1, 2020. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

PIKE COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2019

(8) Long-term Debt.

Debt outstanding as of September 30, 2019, 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	\$ 515,000	1.80-2.50%	04/2022
Refunding issue 2011	195,000	2.00-3.25%	07/2021
Series 2012B, bridge bonds	3,920,000	2.40-3.40%	10/2032
Industrial park bonds	2,495,000	5.25%	09/2034
Central maintenance facility bonds	580,000	1.75-2.375%	04/2025
Jail renovation bonds - refunding 2015	1,380,000	1.00-2.75%	08/2026
G.O. bridge bonds (2016A)	555,000	1.75-2.45%	08/2036
G.O. gateway bonds (2016B)	1,745,000	3.625-5.00%	07/2036
Total General Obligation Bonds	\$ 11,385,000		

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
2020	\$ 1,005,000	381,549
2021	1,040,000	352,630
2022	960,000	322,771
2023	805,000	293,756
2024	830,000	269,112
2025 – 2029	3,475,000	990,428
2030 – 2034	2,885,000	419,583
2035 – 2036	385,000	24,034
Total	\$ 11,385,000	3,053,863

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, 2019, the amount of outstanding debt was equal to 3.46% of the latest property assessments.

# PIKE COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2019

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2019:

	Balance Oct. 1, 2018	Reductions	Balance Sept. 30, 2019	Amount Due Within One Year
Governmental Activities:				
Compensated absences	\$ 308,631	18,093	290,538	
General obligation bonds	<u>12,345,000</u>	<u>960,000</u>	<u>11,385,000</u>	<u>1,005,000</u>
Total	<u>\$ 12,653,631</u>	<u>978,093</u>	<u>11,675,538</u>	<u>1,005,000</u>

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

### 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, 2019:

	Balance Oct. 1, 2018	Reductions/ Payments	Balance Sept. 30, 2019	Amount Due Within One Year
Governmental Activity:				
Intergovernmental payable	\$ <u>18,377</u>	<u>(6,439)</u>	<u>11,938</u>	<u>6,503</u>
Government-wide Total	<u>\$ 18,377</u>	<u>(6,439)</u>	<u>11,938</u>	<u>6,503</u>

Debt service requirements at September 30, 2019 are as follows:

<u>Year Ended September 30:</u>	<u>Intergovernmental Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2020	\$ 6,503	90
2021	<u>5,435</u>	<u>25</u>
Total	<u>\$ 11,938</u>	<u>115</u>

The intergovernmental payable at September 30, 2019 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.

## PIKE COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2019

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

##### *General Information about the Pension Plan*

**Plan Description.** Pike County, Mississippi contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. Section 25-11-1 et seq., (1972, as amended) and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

**Benefits Provided.** Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

**Contributions.** At September 30, 2019, 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, 2019 was 17.40% of annual covered payroll. This rate increased as of July 1, 2019 from 15.75%. 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, 2019, 2018 and 2017 were \$1,086,333, \$1,071,782 and \$1,061,660, 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, 2019, the County reported a liability of \$19,464,143 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, 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, 2019 net pension liability was 0.110642 percent, which was based on a measurement date of June 30, 2019. This was a decrease of 0.003450 percent from its proportionate share used to calculate the September 30, 2018 net pension liability, which was based on a measurement date of June 30, 2018.

# PIKE COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2019

For the year ended September 30, 2019, the County recognized pension expense of \$1,689,671. At September 30, 2019, 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	\$ 11,873	20,983
Net difference between projected and actual earnings on pension plan investments		218,628
Changes of assumptions	190,835	
Changes in the proportion and differences between the County's contributions and proportionate share of contributions	202,749	483,992
County contributions subsequent to the measurement date	291,919	
Total	\$ 697,376	723,603

\$291,919 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending September 30:	Deferred Outflows of Resources	Deferred Inflows of Resources
2020	\$ 174,189	155,087
2021	179,527	527,629
2022	51,741	129,750
2023		(88,863)
Total	\$ 405,457	723,603

Actuarial Assumptions. The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

Inflation	2.75 percent
Salary increases	3.00 - 18.25 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119. For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119. Mortality rates will be projected generationally using the MP-2018 projection scale to account for future improvements in life expectancy.

# PIKE COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2019

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 most recent target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2019, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	27.00 %	4.90 %
International Equity	22.00	4.75
Debt Securities	20.00	1.50
Global Equity	12.00	5.00
Real Estate	10.00	4.00
Private Equity	8.00	6.25
Cash Equivalents	1.00	0.25
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 (17.40%). 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	\$ 25,586,290	\$ 19,464,143	\$ 14,410,860

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

# PIKE COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2019

### 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, 2019, 2018 and 2017 were \$31,772, \$41,321, and \$30,761, 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, 2019, the District reported a liability of \$584,728 for its proportionate share of the net pension liability. At June 30, 2019, the District's proportionate share was 0.0033238 percent, which was a decrease of 0.0012518 from its proportionate share measured as of June 30, 2018.

