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# **PIKE COUNTY, MISSISSIPPI**

**Audited Financial Statements**

**And**

**Special Reports**

**For the Year Ended September 30, 2020**

PIKE COUNTY  
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PIKE COUNTY

FINANCIAL SECTION

# Windham and Lacey, PLLC

## *Certified Public Accountants*

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Mississippi Society of CPAs

### INDEPENDENT AUDITORS' 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, 2020, 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.

#### **Auditors' 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 auditors' 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, 2020, 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*

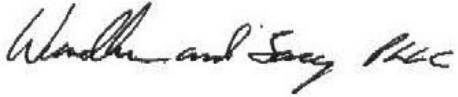
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Pike County, Mississippi's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulation Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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 February 9, 2022, 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.

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

Windham and Lacey, PLLC  
February 9, 2022

PIKE COUNTY

FINANCIAL STATEMENTS



PIKE COUNTY  
Statement of Net Position  
September 30, 2020

Exhibit 1

	Primary Government Governmental Activities	Component Unit Economic Development
<b>ASSETS</b>		
Cash	\$ 19,495,854	708,927
Accrued interest receivable	27,983	
Property tax receivable	12,947,526	
Accounts receivable (net of allowance for uncollectibles of \$1,030,533)	1,116,243	
Fines receivable (net of allowance for uncollectibles of \$15,164,400)	1,815,920	
Loans receivable	450,000	
Capital lease receivable		610,000
Intergovernmental receivables	592,123	
Other receivables	185,260	
Inventories and prepaid items	32,828	
Capital assets:		
Land	4,431,913	881,895
Other capital assets, net	58,018,298	1,037,193
Total Assets	99,113,948	3,238,015
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows related to pensions	1,598,242	142,634
Total Deferred Outflows of Resources	1,598,242	142,634
<b>LIABILITIES</b>		
Claims payable	596,695	3,908
Intergovernmental payables	602,052	5,435
Accrued interest payable	19,125	
Unearned revenue	221,466	
Amounts held in custody for others	645,748	
Long-term liabilities		
Net pension liability	21,446,683	718,415
Due within one year:		
Capital debt	1,040,000	
Due in more than one year:		
Capital debt	9,340,000	
Non-capital debt	271,406	
Total Liabilities	34,183,175	727,758
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows related to pensions	353,224	98,196
Deferred revenues - property taxes	12,947,526	
Deferred revenues - capital lease receivable		610,000
Total Deferred Inflows of Resources	13,300,750	708,196
<b>NET POSITION</b>		
Net investment in capital assets	52,070,211	1,919,088
Restricted for:		
Expendable:		
General government	1,640,731	
Public safety	1,349,214	
Public works	7,542,726	
Economic development and assistance	3,212,705	
Unemployment compensation	41,125	
Debt service	932,732	
Unrestricted	(13,561,179)	25,607
Total Net Position	\$ 53,228,265	1,944,695

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

PIKE COUNTY0  
Statement of Activities  
For the Year Ended September 30, 2020

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	\$ 6,332,989	2,296,671	297,163		(3,739,155)	(3,739,155)	
Public safety	6,525,184	401,573	1,474,743		(4,648,868)	(4,648,868)	
Public works	4,951,801	1,643,608	760,498	213,167	(2,334,528)	(2,334,528)	
Health and welfare	611,551		15,913		(595,638)	(595,638)	
Culture and recreation	59,213				(59,213)	(59,213)	
Conservation of natural resources	356,613				(356,613)	(356,613)	
Economic development and assistance	1,644,779			412,959	(1,231,820)	(1,231,820)	
Interest on long-term debt	382,494				(382,494)	(382,494)	
Pension expense	1,941,765				(1,941,765)	(1,941,765)	
Total Governmental Activities	<u>22,806,389</u>	<u>4,341,852</u>	<u>2,548,317</u>	<u>626,126</u>	<u>(15,290,094)</u>	<u>(15,290,094)</u>	
Total Primary Government	<u>\$ 22,806,389</u>	<u>4,341,852</u>	<u>2,548,317</u>	<u>626,126</u>	<u>(15,290,094)</u>	<u>(15,290,094)</u>	
Component Unit:							
Economic development	<u>\$ 569,015</u>		<u>617,163</u>				<u>48,148</u>
Total Component Unit	<u>\$ 569,015</u>	<u>0</u>	<u>617,163</u>	<u>0</u>			<u>48,148</u>
General revenues:							
Property taxes					\$ 15,304,506	15,304,506	
Road & bridge privilege taxes					515,561	515,561	
Grants and contributions not restricted to specific programs					840,207	840,207	
Unrestricted interest income					544,340	544,340	8,045
Miscellaneous					<u>340,357</u>	<u>340,357</u>	
Total General Revenues					<u>17,544,971</u>	<u>17,544,971</u>	<u>8,045</u>
Changes in Net Position							
Net Position - Beginning					<u>50,973,388</u>	<u>50,973,388</u>	<u>1,888,502</u>
Net Position - Ending					<u>\$ 53,228,265</u>	<u>53,228,265</u>	<u>1,944,695</u>

