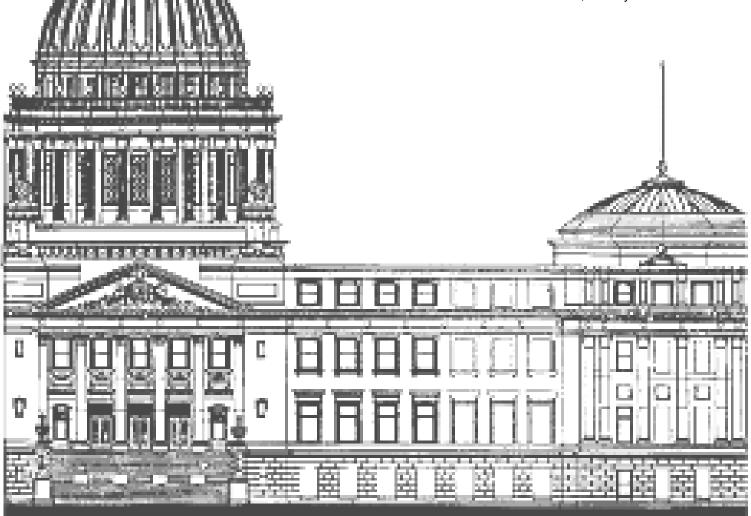
# PIKE COUNTY, MISSISSIPPI

Audited Financial Statements and Special Reports For the Year Ended September 30, 2022



SHAD WHITE STATE AUDITOR

Joe E. McKnight, CPA Director, County Audit Section



A Report from the County Audit Section

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## STATE OF MISSISSIPPI OFFICE OF THE STATE AUDITOR Shad White AUDITOR

November 27, 2023

Members of the Board of Supervisors Pike County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2022 financial and compliance audit report for Pike County. This audit was performed pursuant to Section 7-7-211(e), Mississippi Code Ann. (1972). The audit was performed 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.

I appreciate the cooperation and courtesy extended by the officials and employees of Pike County throughout the audit. Thank you for working to move Mississippi forward by serving as a supervisor for Pike County. If I or this office can be of any further assistance, please contact me or Joe McKnight of my staff at (601) 576-2674.

Respectfully submitted,

Shad White

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FINANCIAL SECTION

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## STATE OF MISSISSIPPI OFFICE OF THE STATE AUDITOR SHAD WHITE AUDITOR

## INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors Pike County, Mississippi

#### **Report on the Audit of the Financial Statements**

#### Adverse, Qualified, and Unmodified Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Pike County, Mississippi, (the County) as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

#### Adverse Opinion on Aggregate Discretely Presented Component Unit

In our opinion, because of the significance of the matter discussed in the Basis for Adverse, Qualified, and Unmodified Opinions section of our report, the accompanying financial statements referred to above do not present fairly the financial position of the aggregate discretely presented component unit of Pike County, Mississippi, as of September 30, 2022, or the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Qualified Opinion on General Fund

In our opinion, except for the effects of such adjustments, if any, as might have been determined had we been able to examine evidence to determine the net realizable value of the fines receivable reported in the General Fund as described in the Basis for Adverse, Qualified, and Unmodified Opinions section of our audit, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the General Fund of Pike County, Mississippi, as of September 30, 2022, and the changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Unmodified Opinions on Governmental Activities, Countywide Road Maintenance Fund, American Rescue Plan Fund, and Aggregate Remaining Fund Information

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, Countywide Road Maintenance Fund, American Rescue Plan Fund, and Aggregate Remaining Fund Information of Pike County, Mississippi, as of September 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Adverse, Qualified, and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse, qualified, and unmodified opinions.

## Matters Giving Rise to Adverse Opinion on the Aggregate Discretely Presented Component Unit and Qualified Opinion on the General Fund

The financial statements do not include financial data for the County's legally separate component unit. Accounting principles generally accepted in the United States of America require the financial data for this component unit to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component unit. The County has not issued such reporting entity financial statements. The effects of not including the County's legally separate component unit on the aggregate discretely presented component unit has not been determined.