For the year ended September 30, 2019, the District recognized pension expense of \$105,089.

At September 30, 2019, 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	\$ 476	626
Net difference between projected and actual earnings on pension plan investments		14,477
Changes of assumptions	5,732	
Changes in proportion and differences between District contributions and proportionate share of contributions	129,180	153,989
District contributions subsequent to the measurement date	8,073	
Total	\$ 143,461	169,092

\$8,073 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, 2020. 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
2020	\$ 83,977	61,444
2021	49,857	67,162
2022	1,554	43,154
2023		(2,668)
Total	\$ 135,388	169,092



## PIKE COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2019

#### 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>768,644</u>	\$ <u>584,728</u>	\$ <u>432,920</u>

#### (10) Deficit Fund Balances of Individual Funds.

The following funds reported deficits in fund balances at September 30, 2019:

<u>Fund</u>	<u>Deficit Amount</u>
Court administrator	\$ (7,566)
Garbage & solid waste	\$ (259,985)
Metro narcotics fine & seizure	\$ (3,430)

#### (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 \$(14,383,520) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflow of resources related to pensions in the amount of \$291,919 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, 2020. The \$405,457 balance of the deferred outflow of resources related to pensions at September 30, 2019, will be recognized in pension expense over the next three years. The \$723,603 balance of the deferred inflow of resources related to pensions at September 30, 2019, will be recognized in pension expense over the next four years.

#### COMPONENT UNIT – PIKE COUNTY ECONOMIC DEVELOPMENT DISTRICT

The unrestricted net position amount of \$(45,639) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. A portion of the deferred outflow of resources related to pensions in the amount of \$8,073 resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2020. The \$135,388 balance of deferred outflow of resources at September 30, 2019 will be recognized as an expense and will decrease the unrestricted net position over the next three years.

## PIKE COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2019

The unrestricted net position amount of \$(45,639) includes the effect of deferring the recognition of revenues resulting from a deferred inflow from pensions. The \$169,092 balance of deferred inflow of resources at September 30, 2019 will be recognized as revenue and will increase the unrestricted net position over the next four years.

The unrestricted net position amount of \$(45,639) includes the effect of deferring the recognition of revenues resulting from a deferred inflow from capital lease receivables. The \$730,000 balance of deferred inflow of resources at September 30, 2019 will be recognized as revenue and will increase the unrestricted net position over the next seven 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 \$50,000, 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 Narcotics Enforcement Unit was disbanded in February, 2019.

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 \$20,000 in fiscal year 2019. 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 \$340,158 in fiscal year 2019. 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, 2019

#### (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 2019.

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 2019.

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 \$1,737,670 for the operations and maintenance of the College in fiscal year 2019.

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 \$120,000 for its support in fiscal year 2019.

#### (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 five entities as of September 30, 2019.

# PIKE COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2019

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

Five 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	98%	\$ 476,277
Construction and expansion of a processing facility	0.8%	\$ 3,931

### (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 October 29, 2020, and determined that the following subsequent event met the disclosure requirements:

In March, 2020, the World Health Organization declared the novel coronavirus outbreak a global pandemic. The extent of the ultimate impact of the pandemic on the County's operational and financial performance will depend on various developments, including the duration and spread of the outbreak and its impact on employees, vendors, and taxpayers, all of which cannot be reasonably predicted at this time. In addition, it may place additional demands on the County for providing emergency services to its citizens. While management reasonably expects the COVID-19 outbreak to negatively impact the County's financial position, changes in financial position and where applicable, the timing and amount of cash flows, the related financial consequences and duration are highly uncertain.