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

PIKE COUNTY  
Balance Sheet - Governmental Funds  
September 30, 2020

Exhibit 3

	Major Funds			
	General Fund	Countywide Road Maintenance Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash	\$ 5,312,513	4,725,634	9,457,707	19,495,854
Accrued interest receivable	5,839	7,519	14,625	27,983
Property tax receivable	8,012,928	1,640,011	3,294,587	12,947,526
Accounts receivable (net of allowance for uncollectibles of \$1,030,533)			1,116,243	1,116,243
Fines receivable (net of allowance for uncollectibles of \$15,164,400)	1,815,920			1,815,920
Loans receivable			450,000	450,000
Intergovernmental receivables	365,405	91,144	135,574	592,123
Other receivables	32,070		153,190	185,260
Due from other funds		74,542	68,183	142,725
Inventories and prepaid items	7,235		25,593	32,828
Total Assets	<u>\$ 15,551,910</u>	<u>6,538,850</u>	<u>14,715,702</u>	<u>36,806,462</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
Liabilities:				
Claims payable	\$ 104,642	33,154	458,899	596,695
Intergovernmental payables	566,482		3,727	570,209
Due to other funds	174,568			174,568
Unearned revenue			221,466	221,466
Amounts held in custody for others	645,748			645,748
Total Liabilities	<u>1,491,440</u>	<u>33,154</u>	<u>684,092</u>	<u>2,208,686</u>
Deferred Inflows of Resources:				
Unavailable revenue - property taxes	8,012,928	1,640,011	3,294,587	12,947,526
Unavailable revenue - accounts receivable			1,116,243	1,116,243
Unavailable revenue - fines	1,815,920			1,815,920
Total Deferred Inflows of Resources	<u>9,828,848</u>	<u>1,640,011</u>	<u>4,410,830</u>	<u>15,879,689</u>
Fund Balances:				
Restricted for:				
General government			1,640,731	1,640,731
Public safety			1,349,214	1,349,214
Public works		4,865,685	2,653,021	7,518,706
Economic development and assistance			3,236,725	3,236,725
Debt service			951,857	951,857
Unemployment compensation			41,125	41,125
Unassigned	4,231,622		(251,893)	3,979,729
Total Fund Balances	<u>4,231,622</u>	<u>4,865,685</u>	<u>9,620,780</u>	<u>18,718,087</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 15,551,910</u>	<u>6,538,850</u>	<u>14,715,702</u>	<u>36,806,462</u>

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

PIKE COUNTY

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position  
September 30, 2020

Exhibit 3-1

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 18,718,087
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 \$73,470,648.	62,450,211
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	2,932,163
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(10,651,406)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(21,446,683)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(19,125)
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	1,598,242
Deferred inflows of resources related to pensions	<u>(353,224)</u>
Total Net Position - Governmental Activities	\$ <u>53,228,265</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, 2020

	<u>Major Funds</u>			
	General	Countywide Road Maintenance Fund	Other Governmental Funds	Total Governmental Funds
	Fund	Fund		
<b>REVENUES</b>				
Property taxes	\$ 9,396,290	1,832,819	4,075,397	15,304,506
Road and bridge privilege taxes		515,561		515,561
Licenses, commissions and other revenue	703,627		33,556	737,183
Fines and forfeitures	579,126		93,946	673,072
Intergovernmental revenues	2,021,629	651,410	1,341,611	4,014,650
Charges for services	410,440		1,984,284	2,394,724
Interest income	297,521	73,257	173,562	544,340
Miscellaneous revenues	306,802	10,560	78,474	395,836
Total Revenues	<u>13,715,435</u>	<u>3,083,607</u>	<u>7,780,830</u>	<u>24,579,872</u>
<b>EXPENDITURES</b>				
Current:				
General government	6,343,444		1,829,043	8,172,487
Public safety	5,431,363		1,055,220	6,486,583
Public works	35,386	2,224,955	2,447,472	4,707,813
Health and welfare	439,098		131,729	570,827
Culture and recreation	3,500			3,500
Conservation of natural resources	356,613			356,613
Economic development and assistance	49,786		2,399,520	2,449,306
Debt service:				
Principal			1,005,000	1,005,000
Interest			384,449	384,449
Total Expenditures	<u>12,659,190</u>	<u>2,224,955</u>	<u>9,252,433</u>	<u>24,136,578</u>
Excess of Revenues Over (Under) Expenditures	<u>1,056,245</u>	<u>858,652</u>	<u>(1,471,603)</u>	<u>443,294</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Compensation for loss of capital assets	9,865			9,865
Transfers in			197,375	197,375
Transfers out	(100,000)	(97,375)		(197,375)
Total Other Financing Sources and Uses	<u>(90,135)</u>	<u>(97,375)</u>	<u>197,375</u>	<u>9,865</u>
Net Changes in Fund Balances	966,110	761,277	(1,274,228)	453,159
Fund Balances - Beginning	<u>3,265,512</u>	<u>4,104,408</u>	<u>10,895,008</u>	<u>18,264,928</u>
Fund Balances - Ending	<u>\$ 4,231,622</u>	<u>4,865,685</u>	<u>9,620,780</u>	<u>18,718,087</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, 2020

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ 453,159
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 \$2,038,475 exceeded depreciation of \$1,023,077 in the current period.	1,015,398
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 \$55,479 and \$9,865 compensation for loss of assets in the current period.	(65,344)
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.	495,646
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.	41,226
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount that debt repayments of \$1,005,000 exceeded debt proceeds of \$0.	1,005,000
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	1,955
Change in compensated absences payable	19,132
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	(1,941,765)
Recording of contributions made during the year:	
Subsequent to the measurement date	310,678
Before the measurement date	<u>919,792</u>
Change in Net Position of Governmental Activities	\$ <u><u>2,254,877</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, 2020