Management did not maintain adequate subsidiary records documenting the existence and valuation of fines receivable of the Justice Court or the aging of these fines receivable. Adequate subsidiary records were not maintained and preserved for the Justice Court fines receivable aging schedules at September 30, 2022. Due to the nature of the County's records, we were unable to satisfy ourselves as to the fair presentation of fines receivable, net, reported in the General Fund at \$3,049,858, as of September 30, 2022. Also, because of the nature of fines receivable records, we could not satisfy ourselves as to the fair presentation of the related transactions of the General Fund.

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood, that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

#### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedules and corresponding notes, the Schedule of the County's Proportionate Share of the Net Pension Liability, and the Schedule of County Contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 require 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 an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

#### Supplementary 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, and the accompanying Reconciliation of Operating Costs of Solid Waste are presented for purposes of additional analysis and are 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 Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and the Reconciliation of Operating Costs of Solid Waste are the responsibility of management and were derived from and relate 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 and the Reconciliation of Operating Costs of Solid Waste are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

#### Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Schedule of Surety Bonds for County Officials but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

#### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2023 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 solely 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.

Get my might

JOE E. MCKNIGHT, CPA Director, County Audit Section

November 27, 2023

FINANCIAL STATEMENTS

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#### PIKE COUNTY Statement of Net Position September 30, 2022

#### <u>Exhibit 1</u>

	Primary Government
	Governmental
	Activities
ASSETS	
Cash	\$ 31,409,664
Property tax receivable	16,321,370
Accounts receivable (net of allowance for	
uncollectibles of \$1,080,275)	1,180,533
Fines receivable (net of allowance for	
uncollectibles of \$16,124,949)	3,049,858
Loans receivable	450,000
Intergovernmental receivables	483,560
Other receivables	277,636
Capital assets:	
Land and construction in progress	8,353,941
Other capital assets, net	54,200,691
Total Assets	115,727,253
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	2,792,164
Deferred amount on refunding	222,526
Total Deferred Outflows of Resources	3,014,690
	0,014,000
LIABILITIES	
Claims payable	748,889
Intergovernmental payables	644,071
Accrued interest payable	22,162
Unearned revenue	7,338,047
Amounts held in custody for others	1,251,517
Long-term liabilities	
Due within one year:	
Leases payable	74,659
Capital debt	867,177
Due in more than one year:	
Leases payable	261,765
Capital debt	7,898,713
Non-capital debt	364,879
Net pension liability	23,076,524
Total Liabilities	42,548,403
DEFERRED INFLOWS OF RESOURCES	44.000
Deferred inflows related to pensions	11,066
Deferred revenues - property taxes	16,321,370
Total Deferred Inflows of Resources	16,332,436
NET POSITION	
Net investment in capital assets	53,674,844
Restricted for:	
Expendable:	
General government	1,403,415
Public safety	1,256,493
Public works	11,297,254
Health and welfare	43,001
Economic development and assistance	1,430,655
Unemployment compensation	43,190
Debt service	880,337
Unrestricted	(10,168,085)
Total Net Position	\$ 59,861,104
	$\Psi_{$

#### PIKE COUNTY Statement of Activities For the Year Ended September 30, 2022

			Program Revenu	les		Reve	(Expense) enue and Changes et Position
Functions/Programs		Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Prim	ary Government Governmental Activities
Primary government:							
Governmental activities:	\$	9,023,193	2 610 526	748,188			(4 664 470)
General government Public safety	φ	9,023,193 6,362,697	3,610,526 855,966	424,104			(4,664,479) (5,082,627)
Public works		6,934,157	1,583,721	1,431,538	2,608,861		(1,310,037)
Health and welfare		577,123	1,000,721	11,451	2,000,001		(565,672)
Culture and recreation		75,560		11,401			(75,560)
Conservation of natural resources		366,884					(366,884)
Economic development and assistance		682,802		500,000			(182,802)
Interest on long-term debt		290,025					(290,025)
Pension expense		1,968,696					(1,968,696)
Total Governmental Activities	\$	26,281,137	6,050,213	3,115,281	2,608,861		(14,506,782)
		General revenue	es:				
		Property taxes	3			\$	16,239,580
			privilege taxes				532,341
			ntributions not res	tricted to specific	programs		974,925
		Unrestricted in					276,806
		Miscellaneous					665,493
		Total General R	evenues				18,689,145
		Changes in Net	Position				4,182,363
		Net Position - B	eginning				55,678,741