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, 2019

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 8,697,500	8,859,415	8,859,415	
Licenses, commissions and other revenue	467,250	471,339	471,339	
Fines and forfeitures	540,000	549,736	549,736	
Intergovernmental revenues	1,606,885	1,533,961	1,533,961	
Charges for services	475,000	417,920	417,920	
Interest income	67,100	259,479	259,479	
Miscellaneous revenues	143,400	133,491	133,491	
Total Revenues	<u>11,997,135</u>	<u>12,225,341</u>	<u>12,225,341</u>	<u>0</u>
<b>EXPENDITURES</b>				
Current:				
General government	6,433,298	6,197,761	6,197,761	
Public safety	4,876,451	4,964,642	4,964,642	
Public works	20,000	20,000	20,000	
Health and welfare	415,801	416,733	416,733	
Culture and recreation	3,500	3,500	3,500	
Conservation of natural resources	171,848	159,009	159,009	
Economic development and assistance	67,168	62,750	62,750	
Total Expenditures	<u>11,988,066</u>	<u>11,824,395</u>	<u>11,824,395</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	<u>9,069</u>	<u>400,946</u>	<u>400,946</u>	<u>0</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Other financing sources	510,000	559,224	559,224	
Other financing uses	<u>(630,000)</u>	<u>(794,128)</u>	<u>(794,128)</u>	
Total Other Financing Sources and Uses	<u>(120,000)</u>	<u>(234,904)</u>	<u>(234,904)</u>	<u>0</u>
Net Change in Fund Balance	(110,931)	166,042	166,042	0
Fund Balances - Beginning	<u>2,302,500</u>	<u>3,026,218</u>	<u>3,026,218</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 2,191,569</u>	<u>3,192,260</u>	<u>3,192,260</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, 2019

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 1,766,500	1,791,318	1,791,318	
Road and bridge privilege taxes	500,000	513,232	513,232	
Intergovernmental revenues	828,000	662,314	662,314	
Interest income	23,000	63,108	63,108	
Miscellaneous revenues	2,100	2,100	2,100	
Total Revenues	<u>3,119,600</u>	<u>3,032,072</u>	<u>3,032,072</u>	<u>0</u>
<b>EXPENDITURES</b>				
Current:				
Public works	<u>3,503,713</u>	<u>2,603,631</u>	<u>2,603,631</u>	
Total Expenditures	<u>3,503,713</u>	<u>2,603,631</u>	<u>2,603,631</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	<u>(384,113)</u>	<u>428,441</u>	<u>428,441</u>	<u>0</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Other financing sources		142,497	142,497	
Other financing uses		(99,075)	(99,075)	
Total Other Financing Sources and Uses	<u>0</u>	<u>43,422</u>	<u>43,422</u>	<u>0</u>
Net Change in Fund Balance	(384,113)	471,863	471,863	0
Fund Balances - Beginning	<u>3,500,000</u>	<u>3,534,307</u>	<u>3,534,307</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 3,115,887</u>	<u>4,006,170</u>	<u>4,006,170</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)  
 Central Maintenance Facility Fund - UNAUDITED  
 For the Year Ended September 30, 2019

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Intergovernmental revenues	\$	3,000,000	3,000,000	
Interest income		43,710	43,710	
Total Revenues	<u>0</u>	<u>3,043,710</u>	<u>3,043,710</u>	<u>0</u>
<b>EXPENDITURES</b>				
Current:				
Economic development		133,467	133,467	
Total Expenditures	<u>0</u>	<u>133,467</u>	<u>133,467</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	<u>0</u>	<u>2,910,243</u>	<u>2,910,243</u>	<u>0</u>
Net Change in Fund Balance	0	2,910,243	2,910,243	0
Fund Balances - Beginning	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 0</u>	<u>2,910,243</u>	<u>2,910,243</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, 2019

PRIMARY GOVERNMENT	2019	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset)	0.110642%	0.114092%	0.110804%	0.111519%	0.115483%	0.114113%
County's proportionate share of the net pension liability (asset)	\$ 19,464,143	18,976,952	18,419,339	19,920,144	17,851,368	13,851,271
County's covered payroll	\$ 6,781,009	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	287.03903%	277.756909%	275.872332%	278.965326%	241.862237%	194.174446%
Plan fiduciary net position as a percentage of the total pension liability	61.59%	62.54%	61.49%	57.47%	61.70%	67.21%
COMPONENT UNIT						
District's proportion of the net pension liability (asset)	0.003323%	0.0045756%	0.003306%	0.001798%	0.002658%	0.002626%
District's proportionate share of the net pension liability (asset)	\$ 584,728	761,063	550,310	321,102	410,900	318,827
District's covered payroll	\$ 191,748	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	304.94607%	298.481830%	345.450779%	296.080257%	290.587894%	208.258433%
Plan fiduciary net position as a percentage of the total pension liability	61.59%	62.54%	61.49%	57.47%	61.70%	67.21%

\* The amounts presented for each fiscal year were determined as of the measurement date of June 30 of the fiscal year presented. This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015, and until a full 10-year trend is compiled, the 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, 2019