Exhibit 5

	<u>Agency Funds</u>
ASSETS	
Cash and investments	\$ 490,563
Due from other funds	<u>31,843</u>
Total Assets	\$ <u>522,406</u>
LIABILITIES	
Amounts held in custody for others	\$ 14,601
Intergovernmental payables	<u>507,805</u>
Total Liabilities	\$ <u><u>522,406</u></u>

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

## PIKE COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2020

#### (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, 2020

#### Government-wide Financial Statements:

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

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

#### Fund Financial Statements:

Fund financial statements of the County are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows, liabilities, deferred inflows, fund balances, revenues and expenditures. Funds are organized into governmental and fiduciary. Major individual Governmental Funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column as Other Governmental Funds.

#### D. Measurement Focus and Basis of Accounting.

The Government-wide 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, 2020

The County reports the following major Governmental Funds:

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

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

Additionally, the County reports the following fund types:

#### GOVERNMENTAL FUND TYPES

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

Debt Service Funds - These funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

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

#### FIDUCIARY FUND TYPE

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

#### E. Account Classifications.

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

#### F. Deposits and Investments.

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

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

#### G. Receivables.

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

# PIKE COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2020

### 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, 2020

#### 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.

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

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

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

#### 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.

## PIKE COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2020

#### N. Equity Classifications.

##### Government-wide Financial Statements:

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

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

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

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

##### Net Position Flow Assumption:

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

##### Fund Financial Statements:

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

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

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

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

## PIKE COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2020

#### 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.

#### 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.

# PIKE COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2020

### R. Changes in Accounting Standards.

The Governmental Accounting Standards Board issued GASB 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, in May 2020. The objective of this Statement was to provide temporary relief to governments in light of the COVID-19 pandemic by postponing effective dates of certain Statements and Implementation Guides. The effective dates of GASB 83-84, GASB 88-93, and Implementation Guides No. 2017-3, 2018-1, 2019-1, and 2019-2 were postponed one year. The effective dates of GASB 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, were postponed eighteen months.

### (2) Deposits and Investments.

The carrying amount of the County's total deposits with financial institutions at September 30, 2020, was \$19,986,417, and the bank balance was \$21,041,691. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the County's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

**Custodial Credit Risk - Deposits.** Custodial credit risk is the risk that in the event of the failure of a financial institution, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. The County does not have a formal policy for custodial credit risk. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC). Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the County.

### (3) Interfund Transactions and Balances.

The following is a summary of interfund balances at September 30, 2020:

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Countywide Road Maintenance	General Fund	\$ 74,542
Other Governmental Funds	General Fund	68,183
Agency Funds	General Fund	<u>31,843</u>
Total		<u>\$ 174,568</u>

# PIKE COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2020

The receivables represent the tax revenue collected in September 2020, but not settled until October, 2020. 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>
Other Governmental Funds	General Fund	100,000
Other Governmental Funds	Countywide Road Maintenance	<u>97,375</u>
Total		\$ <u>197,375</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, 2020, consisted of the following:

<u>Description</u>	<u>Amount</u>
Governmental Activities:	
Legislative tax credit	\$ 195,115
Heavy truck privilege	22,067
Sheriff fees	6,165
Oil severance	13,876
Housing prisoners	17,730
VOCA grant	56,960
Youth court grant	5,095
Drug court grant	30,704
State grants	106,698
State use tax	61,640
State aid funds	17,724
Other	<u>58,349</u>
Total Governmental Activities	\$ <u>592,123</u>

### (5) Loans Receivable.

Loans receivable balances at September 30, 2020, are as follows:

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



# PIKE COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2020

### (6) Capital Assets.

The following is a summary of capital assets activity for the year ended September 30, 2020:

	Balance Oct. 1, 2019	Additions	Deletions	Adjustments	Balance Sept. 30, 2020
Governmental Activities					
<u>Non-depreciable capital assets:</u>					
Land	\$ 4,431,913				4,431,913
Construction in progress	1,176,968			(1,176,968)	
Total non-depreciable capital assets	<u>5,608,881</u>	<u>0</u>	<u>0</u>	<u>(1,176,968)</u>	<u>4,431,913</u>
<u>Depreciable capital assets:</u>					
Infrastructure	101,921,029	855,473		1,176,968	103,953,470
Buildings	18,546,497				18,546,497
Improvements other than buildings	1,429,827	884,005			2,313,832
Mobile equipment	5,679,561	255,361	286,011		5,648,911
Furniture & equipment	1,192,271	43,636	161,575		1,074,332
Total depreciable capital assets	<u>128,769,185</u>	<u>2,038,475</u>	<u>447,586</u>	<u>1,176,968</u>	<u>131,537,042</u>
<u>Less accumulated depreciation for:</u>					
Infrastructure	60,136,905	301,377			60,438,282
Buildings	6,830,788	365,174			7,195,962
Improvements other than buildings	455,276	83,067			538,343
Mobile equipment	4,453,438	232,327	241,835		4,443,930
Furniture & equipment	1,001,502	41,132	140,407		902,227
Total accumulated depreciation	<u>72,877,909</u>	<u>1,023,077</u>	<u>382,242</u>	<u>0</u>	<u>73,518,744</u>
Total depreciable capital assets, net	<u>55,891,276</u>	<u>1,015,398</u>	<u>65,344</u>	<u>1,176,968</u>	<u>58,018,298</u>
Governmental activities capital assets, net	\$ <u>61,500,157</u>	<u>1,015,398</u>	<u>65,344</u>	<u>0</u>	<u>62,450,211</u>