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

Net Position - Ending

59,861,104

\$

#### PIKE COUNTY Balance Sheet - Governmental Funds September 30, 2022

September 30, 2022	NA	aior Eundo				
		ajor Funds	Countywide			
			Road	American	Other	Total
		General	Maintenance	Rescue Plan	Governmental	Governmental
		Fund	Fund	Fund	Funds	Funds
ASSETS		Fullu	Fullu	Fullu	Funus	Funus
Cash	\$	9,426,788	5,020,117	7,388,005	9,574,754	31,409,664
Property tax receivable	φ	10,357,589	1,890,000	7,300,005	4,073,781	16,321,370
		10,357,569	1,090,000		4,073,761	10,321,370
Accounts receivable (net of allowance for uncollectibles of \$1,080,275)					1,180,533	1 100 522
Fines receivable (net of allowance for					1,100,555	1,180,533
uncollectibles of \$16,124,949)		3,049,858				3,049,858
Loans receivable		3,049,030			450,000	450,000
		444,632			450,000 38,928	,
Intergovernmental receivables Other receivables						483,560
Due from other funds		244,645	07 000		32,991	277,636
Total Assets	\$	4,576	<u> </u>	7,388,005	230,498 15,581,485	<u>322,357</u> 53,494,978
Total Assets	Ψ	23,320,000	0,997,400	7,300,003	13,301,403	33,494,978
LIABILITIES						
Liabilities:						
Claims payable	\$	519,066	149,237		80,586	748,889
Intergovernmental payables	÷	607,049	,		00,000	607,049
Due to other funds		193,205			166,174	359,379
Unearned revenue		100,200		7,101,346	236,701	7,338,047
Amounts held in custody for others		1,251,517		.,	200,101	1,251,517
Total Liabilities		2,570,837	149,237	7,101,346	483,461	10,304,881
				.,		
DEFERRED INFLOWS OF RESOURCES:						
Unavailable revenue - property taxes		10,357,589	1,890,000		4,073,781	16,321,370
Unavailable revenue - accounts receivable					1,180,533	1,180,533
Unavailable revenue - fines		3,049,858				3,049,858
Total Deferred Inflows of Resources	_	13,407,447	1,890,000	0	5,254,314	20,551,761
Fund balances:						
Restricted for:						
General government					1,403,415	1,403,415
Public safety					1,256,493	1,256,493
Public works			4,958,163	286,659	4,871,899	10,116,721
Health and welfare					43,001	43,001
Economic development and assistance					1,430,655	1,430,655
Unemployment compensation					43,190	43,190
Debt service					902,499	902,499
Unassigned		7,549,804			(107,442)	7,442,362
Total Fund Balances		7,549,804	4,958,163	286,659	9,843,710	22,638,336
Total Liabilitian Deformed Inflower of Descurrent						
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$	23,528,088	6,997,400	7,388,005	15,581,485	53,494,978
	* <u> </u>		0,001,400	.,000,000	10,001,100	00,104,010

PIKE COUNTY Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position September 30, 2022	<u>Exhibit 3-1</u>
	 Amount
Total Fund Balance - Governmental Funds	\$ 22,638,336
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 \$77,707,029.	62,554,632
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	4,230,391
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(9,467,193)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(23,076,524)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(22,162)
Deferred amount on refunding	222,526
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	2,792,164
Deferred inflows of resources related to pensions	 (11,066)
Total Net Position - Governmental Activities	\$ 59,861,104