<u>PRIMARY GOVERNMENT</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 1,086,333	1,071,782	1,061,660	1,115,014	1,147,827
Contributions in relation to the contractually required contribution	<u>1,086,333</u>	<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>	<u>0</u>
County's covered payroll	\$ 6,730,688	6,804,965	6,740,698	7,079,448	7,287,790
Contributions as a percentage of covered payroll	16.14%	15.75%	15.75%	15.75%	15.75%
 <u>COMPONENT UNIT</u>					
Contractually required contribution	\$ 31,772	41,321	30,761	16,473	22,271
Contributions in relation to the contractually required contribution	<u>31,772</u>	<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>	<u>0</u>
District's covered payroll	\$ 196,298	262,356	195,289	104,590	141,403
Contributions as a percentage of covered payroll	16.19%	15.75%	15.75%	15.75%	15.75%

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

\*\* Until July 1, 2019, contributions were 15.75%. Subsequent to July 1, 2019, contributions were 17.40%.

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, 2019 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 Funds:

	<u>Governmental Fund Types</u>		
	<u>General Fund</u>	<u>Countywide Road Maintenance Fund</u>	<u>Central Maintenance Facility Fund</u>
Budget (Cash Basis)	\$ 166,042	471,863	2,910,243
Increase (Decrease)			
Net adjustments for revenue accruals	8,525	(109,446)	3,818
Net adjustments for expenditure accruals	<u>83,115</u>	<u>(7,278)</u>	<u>(18,099)</u>
GAAP Basis	<u>\$ 257,682</u>	<u>355,139</u>	<u>2,895,962</u>

## PIKE COUNTY

### Notes to the Required Supplementary Information For the Year Ended September 30, 2019 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. 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%.

2019

The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments:

For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119.

For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119.

Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

The expectation of disabled mortality was changed to PubT.H-2010 Disabled Retiree Table for disabled retirees with the following adjustments:

For males, 137% of male rates at all ages.

For females, 115% of female rates at all ages.

Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

## PIKE COUNTY

### Notes to the Required Supplementary Information For the Year Ended September 30, 2019 UNAUDITED

The price inflation assumption was reduced from 3.00% to 2.75%.

The wage inflation assumption was reduced from 3.25% to 3.00%.

Withdrawal rates, pre-retirement mortality 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 7% to 9%.

#### 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.

##### Method and assumptions used in calculations of actuarially determined contributions.

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2017 valuation for the June 30, 2019 fiscal year end). 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	38.4 years
Asset valuation method	5-year smoothed market
Price inflation	3.00 percent
Salary increase	3.25 percent to 18.50 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, 2019

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
Tammy Rayborn	Purchase Clerk	Western Surety	\$75,000
Felicia Lewis	Receiving Clerk	Travelers	\$75,000
Debra Evans	Inventory Control Clerk	Western Surety	\$75,000
Michael Duncan	Road Manager	Western Surety	\$75,000
Dennis Johnson	Constable	FCCI	\$50,000
Billy Young	Constable	Western Surety	\$50,000
Oliver James	Constable	Western Surety	\$50,000
Roger Graves	Circuit Clerk	Western Surety	\$100,000
James Kenny Cotton	Sheriff	Western Surety	\$100,000
Aubrey Rimes	Justice Court Judge	Western Surety	\$50,000
Melvin Hollins	Justice Court Judge	Western Surety	\$50,000
Bryan Harbour	Justice Court Judge	Western Surety	\$50,000
Andranette R. Jordan	Justice Court Clerk	Western Surety	\$50,000
Loretta Conerly	Deputy Justice Court Clerk	Western Surety	\$50,000
Pam Woods	Deputy Justice Court Clerk	Western Surety	\$50,000
Linda Moore	Deputy Justice Court Clerk	Western Surety	\$50,000
Suzanna Lynn Morris	Deputy Justice Court Clerk	Western Surety	\$50,000
Danyelle Martin	Deputy Justice Court Clerk	Western Surety	\$50,000
Phyllis Hughes Lumpkin	Deputy Justice Court Clerk	Western Surety	\$50,000
Lederrick Davis	Deputy Justice Court Clerk	Western Surety	\$50,000
Tonya Baylor	Deputy Justice Court Clerk	Western Surety	\$50,000
Alison Aline Lebatard	Deputy Justice Court Clerk	Western Surety	\$50,000
Bonita Dunaway	Deputy Justice Court Clerk	Western Surety	\$50,000
Velva Ratliff	Deputy Justice Court Clerk	Western Surety	\$50,000
Angela Smith	Deputy Justice Court Clerk	Western Surety	\$50,000
Jason Newman	Deputy Justice Court Clerk	Western Surety	\$50,000
Laurie Allen	Tax Assessor	Travelers	\$50,000
Gwen Nunnery	Tax Collector	Western Surety	\$100,000
Lee Ann Patterson	Deputy Tax Collector	Travelers	\$50,000
Rebecca Rials	Deputy Tax Collector	Travelers	\$50,000
Ashley Abraham	Deputy Tax Collector	Travelers	\$50,000
Threasa Bodman	Deputy Tax Collector	Travelers	\$50,000
Lis Hutchison	Deputy Tax Collector	Travelers	\$50,000
Barbara Tate	Deputy Tax Collector	Travelers	\$50,000
Annette McGhee	Deputy Tax Collector	Travelers	\$50,000
Delores Brown	Deputy Tax Collector	Travelers	\$50,000
Johanna White	Deputy Tax Collector	Travelers	\$50,000
Delores Smoots	Deputy Tax Collector	Travelers	\$50,000
Bonnie Martin	Deputy Tax Collector	Travelers	\$50,000