Depreciation expense was charged to the following functions:

General government	\$ 326,742
Public safety	172,770
Public works	407,598
Health and welfare	40,724
Culture and recreation	55,713
Economic development	<u>19,530</u>
Total governmental activities depreciation expense	\$ <u><u>1,023,077</u></u>

# PIKE COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2020

### COMPONENT UNIT – PIKE COUNTY ECONOMIC DEVELOPMENT DISTRICT

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

	Balance Oct. 1, 2019	Additions	Balance Sept. 30, 2020
<u>Non-depreciable capital assets:</u>			
Land	\$ 881,895	0	881,895
Total non-depreciable capital assets	881,895	0	881,895
<u>Depreciable capital assets:</u>			
Building	1,025,586		1,025,586
Machinery and equipment	85,052	15,968	101,020
Total depreciable capital assets	1,110,638	15,968	1,126,606
<u>Less accumulated depreciation for:</u>			
Building, machinery, and equipment	(58,392)	(31,021)	(89,413)
Total accumulated depreciation	(58,392)	(31,021)	(89,413)
Total depreciable capital assets, net	1,052,246	(15,053)	1,037,193
Business-type activities capital assets, net	\$ 1,934,141	(15,053)	1,910,088

(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, 2020

### (8) Long-term Debt.

Debt outstanding as of September 30, 2020, 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	\$ 350,000	1.80 - 2.50%	04/2022
Refunding issue 2011	100,000	2.00 - 3.25%	07/2021
Series 2012B, bridge bonds	3,670,000	2.40 - 3.40%	10/2032
Industrial park bonds	2,370,000	5.25%	09/2034
Central maintenance facility bonds	495,000	1.75 - 2.375%	04/2025
Jail renovation bonds - refunding 2015	1,180,000	1.00 - 2.75%	08/2026
G.O. bridge bonds (2016A)	535,000	1.75 - 2.45%	08/2036
G.O. gateway bonds (2016B)	1,680,000	3.625 - 5.00%	07/2036
Total General Obligation Bonds	\$ <u>10,380,000</u>		

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

Year Ending September 30:	General Obligation Bonds	
	Principal	Interest
2021	\$ 1,040,000	352,630
2022	960,000	322,771
2023	805,000	293,756
2024	830,000	269,113
2025	845,000	244,511
2026 - 2030	3,310,000	879,550
2031 - 2035	2,395,000	301,870
2036 - 2040	195,000	8,113
Total	\$ <u>10,380,000</u>	<u>2,672,314</u>

Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a County issues bonds to repair or replace washed out or collapsed bridges on the public roads of the County. As of September 30, 2020, the amount of outstanding debt was equal to 3.08% of the latest property assessments.

# PIKE COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2020

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2020:

	Balance Oct. 1, 2019	Additions	Reductions	Balance Sept. 30, 2020	Amount due within one year
Governmental Activities:					
Compensated absences	\$ 290,538		19,132	271,406	
General obligation bonds	<u>11,385,000</u>		<u>1,005,000</u>	<u>10,380,000</u>	<u>1,040,000</u>
Total	\$ <u>11,675,538</u>	<u>0</u>	<u>1,024,132</u>	<u>10,651,406</u>	<u>1,040,000</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, 2020:

	Beginning Balance Oct. 1, 2019	Reductions/ Payments	Ending Balance Sept. 30, 2020
Governmental activity:			
Intergovernmental payable	\$ <u>11,938</u>	<u>(6,503)</u>	<u>5,435</u>
Government-wide total	\$ <u>11,938</u>	<u>(6,503)</u>	<u>5,435</u>

Debt service requirements at September 30, 2020 were as follows:

<u>Year Ended September 30:</u>	<u>Intergovernmental Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2021	\$ <u>5,435</u>	<u>25</u>
Total	\$ <u>5,435</u>	<u>25</u>

The intergovernmental payable at September 30, 2020 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, 2020

#### (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, 2020, 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, 2020 was 17.40% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the years ending September 30, 2020, 2019 and 2018 were \$1,230,470, \$1,086,333, and \$1,071,782, 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, 2020, the County reported a liability of \$21,446,683 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, 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, 2020 net pension liability was 0.110785 percent, which was based on a measurement date of June 30, 2020. This was an increase of 0.000143 percent from its proportionate share used to calculate the September 30, 2019 net pension liability, which was based on a measurement date of June 30, 2019.