## PIKE COUNTY Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds

For the Year Ended September 30, 2022

	Ν	<i>l</i> ajor Funds				
		- ]	Countywide			
			Road	American	Other	Total
		General	Maintenance	Rescue Plan	Governmental	Governmental
		Fund	Fund	Fund	Funds	Funds
REVENUES						
Property taxes	\$	10,331,907	1,893,817		4,013,856	16,239,580
Road and bridge privilege taxes			532,341			532,341
Licenses, commissions and other revenue		622,393			172,833	795,226
Fines and forfeitures		678,586			400	678,986
Intergovernmental revenues		2,823,252	527,470	529,888	2,818,457	6,699,067
Charges for services		388,527			1,929,162	2,317,689
Interest income		222,084	14,298	11,331	29,093	276,806
Miscellaneous revenues		574,872	1,304		89,317	665,493
Total Revenues	_	15,641,621	2,969,230	541,219	9,053,118	28,205,188
EXPENDITURES						
Current:						
General government		7,783,443			1,768,137	9,551,580
Public safety		5,477,732			1,408,653	6,886,385
Public works		39,352	3,183,597		4,234,511	7,457,460
Health and welfare		39,352 394,783	3,163,397		4,234,311 142,841	537,624
Culture and recreation					16,347	19,847
Conservation of natural resources		3,500 366,884			10,347	366,884
		59,883		33,383	1 000 977	,
Economic development and assistance Debt service:		59,005		33,303	1,909,877	2,003,143
Principal			21,269		1,101,573	1,122,842
Interest			4,450		269,525	
	_	14,125,577	3,209,316	33,383	10,851,464	<u> </u>
Total Expenditures	_	14,125,577	3,209,310	33,303	10,651,464	20,219,740
Excess of Revenues over						
(under) Expenditures		1,516,044	(240,086)	507,836	(1,798,346)	(14,552)
OTHER FINANCING SOURCES (USES)						
Long-term capital debt issued			115,828		437,997	553,825
Proceeds from sale of capital assets		17,219				17,219
Transfers in		411,562			646,431	1,057,993
Transfers out		(543,000)	(103,431)	(250,000)	(161,562)	(1,057,993)
Total Other Financing Sources and Uses	_	(114,219)	12,397	(250,000)	922,866	571,044
Net Changes in Fund Balances	_	1,401,825	(227,689)	257,836	(875,480)	556,492
Fund Balances - Beginning	_	6,147,979	5,185,852	28,823	10,719,190	22,081,844
Fund Balances - Ending	\$	7,549,804	4,958,163	286,659	9,843,710	22,638,336

PIKE COUNTY 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, 2022	<u>Exhibit 4-1</u>
	 Amount
Net Changes in Fund Balances - Governmental Funds	\$ 556,492
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 \$2,637,622 exceeded depreciation of \$1,175,055 in the current period.	1,462,567
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 \$19,267 and the proceeds from the sale of \$17,219 in the current period.	(36,486)
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.	2,214,263
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.	44,049
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 \$1,122,842 exceeded debt proceeds of \$553,825.	569,017
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:	
The amount of decrease in compensated absences liability.	1,610
The amount of decrease in accrued interest payable.	1,703
The amortization of refunding bond premium.	1,882
The amortization of deferred refunding charges.	(19,635)
Some items reported in the Statement of Activities relating to the implementation of GASB 68 are not reported in the governmental funds. These activities include:	
Recording of pension expense for the current period Recording of contributions made during the year	 (1,968,696) 1,355,597
Change in Net Position of Governmental Activities	\$ 4,182,363

#### PIKE COUNTY Statement of Fiduciary Net Position September 30, 2022

#### Exhibit 5

	Custodial
	 Funds
ASSETS	
Cash	\$ 269,371
Receivables:	
Due from other funds	 37,051
Total Assets	\$ 306,422
LIABILITIES	
Intergovernmental payables	\$ 37,023
Due to other funds	 29
Total Liabilities	\$ 37,052
NET POSITION	
Restricted for:	
Individuals, organizations and other governments	\$ 269,370
Total Net Position	\$ 269,370

#### PIKE COUNTY Statement of Changes in Fiduciary Net Position For the Year Ended September 30, 2022

#### Custodial Funds ADDITIONS Investment income: Interest \$ 371 Tax collections for other governments 340,168 Licenses and fees collected for State 889,817 **Total Additions** 1,230,356 DEDUCTIONS Payments of licenses and fees to State 845,637 Payments of tax to other governments 340,400 **Total Deductions** 1,186,037 Net increase (decrease) in fiduciary net position 44,319 Net Position - Beginning 225,051 Net Position - Ending 269,370 \$\_\_\_\_\_

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

#### Exhibit 6

#### Notes to Financial Statements For the Year Ended September 30, 2022

#### (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.

Management has chosen to omit from these financial statements the following component unit which has significant operational or financial relationship with the County. Accordingly, the financial statements do not include the data of this component unit for reporting in accordance with accounting principles generally accepted in the United States of America.