## PIKE COUNTY

## SPECIAL REPORTS



# Windham and Lacey, PLLC

## *Certified Public Accountants*

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### 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, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated October 29, 2020.

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

In planning and performing our audit, we considered Pike County, Mississippi's internal control over financial reporting (internal control) to determine the audit 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying Schedule of Findings and Responses as 2019-001 that we consider to be a significant deficiency.

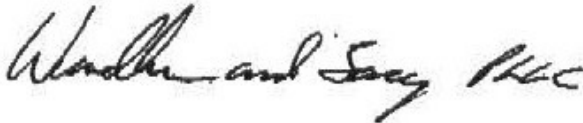
## **Compliance and Other Matters**

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*.

We noted certain matters that we reported to the management of Pike County, Mississippi, in the Limited Internal Control and Compliance Review Management Report, dated October 29, 2020, included within this report.

### **Purpose of this Report**

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

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

Windham and Lacey, PLLC  
October 29, 2020

# Windham and Lacey, PLLC

## *Certified Public Accountants*

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

Members of the Board of Supervisors  
Pike County, Mississippi

We have examined Pike County, Mississippi's compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972), and compliance with the purchasing requirements in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972), during the year ended September 30, 2019. The Board of Supervisors of Pike County, Mississippi, is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

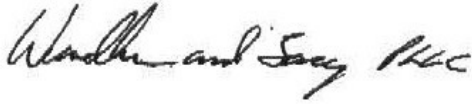
Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the County's compliance with those requirements and performing other procedures as we considered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

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

In our opinion, Pike County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2019.

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

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

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

Windham and Lacey, PLLC  
October 29, 2020

PIKE COUNTY

Schedule 1

Schedule of Purchases Not Made from the Lowest Bidder  
For the Year Ended September 30, 2019

Our test results identified the following purchases made from other than the lowest bidder:

<u>Date</u>	<u>Item Purchased</u>	<u>Bid Accepted</u>	<u>Vendor</u>	<u>Lowest Bid</u>	<u>Reason for Accepting Other Than the Lowest Bid</u>
Various	Pipe	\$ 51,652	Dial, Inc.	\$ 48,742	Southern Pipe, the low bidder, was not able to deliver pipe in a timely manner.

PIKE COUNTY  
Schedule of Emergency Purchases  
For the Year Ended September 30, 2019

Schedule 2

Our test results did not identify any emergency purchases.

PIKE COUNTY  
Schedule of Purchases Made Noncompetitively from a Sole Source  
For the Year Ended September 30, 2019

Schedule 3

Our test results identified the following purchase made noncompetitively from a sole source:

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>
08/10/2019	Printer, laptop	\$ 8,225	Compatible with existing equipment – Election Systems & Software

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### LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors  
Pike County, Mississippi

In planning and performing our audit of the financial statements of Pike County, Mississippi for the year ended September 30, 2019, we considered Pike County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Pike County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the County's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated October 29, 2020, on the financial statements of Pike County, Mississippi.

Due to the reduced scope, these review procedures and compliance tests cannot and do not provide absolute assurance that all state legal requirements have been complied with. Also, our consideration of internal control would not necessarily disclose all matters within the internal control that might be weaknesses. In accordance with Section 7-7-211, Miss. Code Ann. (1972), the Office of the State Auditor, when deemed necessary, may conduct additional procedures and tests of transactions for this or other fiscal years to ensure compliance with legal requirements.

The results of our review procedures and compliance tests identified certain immaterial instances of noncompliance with state laws and regulations that are opportunities for strengthening internal controls and operating efficiency. Our findings, recommendations, and your responses are disclosed below:

#### **Board of Supervisors**

**Finding 1:** Board of Supervisors Should Ensure Compliance with State Law over Publishing Required Reports.

**Applicable State Law:** *Section 7-7-211(1), Mississippi Code Annotated (1972)*, requires publication of a synopsis of the annual audit of the fiscal and financial affairs of the County in a form prescribed by the State Auditor.