# PIKE COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2020

For the year ended September 30, 2020, the County recognized pension expense of \$1,941,765. At September 30, 2020, 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	\$ 186,322	
Net difference between projected and actual earnings on pension plan investments	875,598	
Changes of assumptions	119,819	
Changes in the proportion and differences between the County's contributions and proportionate share of contributions	105,825	353,224
County contributions subsequent to the measurement date	310,678	
Total	\$ 1,598,242	353,224

\$310,678 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
2021	\$ 179,059	192,122
2022	407,067	150,037
2023	417,567	11,065
2024	283,871	
Total	\$ 1,287,564	353,224

Actuarial Assumptions. The total pension liability in the June 30, 2020 actuarial valuation was determined by an actuarial valuation prepared as of June 30, 2019, 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, 2020

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2014 to June 30, 2018. The experience report is dated April 2, 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 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
Global Equity	12.00	5.00
Fixed Income	20.00	0.50
Real Estate	10.00	4.00
Private Equity	8.00	6.25
Cash	1.00	0.00
Total	100.00 %	

**Discount Rate.** The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current employer contribution rate (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 (6.750%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Entity's proportionate share of the net pension liability	\$ 27,760,092	\$ 21,446,683	\$ 16,235,578

**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, 2020

### COMPONENT UNIT – PIKE COUNTY ECONOMIC DEVELOPMENT DISTRICT

Plan Description. Pike County Economic Development District 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, 2020, 2019 and 2018 were \$39,882, \$31,772, and \$41,321, 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, 2020, the District reported a liability of \$718,415 for its proportionate share of the net pension liability. At June 30, 2020, the District's proportionate share was 0.00371104 percent, which was an increase of 0.00038721 from its proportionate share measured as of June 30, 2019.

For the year ended September 30, 2020, the District recognized pension expense of \$103,502.

At September 30, 2020, 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	\$ 6,278	
Net difference between projected and actual earnings on pension plan investments	28,584	
Changes of assumptions	3,600	
Changes in proportion and differences between District contributions and proportionate share of contributions	90,155	98,196
District contributions subsequent to the measurement date	14,017	
	<u>142,634</u>	<u>98,196</u>
Total	\$ 142,634	98,196

\$14,017 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, 2021. 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
2021	\$ 66,276	55,793
2022	28,592	42,403
2023	24,240	
2024	9,509	
	<u>128,617</u>	<u>98,196</u>
Total	\$ 128,617	98,196



# PIKE COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2020

### 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>929,900</u>	\$ <u>718,415</u>	\$ <u>543,855</u>

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

The following funds reported deficits in fund balances at September 30, 2020:

<u>Fund</u>	<u>Deficit Amount</u>
Juvenile drug court	\$ (1,872)
Health Department renovations	\$ (38,229)
Garbage & solid waste	\$ (202,411)
Metro Narcotics fine & seizure	\$ (3,430)
Civil defense	\$ (5,951)

### (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 \$(13,561,179) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflow of resources related to pension in the amount of \$310,678 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, 2021. The \$1,287,564 balance of the deferred outflow of resources related to pensions at September 30, 2020, will be recognized in pension expense over the next four years. The \$353,224 balance of the deferred inflow of resources related to pension at September 30, 2020, will be recognized in pension expense over the next three years.

## PIKE COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2020

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

The unrestricted net position amount of \$25,607 includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. The \$128,617 balance of deferred outflow of resources at September 30, 2020 will be recognized as an expense and will decrease the unrestricted net position over the next four years.

The unrestricted net position amount of \$25,607 includes the effect of deferring the recognition of revenues resulting from a deferred inflow from pensions. The \$98,196 balance of deferred inflow of resources at September 30, 2020 will be recognized as revenue and will increase the unrestricted net position over the next two years.

The unrestricted net position amount of \$25,607 includes the effect of deferring the recognition of revenues resulting from a deferred inflow from capital lease receivables. The \$610,000 balance of deferred inflow of resources at September 30, 2020 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 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 \$35,386 in fiscal year 2020. Complete financial statements for the McComb-Pike County Airport can be obtained from 2051 John E. Lewis Drive, McComb, MS 39648.

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

Pike County is a participant with the Counties of Amite and Walthall in a joint venture, authorized by Section 39-3-11, Miss. Code Ann. (1972), to operate the Pike-Amite-Walthall Regional Library System. The joint venture was created to provide library service for the three Counties and is governed by five board members. The Counties of Amite and Pike appoint two board members each and Walthall County appoints one board member. By contractual agreement, the County's appropriation to the joint venture was \$340,400 in fiscal year 2020. 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, 2020

#### (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 2020.

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 \$129,450 for its support in fiscal year 2020.

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 \$1,776,600 for the operations and maintenance of the College in fiscal year 2020.

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 \$280,000 for its support in fiscal year 2020.

#### (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 seven entities as of September 30, 2020.

# PIKE COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2020

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	93%	\$ 583,607
Construction and expansion of a processing facility	93%	\$ 3,977

### (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 February 9, 2022, and determined that no subsequent events met the disclosure requirements.