Pike County Economic Development District

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. Basis of Presentation.

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

Government-wide Financial Statements:

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

#### Notes to Financial Statements For the Year Ended September 30, 2022

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, even though the latter are excluded from the government-wide financial statements. 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.

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

The Government-wide and Fiduciary 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.

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. Expenditures are recognized in the accounting means knowing or being able to reasonably estimate the amount. Expenditures are recognized in the accounting period when the related fund liabilities are incurred. Debt service expenditures and expenditures related to compensated absences and claims and judgments, are recognized only when payment is due. Property taxes, state appropriations and federal awards are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period.

The County reports the following major Governmental Funds:

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

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

<u>American Rescue Plan Fund</u> - This fund is used to account for monies from the American Rescue Plan Act of 2021 (ARPA) that are considered restricted in nature.

Additionally, the County reports the following fund types:

#### GOVERNMENTAL FUND TYPES

<u>Special Revenue Funds</u> - 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.

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

#### Notes to Financial Statements For the Year Ended September 30, 2022

<u>Capital Projects Funds</u> - 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

<u>Custodial Funds</u> - Custodial Funds are used to report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

#### D. 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.

E. 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, and 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.

F. Receivables.

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

G. 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.

H. 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. Capital assets include significant amounts of infrastructure, which have been valued at estimated historical cost. The estimated historical cost was based on replacement cost multiplied by the consumer price index implicit price deflator for the year of acquisition. The extent to which 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

#### Notes to Financial Statements For the Year Ended September 30, 2022

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
Intangible assets		**	**

\* Intangible assets for the County represent right-to-use leased assets and are capitalized as a group for reporting purposes. The estimated useful life is the term of the lease agreement. There is no mandated maximum amortization period. Intangible assets with indefinite useful lives should not be amortized.

The term "depreciation" includes the amortization of intangible assets.

I. Deferred Outflows/Inflows of Resources.

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

<u>Deferred amount on refunding</u> - For current refunding's and advance refunding's resulting in defeasance of debt reported by governmental activities, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter.

<u>Deferred outflows related to pensions</u> - 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 10 for additional details.

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

<u>Deferred revenues – property taxes/unavailable revenue – property taxes</u> - 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.

#### Notes to Financial Statements For the Year Ended September 30, 2022

<u>Unavailable revenue – fines</u> - 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.

<u>Unavailable revenue – accounts receivable</u> - 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.

<u>Deferred inflows related to pensions</u> - 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 10 for additional details.

#### J. Leases.

The Governmental Accounting Standards Board (GASB) issued Statement No. 87, *Leases* (GASB 87), to establish a single leasing model for accounting and reporting purposes. This guidance is intended to enhance the accountability, consistency and comparability of lease activities reported by governments. GASB 87 was implemented during fiscal year 2022.

The County uses the federal prime borrowing rate in effect at the date of the lease inception to calculate the present value of lease payments when the rate implicit in the lease is not known.

#### K. 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 financed purchases and other commitments.

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, Governmental Fund Types recognize bond premiums and discounts during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### 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. 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

#### Notes to Financial Statements For the Year Ended September 30, 2022

matured, for example, an employee resigns or retires.

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.

Governmental 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 by an external party or imposed by law through either a constitutional provision or enabling legislation.

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

Fund Balance Flow Assumption:

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

#### Notes to Financial Statements For the Year Ended September 30, 2022

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. Changes in Accounting Standards.

GASB 87, *Leases*, was implemented during fiscal year 2022. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. It established a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This guidance is intended to enhance the accountability, consistency and comparability of lease activities reported by governments.

(2) Deposits.