*Section 31-7-115, Mississippi Code Annotated (1972)*, requires publication of the report of the annual audit of the books, records, supporting documents and other data of the County Purchase Clerk and the Inventory Control Clerk.



<b>Finding Detail:</b>	Neither the financial audit synopsis nor the purchasing audit report were published as required by state law. Due to the failure to publish the required notifications, the County's citizens were not notified of the completion of the reports.
<b>Recommendation:</b>	We recommend that the Board of Supervisors implement procedures to ensure all audit reports are published in accordance with state law.
<b>Official Response:</b>	Corrective measures have been taken.
<b>Repeat Finding:</b>	Yes. Office of the State Auditor 2018 Compliance Review Report Finding 1.
<b>Auditor's Note:</b>	The audit reports were published within four (4) days of the County becoming aware of the requirement.
<b>Finding 2:</b>	Board of Supervisors Should Ensure Compliance with State Law over Quarterly Appropriations.
<b>Applicable State Law:</b>	<p><i>Section 19-25-13, Mississippi Code Annotated (1972)</i>, requires the Board of Supervisors, at its first meeting of each quarter beginning on October 1, January 1, April 1 and July 1, to appropriate a lump sum for the Sheriff for the expenses of his office during the current quarter.</p> <p><i>Section 27-1-9(c)</i> requires the same appropriations for the Tax Assessor and the Tax Collector.</p>
<b>Finding Detail:</b>	Quarterly appropriations for the Sheriff, Tax Assessor and Tax Collector were not recorded in the minutes of the Board of Supervisors' meetings. Failure to make the required appropriations placed the County in violation of the applicable state laws.
<b>Recommendation:</b>	We recommend that the Board of Supervisors implement procedures to ensure the required appropriations are made and are spread across the official board minutes.
<b>Official Response:</b>	Corrective measures have been taken.
<b>Repeat Finding:</b>	Yes. Office of the State Auditor 2018 Compliance Review Report Finding 2.
<b>Finding 3:</b>	The Board of Supervisors Should Ensure Compliance with State and Federal Laws over Filing Information Returns.
<b>Applicable State Law:</b>	<i>Internal Revenue Code Section 6041A, subsections (a) and (d) and Section 27-7-39(1), Mississippi Code Annotated (1972)</i> , state that if a governmental entity (1) pays remuneration to any person for services performed by that person; and (2) the aggregate paid to such person during a calendar year is \$600 or more, then the governmental entity shall make a return (Form 1099) setting forth the aggregate amount of such payments and the name and address of the recipient of such payments.
<b>Finding Detail:</b>	During our test work, we noted that information returns were not issued for four vendors who were paid a total of \$48,276 in 2019. Failure to submit the required state and federal information returns could result in the assessment of fines and penalties by the Department of Revenue and Internal Revenue Service.
<b>Recommendation:</b>	We recommend the Board of Supervisors implement procedures to ensure information returns are filed as required by state and federal laws.
<b>Official Response:</b>	1099s were issued based on completed W-9 forms. Steps are in place to confirm the status of current vendors and any new vendors.
<b>Repeat Finding:</b>	Yes. Office of the State Auditor 2018 Compliance Review Report Finding 3.

### **Chancery Clerk**

- Finding 4:** The Chancery Clerk Should Ensure Compliance with State Law over County Depository.
- Applicable State Law:** *Section 27-105-371, Mississippi Code Annotated (1972)*, requires all County officials who receive funds under the authority of their office to deposit such funds into a County depository.
- Finding Detail:** As of September 30, 2019, the Chancery Clerk had funds on deposit with a bank other than the County depository. Failure to have all funds deposited in an approved County depository could have resulted in the loss of County funds.
- Recommendation:** We recommend that the Chancery Clerk implement procedures to ensure all funds are deposited in the County depository.
- Official Response:** All office bank accounts have been moved to the County depository in January 2020 per auditor's instructions.
- Auditor's Note:** The funds were moved immediately after the receipt of the Office of the State Auditor 2018 Compliance Review Report, in December 2019.
- Repeat Finding:** Yes. Office of the State Auditor 2018 Compliance Review Report Finding 4.
- Finding 5:** The Chancery Clerk Should Ensure Compliance with State Law over Submission of Monthly Land Redemption Report to the Board of Supervisors.
- Applicable State Law:** *Section 27-45-1, Mississippi Code Annotated (1972)*, requires the Chancery Clerk to submit a complete report of monthly land redemption settlements to the Board of Supervisors.
- Finding Detail:** The required monthly reports were not submitted to the Board of Supervisors. Failure to file the Land Redemption reports with the Board of Supervisors placed the Clerk in violation of state law.
- Recommendation:** We recommend that the Chancery Clerk implement procedures to ensure monthly reports of land redemptions are submitted to the Board of Supervisors.
- Official Response:** Finding noted. Monthly land redemption reports will be submitted to the Board of Supervisors beginning with the July 2019 report.
- Repeat Finding:** Yes. Office of the State Auditor 2018 Compliance Review Report Finding 6.