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

PIKE COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

PIKE COUNTY  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis)  
 General Fund  
 For the Year Ended September 30, 2020 - UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 9,446,544	9,609,245	9,609,245	
Licenses, commissions and other revenue	494,965	491,885	491,833	(52)
Fines and forfeitures	554,150	580,217	580,217	
Intergovernmental revenues	1,534,114	1,398,717	1,398,717	
Charges for services	528,500	418,791	418,791	
Interest income	244,845	294,445	294,445	
Miscellaneous revenues	120,540	870,740	870,700	(40)
Total Revenues	<u>12,923,658</u>	<u>13,664,040</u>	<u>13,663,948</u>	<u>(92)</u>
<b>EXPENDITURES</b>				
Current:				
General government	6,739,749	6,320,162	6,321,654	(1,492)
Public safety	5,370,247	5,474,163	5,474,163	
Public works	20,000	35,386	35,386	
Health and welfare	460,784	442,583	442,583	
Culture and recreation	3,500	3,500	3,500	
Conservation of natural resources	376,019	356,621	356,621	
Economic development and assistance	67,268	50,099	50,099	
Total Expenditures	<u>13,037,567</u>	<u>12,682,514</u>	<u>12,684,006</u>	<u>(1,492)</u>
Excess of Revenues Over (Under) Expenditures	<u>(113,909)</u>	<u>981,526</u>	<u>979,942</u>	<u>(1,584)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Other financing sources	532,725	522,790	522,790	
Other financing uses	<u>(622,725)</u>	<u>(610,000)</u>	<u>(610,000)</u>	
Total Other Financing Sources and Uses	<u>(90,000)</u>	<u>(87,210)</u>	<u>(87,210)</u>	<u>0</u>
Net Change in Fund Balance	(203,909)	894,316	892,732	(1,584)
Fund Balances - Beginning	<u>3,320,854</u>	<u>3,192,260</u>	<u>3,192,260</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 3,116,945</u>	<u>4,086,576</u>	<u>4,084,992</u>	<u>(1,584)</u>

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

PIKE COUNTY  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis)  
 Countywide Road Maintenance Fund  
 For the Year Ended September 30, 2020 - UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 1,801,580	1,831,820	1,831,820	
Road and bridge privilege taxes	517,200	512,087	512,087	
Intergovernmental revenues	837,400	622,974	622,974	
Interest income	56,500	71,370	71,370	
Miscellaneous revenues	2,100	2,100	2,100	
Total Revenues	<u>3,214,780</u>	<u>3,040,351</u>	<u>3,040,351</u>	<u>0</u>
EXPENDITURES				
Current:				
Public works	<u>3,635,383</u>	<u>2,403,535</u>	<u>2,306,160</u>	<u>97,375</u>
Total Expenditures	<u>3,635,383</u>	<u>2,403,535</u>	<u>2,306,160</u>	<u>97,375</u>
Excess of Revenues Over (Under) Expenditures	<u>(420,603)</u>	<u>636,816</u>	<u>734,191</u>	<u>97,375</u>
OTHER FINANCING SOURCES (USES)				
Other financing sources		8,460	8,460	
Other financing uses			(97,375)	(97,375)
Total Other Financing Sources and Uses	<u>0</u>	<u>8,460</u>	<u>(88,915)</u>	<u>(97,375)</u>
Net Change in Fund Balance	(420,603)	645,276	645,276	0
Fund Balances - Beginning	<u>3,621,400</u>	<u>4,006,170</u>	<u>4,006,170</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 3,200,797</u>	<u>4,651,446</u>	<u>4,651,446</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\*  
PERS  
For the Year Ended September 30, 2020 - UNAUDITED

PRIMARY GOVERNMENT	2020	2019	2018	2017	2016	2015	2014
County's proportionate share of the net pension liability (asset)	\$ 21,446,683	19,464,143	18,976,952	18,419,339	19,920,144	17,851,368	13,851,271
County's proportion of the net pension liability (asset)	0.110785%	0.110642%	0.114092%	0.110804%	0.111519%	0.115483%	0.114113%
County's covered payroll	\$ 7,639,276	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	280.742350%	287.039038%	277.756909%	275.872332%	278.965326%	241.862237%	194.174446%
Plan fiduciary net position as a percentage of the total pension liability	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%	67.21%
<b>COMPONENT UNIT</b>							
Component Unit's proportionate share of the net pension liability (asset)	\$ 718,415	584,728	761,063	550,310	321,102	410,900	318,827
Component Unit's proportion of the net pension liability (asset)	0.003711%	0.003323%	0.004576%	0.003306%	0.001798%	0.002658%	0.002656%
Component Unit's covered payroll	\$ 229,207	191,748	254,978	159,302	108,451	141,403	153,092
Component Unit's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	313.435017%	304.946070%	298.481830%	345.450779%	296.080257%	290.587894%	208.258433%
Plan fiduciary net position as a percentage of the total pension liability	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%	67.21%

\* The amounts presented for each fiscal year were determined as of the twelve months ended at the measurement date of June 30 of the fiscal year presented. This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015, and until a full 10-year trend is compiled, the entities have only presented information for the years in which information is 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\*  
PERS  
For the Year Ended September 30, 2020 - UNAUDITED

<u>PRIMARY GOVERNMENT</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 1,230,470	1,086,333	1,071,782	1,061,660	1,115,014	1,147,827
Contributions in relation to the contractually required contribution	<u>1,230,470</u>	<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>	<u>0</u>
County's covered payroll	\$ 7,639,276	6,730,688	6,804,965	6,740,698	7,079,448	7,287,790
Contributions as a percentage of covered payroll	17.40%	16.14%	15.75%	15.75%	15.75%	15.75%
 <u>COMPONENT UNIT</u>						
Contractually required contribution	\$ 39,882	31,772	41,321	30,761	16,473	22,271
Contributions in relation to the contractually required contribution	<u>39,882</u>	<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>	<u>0</u>
Component Unit's covered payroll	\$ 229,207	196,298	262,356	195,289	104,590	141,403
Contributions as a percentage of covered payroll	17.40%	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 is 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, 2020 UNAUDITED

### (1) Budget.

#### A. Budgetary Information.

Statutory requirements dictate how and when the County's budget is to be prepared. Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the Board of Supervisors of the County, using historical and anticipated fiscal data and proposed budgets submitted by the Sheriff and the Tax Assessor and Tax Collector for his or her respective department, prepares an original budget for each of the Governmental Funds for said fiscal year. The completed budget for the fiscal year includes for each fund every source of revenue, each general item of expenditure, and the unencumbered cash and investment balances. When during the fiscal year it appears to the Board of Supervisors that budgetary estimates will not be met, it may make revisions to the budget.