The carrying amount of the County's total deposits with financial institutions at September 30, 2022, was \$31,679,035, and the bank balance was \$33,104,015. 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, Mississippi Code of 1972 Annotated*. Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of the failure of a financial institution, the County will not be able to recover deposits or collateral securities that are in the possession

#### Notes to Financial Statements For the Year Ended September 30, 2022

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, 2022:

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

Receivable Fund	Payable Fund	 Amount
General Fund	Other Governmental Funds	\$ 4,576
Countywide Road Maintenance Fund	General Fund	87,283
Other Governmental Funds	General Fund	74,465
Other Governmental Funds	Other Governmental Funds	156,004
Other Governmental Funds	Custodial Funds	29
Custodial Funds	General Fund	31,457
Custodial Funds	Other Governmental Funds	 5,594
Total		\$ 359,408

The majority of the receivables represent the tax revenue collected in September, 2022, but not settled until October, 2022. All other receivables represent errors in posting revenues. All interfund balances are expected to be repaid within one year from the date of the financial statements.

#### B. Transfers In/Out:

Transfers In	Transfers Out	 Amount
General Fund	Other Governmental Funds	\$ 161,562
General Fund	American Rescue Plan Fund	250,000
Other Govermental Funds	General Fund	543,000
Other Govermental Funds	Countywide Road Maintenance Fund	 103,431
Total		\$ 1,057,993

The principal purpose of interfund transfers was to provide funds for operating expenses and allocate budgeted amounts. All interfund transfers were routine and consistent with the activities of the fund making the transfer.

#### Notes to Financial Statements For the Year Ended September 30, 2022

(4) Intergovernmental Receivables.

Intergovernmental receivables at September 30, 2022, consisted of the following:

Description	 Amount
Governmental Activities:	
Legislative tax credit	\$ 340,308
Community development block grant reimbursement	61,994
Housing prisoners reimbursement	42,330
Emergency management performance grant reimbursement	35,001
Waste tire grant	 3,927
Total Governmental Activities	\$ 483,560

## (5) Loans Receivable.

Loans receivable balances at September 30, 2022, are as follows:

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

#### Notes to Financial Statements For the Year Ended September 30, 2022

## (6) Capital Assets.

The following is a summary of capital assets activity for the year ended September 30, 2022:

#### Governmental activities:

		Balance			Balance
	_	Oct. 1, 2021	Additions	Deletions	Sept. 30, 2022
Non-depreciable capital assets:					
Land	\$	4,405,296	7,950		4,413,246
Construction in progress	Ψ	2,613,764	1,326,931		3,940,695
	-	_,0:0,:0:	.,020,001		0,0.0,000
Total non-depreciable capital assets	_	7,019,060	1,334,881	0	8,353,941
Depreciable capital assets:					
Infrastructure		104,086,568			104,086,568
Buildings		18,491,787			18,491,787
Improvements other than buildings		1,429,827			1,429,827
Mobile equipment		5,639,081	599,656	191,200	6,047,537
Furniture and equipment		1,154,309	265,088	5,393	1,414,004
Intangible right to use equipment	_		437,997		437,997
Total depreciable capital assets		130,801,572	1,302,741	196,593	131,907,720
	-				
Less accumulated depreciation for:					
Infrastructure		63,259,285	253,232		63,512,517
Buildings		7,561,136	365,174		7,926,310
Improvements other than buildings		556,893	89,272		646,165
Mobile equipment		4,343,253	288,336	155,253	4,476,336
Furniture and equipment		971,514	91,442	4,854	1,058,102
Intangible right to use equipment	_		87,599		87,599
Total accumulated depreciation		76,692,081	1,175,055	160,107	77,707,029
	-	,,			
Total depreciable capital assets, net	_	54,109,491	127,686	36,486	54,200,691
Governmental activities capital assets, net	\$_	61,128,551	1,462,567	36,486	62,554,632
Total capital assets, net, excluding intangible righ Intangible right to use assets, net	nt to us	se assets		\$	62,204,234 350,398
		<b>.</b>			
Total capital assets, net, as reported in the stater	ment o	of net position		\$	62,554,632
Depreciation expense was charged to the fol	lowin	a functions:			
Depreciation expense was charged to the for		g functions.			Amount
Governmental activities:					, unount
General government				\$	394,309
Public safety					183,663
Public works					494,056
Health and welfare					40,724
Culture and recreation					55,713
Economic development and assistance					6,590
Total governmental activities depreciation exp	ense			\$	1,175,055

#### Notes to Financial Statements For the Year Ended September 30, 2022

Commitments with respect to unfinished capital projects at September 30, 2022, consisted of the following:

Description of Commitment		Remaining Financial Commitment	Expected Date of Completion	
Gateway Industrial Park	\$	83,601	April 2023	
Dykes-Walthall Road - bridge replacement		25,391	November 2022	

(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, 2022, to January 1, 2023. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

#### (8) Leases.

The County is a lessee for various non-cancellable leases of equipment. For leases that have a maximum possible term of 12 months or less at commencement, the County recognizes expense based on the provisions of the lease contract. For all other leases, other than short-term, the County recognized a lease and an intangible right-to-use lease asset.