### **Circuit Clerk**

- Finding 6:** The Circuit Clerk Should Ensure Compliance with State Law over County Depository.
- Applicable State Law:** *Section 27-105-371, Mississippi Code Annotated (1972)*, requires all County officials who receive funds under the authority of their office to deposit such funds into a County depository.
- Finding Detail:** As of September 30, 2019, the Circuit Clerk had funds on deposit with a bank other than the County depository. Failure to have funds in an approved County depository could have resulted in the loss of County funds.
- Recommendation:** We recommend that the Circuit Clerk implement procedures to ensure all funds are deposited in the County depository.
- Official Response:** The Board of Supervisors will advertise for bids in January 2020. I will make corrections at that time.

**Auditor's Note:** The Office of the State Auditor 2018 Compliance Review Report was received in December 2019.

**Repeat Finding:** Yes. Office of the State Auditor 2018 Compliance Review Report Finding 7.

**Justice Court Clerk**

**Finding 7:** The Justice Court Clerk Should Strengthen Controls to Ensure Adequate Segregation of Duties in the Collection, Recording and Disbursement of Cash.

**Internal Control Deficiency:** An effective system of internal controls should include adequate segregation of duties.

**Finding Detail:** The Justice Court Clerk receipted cash, prepared deposit slips, took deposits to the bank, maintained the cash journal, and was the sole authorized signer of settlement checks.

The lack of an adequate segregation of duties could have resulted in the loss of public funds.

**Recommendation:** We recommend that the Justice Court Clerk implement procedures to ensure that there is adequate segregation of duties in the collection, recording and disbursement of cash in the office.

**Official Response:** To segregate my duties, I am giving one of the Deputy Clerks the responsibility of balancing daily, and a Deputy Sheriff will take the deposit to the bank.

**Repeat Finding:** Yes. Office of the State Auditor 2018 Compliance Review Report Finding 9.

**Finding 8:** The Justice Court Clerk Should Ensure Compliance with State Law over Submission of Collections and Delinquencies Reports to the Board of Supervisors.

**Applicable State Law:** *Section 9-11-19(1), Mississippi Code Annotated (1972)*, requires the Justice Court Clerk to submit to the Clerk of the Board of Supervisors a monthly report of all fees, costs, fines and penalties collected in the previous month; and, at least semiannually, a report of any delinquent fines and penalties.

**Finding Detail:** The Justice Court Clerk did not submit the required reports to the Clerk of the Board. Failure to submit the required reports placed the Justice Court Clerk in violation of state law.

**Recommendation:** We recommend that the Justice Court Clerk implement control procedures to ensure the reports of collections and delinquencies are submitted as required by law.

**Official Response:** I have gotten a list of all monthly reports to give to the Board of Supervisors and will turn them over from now on.

**Repeat Finding:** Yes. Office of the State Auditor 2018 Compliance Review Report Finding 10.

**Sheriff**

**Finding 9:** The Sheriff Should Ensure Compliance with State Law over Funds Received.

**Applicable State Law:** According to *Section 27-105-371, Mississippi Code Annotated (1972)*, all county officials who receive funds under the authority of their office are required to deposit such funds into a County depository. Any unidentifiable funds are to be settled into the County's General Fund.

**Finding Detail:** As of September 30, 2019, the Sheriff had funds on deposit with a bank other than the County depository. Included in that amount were funds for which the source could not be determined. Failure to deposit funds into an approved County depository and the failure to settle unidentified funds to the County's General Fund could have resulted in the loss of public funds.

**Recommendation:** We recommend that all Sheriff's Office funds should be moved to the County depository, and all unidentified funds should be settled to the County's General Fund immediately.