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

#### B. Basis of Presentation.

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

#### C. Budget/GAAP Reconciliation.

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

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

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

	<u>Governmental Fund Types</u>	
	<u>General Fund</u>	<u>Countywide Road Maintenance Fund</u>
Budget (Cash Basis)	\$ 892,732	645,276
Increase (Decrease)		
Net adjustments for revenue accruals	48,562	34,796
Net adjustments for expenditure accruals	24,816	81,205
GAAP Basis	<u>\$ 966,110</u>	<u>761,277</u>

## PIKE COUNTY

### Notes to the Required Supplementary Information For the Year Ended September 30, 2020 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, 2020 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, 2018 valuation for the June 30, 2020 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	30.9 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

## SUPPLEMENTARY INFORMATION

PIKE COUNTY

Schedule of Expenditures of Federal Awards

September 30, 2020

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Grant Identification Number	Pass-through Entity Identifying Number	Federal Disbursements /Expenditures
United States Department of Treasury/Passed-through the Mississippi Emergency Management Agency/ CARES	21.019		SB3047-CARES-MERP	\$ 539,853 *
United States Department of Justice/Passed-through the Department of Health/ Crime Victims Assistance	16.575	2020-VA-061		279,856
Total Expenditures of Federal Awards				\$ <u>819,709</u>

\* Denotes major program

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note A - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Pike County under programs of the federal government for the year ended September 30, 2020. The information in this Schedule is presented in accordance with the requirements of *Title 2 U. S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Pike County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Pike County.

Note B - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note C - Indirect Cost Rate

Pike County has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

PIKE COUNTY

OTHER INFORMATION

PIKE COUNTY  
Schedule of Surety Bonds for County Officials  
For the Year Ended September 30, 2020 - UNAUDITED

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Bond</u>
Tazwell Bowsky	Supervisor - District 1	Western Surety	\$100,000
Sam Hall	Supervisor - District 2	Western Surety	\$100,000
Robert Accardo	Supervisor - District 3	Western Surety	\$100,000
Jake Gazzo	Supervisor - District 4	Western Surety	\$100,000
Lee Fortenberry	Supervisor - District 5	Western Surety	\$100,000
Tanuyon Dangerfield	County Administrator	Western Surety	\$100,000
Rebecca Buie	Chancery Clerk	Travelers	\$100,000
Jessica Causey	Deputy Chancery Clerk	Western Surety	\$50,000
Beth Johnson	Deputy Chancery Clerk	Western Surety	\$50,000
Jennifer Breaux	Deputy Chancery Clerk	Western Surety	\$50,000
Felicia Lewis	Deputy Chancery Clerk	Western Surety	\$50,000
Roger Graves	Circuit Clerk	Western Surety	\$100,000
Tammy Rayborn	Purchase Clerk	Western Surety	\$100,000
Tanuyon Dangerfield	Assistant Purchase Clerk	Western Surety	\$50,000
Felicia Lewis	Receiving Clerk	Western Surety	\$75,000
Becky O'Quin	Payroll Clerk	Western Surety	\$20,000
Christy Davila	Accounts Payable	No Bond	
Debra Evans	Inventory Clerk	Western Surety	\$75,000
Dennis Johnson	Constable	FCCI	\$50,000
Oliver James	Constable	Western Surety	\$50,000
Mark Thompson	Constable	Western Surety	\$50,000
James Brumfield	Sheriff	Western Surety	\$100,000
Various	Sheriff's Dept. P. E. Bonds, 58 positions	Western Surety	\$25,000 each
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
Alison Aline Lebatard	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
Andranette R. Jordan	Deputy Justice Court Clerk	Western Surety	\$50,000
Takeia Coleman	Deputy Justice Court Clerk	Western Surety	\$50,000
Daynell Martin	Deputy Justice Court Clerk	Western Surety	\$50,000
Aubrey Rimes	Justice Court Judge	Western Surety	\$50,000
Melvin Hollins	Justice Court Judge	Western Surety	\$50,000
Fulton Brewer	Justice Court Judge	Western Surety	\$50,000
Gwen Nunnery	Tax Collector	Western Surety	\$100,000
Ashley Abraham	Deputy Tax Collector	Western Surety	\$50,000
Barbara Tate	Deputy Tax Collector	Western Surety	\$50,000
Annette McGhee	Deputy Tax Collector	Western Surety	\$50,000
Delores Brown	Deputy Tax Collector	Western Surety	\$50,000
Lisa Hutchison	Deputy Tax Collector	Western Surety	\$50,000
Crystal Gatlin	Deputy Tax Collector	Western Surety	\$50,000
Jhameilla Anderson	Deputy Tax Collector	Western Surety	\$50,000

(Continued)