At lease commencement, the County initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, less lease payments made at or before the lease commencement date, plus any initial direct costs ancillary to placing the underlying asset into service, less any lease incentives received at or before the lease commencement date. Subsequently, the lease asset is amortized in depreciation expense on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

The County generally uses the federal prime borrowing rate in effect at the date of the lease inception as the discount rate for leases unless the rate that the lessor charges is known.

The lease term includes the non-cancellable period of the lease plus any additional periods covered by either a county or lessor option to extend for which it is reasonably certain to be exercised or terminate for which it is reasonably certain to not be exercised. Periods in which both the County and the lessor have a unilateral option to terminate (or if both parties have agreed to extend) are excluded from the lease term.

#### Notes to Financial Statements For the Year Ended September 30, 2022

As Lessee:

#### Lease Assets

	-	Balance 10/1/2021	Additions	Amortization	Balance 9/30/2022
(4) Western Star dump trucks	\$	0	437,997	87,599	350,398

See Note 6 for further details regarding intangible right-to-use assets, which represents leased assets.

#### Lease Liabilities

		Balance 10/1/2021	Additions	Principal Payments	Balance 9/30/2022
(4) Western Star dump trucks	\$_	0	437,997	101,573	336,424

Pike County entered into a lease agreement with Magnolia Motors Leasing for the lease of four (4) Western Star dump trucks owned by Magnolia Motors Leasing. The lease stipulated that the lessee would pay approximately \$101,573 per year in lease payments commencing for a term of five (5) years.

Description	Discount Rate	Term	Issue Date	Maturity Date	Annual Payment	-	Amount Outstanding
(4) Western Star dump trucks	8.00%	5 Years	6/22/2022	6/22/2026	\$ 101,573	\$	336,424

The following is a schedule by years of the total payments due as of September 30, 2022:

	Governmental Activities					
Year Ending September 30		Principal	Interest			
2023	\$	74,659	26,914			
2024		80,632	20,941			
2025		87,083	14,491			
2026	—	94,050	7,524			
Total	\$	336,424	69,870			

## Notes to Financial Statements For the Year Ended September 30, 2022

## (9) Long-term Debt.

Debt outstanding as of September 30, 2022, consisted of the following:

Description and Purpose		Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:				
A. General Obligation Bonds:				
GO Bonds Series 2012B, Bridge Bonds	\$	3,150,000	2.40-3.40%	10/2032
GO Industrial Park Bonds, Series 2014A		135,000	4.375-6.25%	09/2034
GO Industrial Development Refunding Bonds, Series 2021		2,250,000	1.00-2.50%	09/2034
GO Central Maintenance Facility Bonds, Series 2015		310,000	1.75-2.375%	04/2025
Jail Renovation Bonds, 2015 Refunding		770,000	1.00-2.75%	08/2026
GO Bridge Bonds, Series 2016A		495,000	1.75-2.45%	08/2036
GO Gateway Bonds, Series 2016B	_	1,540,000	3.625-5.00%	07/2036
Total General Obligation Bonds	\$	8,650,000		
B. Financed Purchases:				
San SY75 excavators	\$_	94,559	5.06%	09/2026

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

#### **Governmental Activities:**

	Ge	neral Obligation E	Bonds	Financed Purchases	
Year Ending September 30		Principal	Interest	Principal	Interest
2023	\$	845.000	229.986	22.177	3,541
2024	Ψ	870,000	210,849	23,125	2,593
2025		885,000	188,773	24,113	1,605
2026		800,000	166,119	25,144	575
2027		630,000	145,052		
2028 - 2032		3,470,000	476,363		
2033 - 2036		1,150,000	92,258		
Total	\$	8,650,000	1,509,400	94,559	8,314

<u>Legal Debt Margin</u> - 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, 2022, the amount of outstanding debt was equal to 2.47 percent (2.47%) of the latest property assessments.