**Official Response:** Sheriff's Office personnel responded to the Office of the State Auditor as follows:

- I was informed through the Chancery Clerk's Office that a second depository was allowed. The Sheriff's Office, the Circuit Clerk's Office and the Chancery Clerk's Office chose to remain with our current bank. However, it is the Sheriff's Office's intention to close our account with First Bank and open a new account with Trustmark, which is the County's depository.
- This amount was inherited when we came into the office in January 2016. We report the balance at the end of the fiscal year on the annual depository statement. I have no idea how it was accumulated before our administration. When we took office, it took the County Administration almost a month before they turned over the checkbook to us. When I told them I was starting a new account to deposit the cash that I had received, it was then that they gave it to me, stating it had been misplaced. Afterwards, I received credentials to allow me to be an authorized signature on the account and remove the old signatures.
- The ledgers that you see now are the ones that I created to account for the money more accurately. This is so you will be able to see the amount of funds received, and also the source of the revenue.

**Repeat Finding:** Yes. Office of the State Auditor 2018 Compliance Review Report Finding 11.

**Finding 10:** The Sheriff Should Ensure Compliance with State Law over Meal Logs Being Presented to the Board of Supervisors.

**Applicable State Law:** *Section 19-25-74, Mississippi Code Annotated (1972)*, requires the Sheriff to maintain a log that records the number of meals served to prisoners at each mealtime and the hours of the day served, and to make affidavit as to the correctness thereof and file the same with the Board of Supervisors on a monthly basis.

**Finding Detail:** Submission of the monthly meal logs was not documented in the Board of Supervisors' minutes. Failure to file the meal logs as required places the Sheriff in violation of state law.

**Recommendation:** We recommend that the Sheriff should ensure the monthly meal logs are filed and are spread across the minutes of the Board of Supervisors.

**Official Response:** Meal logs are spread on the minutes currently.

**Repeat Finding:** Yes. Office of the State Auditor 2018 Compliance Review Report Finding 12.

**Board of Supervisors, Circuit Clerk, Tax Collector**

**Finding 11:** County Officers and Employees Should Ensure Compliance with State Law over Bonding Requirements.

**Applicable State Law:** *Section 25-1-15, Mississippi Code Annotated (1972)*, requires public officers and employees to obtain a new bond in the amount required at the beginning of each new term of office or at least every four (4) years concurrent with the County's normal election cycle.

**Finding Detail:** A Continuation Certificate is a document that extends the life of the original surety bond and covers only the current period rather than both the current and previous periods. The bonds of some County officials and employees were renewed with a Continuation Certificate.

Failure to have a bond in place for a specific term of office could limit the amount available for recovery if a loss occurred over multiple terms.

**Recommendation:** We recommend that the County implement procedures to ensure that all officers and employees are bonded in accordance with state law.

**Official Responses:** Board of Supervisors

Bonding companies have been contacted and requested not to send continuation certificates in the future. The County Administrator will ensure that all bonds are an official bond with specified terms.

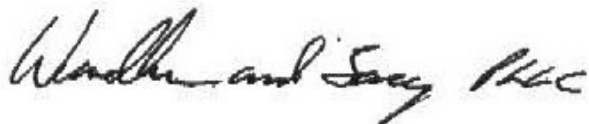
Circuit Clerk

I am currently getting a Clerk's bond in place.

**Repeat Finding:** Yes. Office of the State Auditor 2018 Compliance Review Report Finding 13.

Pike County's responses to the findings included in this report were not audited, and accordingly, we express no opinion on them.

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

A handwritten signature in black ink, appearing to read "Windham and Lacey, PLLC".

Windham and Lacey, PLLC  
October 29, 2020

## PIKE COUNTY

### SCHEDULE OF FINDINGS AND RESPONSES

PIKE COUNTY

Schedule of Findings and Responses  
For the Year Ended September 30, 2019

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? | Yes        |
| 3. | Noncompliance material to the financial statements noted?                              | No         |

Section 2: Financial Statement Findings

**Sheriff's Office**

**Significant Deficiency**

**2019-001.** Accountability for Deposits and Records.

**Repeat Finding:** No

**Criteria:** Section 25-1-72, Miss. Code Ann. (1972), requires all collected funds to be deposited by the next business day. An effective system of internal controls for collecting and recording cash requires proper documentation through cash journals, receipt books and bank statements.

**Condition:** Inadequate management oversight during the fiscal year resulted in collected funds not deposited timely, as required by law. Additionally, cash journals, receipt books and bank statements were not made available to properly document collections.

**Cause:** Lack of internal control over collections, deposits and related documentation.

**Effect:** Deposits were not made in a timely manner. Records were not made available to auditors.

**Recommendation:** The current Sheriff should take steps to ensure that deposits are made timely and that all records are kept intact and made available to auditors. Such steps should include adequate oversight of the collection and deposit process.

**Sheriff's Response:** This condition occurred while the previous Sheriff was in office. I was elected and took office in January, 2020. I am aware of this condition and will take appropriate steps to not repeat it.