PIKE COUNTY

Schedule of Surety Bonds for County Officials

For the Year Ended September 30, 2020 - UNAUDITED

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Bond</u>
Magan Harvey	Deputy Tax Collector	Western Surety	\$50,000
Erica Guidry	Deputy Tax Collector	Western Surety	\$50,000
Pamela Coleman	Deputy Tax Collector	Western Surety	\$50,000
Jeniffer Privatte	Deputy Tax Collector	Western Surety	\$50,000
Wendell Alexander	Road Manager	Western Surety	\$50,000
Laurie Allen	Tax Assessor	Travelers	\$50,000
Mechelle Duncan	Deputy Tax Assessor	Western Surety	\$50,000
Ted Lofton	Deputy Tax Assessor	Western Surety	\$10,000
Kenya Lofton	Deputy Tax Assessor	Western Surety	\$10,000
Lance Honea	Deputy Tax Assessor	Western Surety	\$10,000
Terry Boyd	Deputy Tax Assessor	Western Surety	\$10,000
Alice Barnes	Deputy Tax Assessor	Western Surety	\$50,000
Angela Washington	Deputy Tax Assessor	Western Surety	\$50,000
William Johnson	Deputy Tax Assessor	Western Surety	\$50,000
Angela Coulliette	Deputy Tax Assessor	Western Surety	\$50,000
Christina Byrd	Deputy Tax Assessor	Western Surety	\$50,000
Breanna Butrick	Deputy Circuit Clerk	Western Surety	\$50,000
Leachia Robinson	Deputy Circuit Clerk	Western Surety	\$50,000
Brenda Robinson	Deputy Circuit Clerk	Western Surety	\$50,000
Brenda Williams	Deputy Circuit Clerk	Western Surety	\$50,000
Juanita Pounds	Deputy Circuit Clerk	Western Surety	\$50,000
Bobbie Miller	Solid Waste Clerk	Western Surety	\$75,000
Stacy Godwin	Juvenile Drug Court Case Manager	Western Surety	\$10,000
Marla Elmer	Court Reporter	Western Surety	\$10,000
Iris Hensley	Drug Court Coordinator	Western Surety	\$10,000

PIKE COUNTY

SPECIAL REPORTS

# Windham and Lacey, PLLC

## *Certified Public Accountants*

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Mississippi Society of CPAs

### INDEPENDENT AUDITORS' 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, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated February 9, 2022.

#### **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.

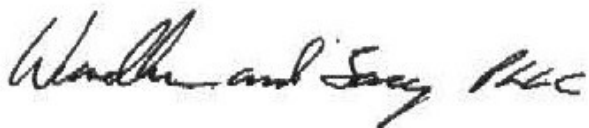
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies 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.

## Compliance and Other Matters

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

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the County'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 County'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  
February 9, 2022

# Windham and Lacey, PLLC

## *Certified Public Accountants*

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### INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE

Members of the Board of Supervisors  
Pike County, Mississippi

#### **Report on Compliance for Each Major Federal Program**

We have audited the compliance of Pike County, Mississippi, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2020. Pike County, Mississippi's major federal program is identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

#### **Management's Responsibility**

Management is responsible for compliance with the requirements of federal statutes, regulations, and the terms and conditions of its federal awards applicable to its major federal programs.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of Pike County, Mississippi's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and OMB Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Pike County, Mississippi's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination on Pike County, Mississippi's compliance with those requirements.

#### **Opinion on Each Major Federal Program**

In our opinion, Pike County, Mississippi, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2020.

## Report on Internal Control Over Compliance

The management of Pike County, Mississippi, is responsible for establishing and maintaining effective internal control over compliance with the types of requirements referred to above. In planning and performing our audit, we considered Pike County, Mississippi's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we considered to be material weaknesses. However, material weaknesses may exist that have not been identified.

### Purpose of This Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.



Windham and Lacey, PLLC  
February 9, 2022

PIKE COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

PIKE COUNTY

Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2020

**Section 1: Summary of Auditors' Results**

*Financial Statements:*

- |    |  |               |
|----|--|---------------|
| 1. | Type of auditors' report issued on the financial statements:                           | Unmodified    |
| 2. | Internal control over financial reporting:   |               |
| a. | Material weaknesses identified?  | No            |
| b. | Significant deficiencies identified that are not considered to be material weaknesses? | None Reported |
| 3. | Noncompliance material to the financial statements noted?                              | No            |

*Federal Awards:*

- |    |  |               |
|----|--|---------------|
| 4. | Internal control over major programs:  |               |
| a. | Material weaknesses identified?  | No            |
| b. | Significant deficiencies identified that are not considered to be material weaknesses?             | None Reported |
| 5. | Type of auditors' report issued on compliance for major programs:                                  | Unmodified    |
| 6. | Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | No            |
| 7. | Federal programs identified as major programs:<br>U.S Treasury - CARES Act CFDA# 21.019            |               |
| 8. | The dollar threshold used to distinguish between type A and type B programs:                       | \$750,000     |
| 9. | Qualified as a low-risk auditee?   | No            |

**Section 2: Financial Statement Findings**

The results of our tests did not disclose any findings related to the financial statements that are required to be reported by *Government Auditing Standards*.

**Section 3: Federal Award Findings and Questioned Costs**

The results of our tests did not disclose any findings and questioned costs related to federal awards.