<u>Prior Year Defeasance of Debt</u> - In prior years, the County defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County's financial statements. On September 30, 2022, \$2,115,000 of bonds outstanding were considered defeased.

## Notes to Financial Statements For the Year Ended September 30, 2022

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2022:

	Balance Oct. 1, 2021	Additions	Reductions	Balance Sept. 30, 2022	Amount due within one year
Governmental Activities:					
Compensated absences	\$ 366,489		1,610	364,879	
General obligation bonds Add	9,650,000		1,000,000	8,650,000	845,000
Premiums	23,213		1,882	21,331	
Leases payable		437,997	101,573	336,424	74,659
Financed purchases		115,828	21,269	94,559	22,177
Total	10,039,702	553,825	1,126,334	9,467,193	941,836

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

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

#### General Information about the Pension Plan

<u>Plan Description</u>. 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 *Mississippi Code of 1972 Annotated Section 25-11-1 et seq.* 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 gualifying 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

#### Notes to Financial Statements For the Year Ended September 30, 2022

(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.

<u>Contributions</u>. At September 30, 2022, 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, 2022 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, 2022, 2021 and 2020 were \$1,355,597, \$1,279,555 and \$1,230,470, 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, 2022, the County reported a liability of \$23,076,524 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, 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, 2022 net pension liability was 0.112111 percent, which was based on a measurement date of June 30, 2022. This was an increase of 0.00065 percent from its proportionate share used to calculate the September 30, 2021 net pension liability, which was based on a measurement date of June 30, 2021.

For the year ended September 30, 2022, the County recognized pension expense of \$1,968,696. At September 30, 2022 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 Net difference between projected and actual earnings	\$	325,641	
on pension plan investments		1,229,980	
Changes of assumptions		793,500	
Changes in the proportion and differences between the County's contributions and proportionate share of			
contributions		99,364	11,066
County contribututions subsequent to the measurement			
date	_	343,679	
Total	\$	2,792,164	11,066

\$343,679 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

## Notes to Financial Statements For the Year Ended September 30, 2022

Year ending September 30	Amount
2023	\$ 765,354
2024	582,905
2025	(163,034)
2026	1,252,194
Total	\$2,437,419_

<u>Actuarial Assumptions</u>. The total pension liability as of June 30, 2022 was determined by an actuarial valuation prepared as of June 30, 2021, and by the investment experience for the fiscal year ending June 30, 2022. The following actuarial assumptions are applied to all periods in the measurement:

Inflation	2.40 percent
Salary increases	2.65 – 17.90 percent, including inflation
Investment rate of return	7.55 percent, net of pension plan investment expense, including inflation

Mortality rates for service retirees were based on the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 95% of male rates up to age 60, 110% for ages 61 to 75 and 101% for ages above 77. For females, 84% of female rates up to age 72 and 100% for ages above 76. Mortality rates for disability retirees were based on the PubG.H-2010 Disabled Table adjusted 134% for males and 121% for females. Mortality rates for Contingent Annuitants were based on the PubS.H-2010(B) Contingent Annuitant Table, adjusted 97% for males and 110% for females. Mortality rates will be projected generationally using the MP-2020 projection scale to account for future improvements in life expectancy.

The actuarial assumptions used for the purposes of determining the total pension liability were based on the results of an actuarial experience study for the four-year period from July 1, 2016 to June 30, 2020. The experience report is dated April 20, 2021.

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:

		Long-Term
	Target	Expected Real
Asset Class	Allocation	Rate of Return
Domestic Equity	25.00 %	4.60 %
International Equity	20.00	4.50
Global Equity	12.00	4.85
Fixed Income	18.00	1.40
Real Estate	10.00	3.65
Private Equity	10.00	6.00
Private Infrastructure	2.00	4.00
Private Credit	2.00	4.00
Cash Equivalents	1.00	(0.10)
Total	<u>    100.00  </u> %	

#### Notes to Financial Statements For the Year Ended September 30, 2022

<u>Discount Rate</u>. The discount rate used to measure the total pension liability was 7.55 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 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 <u>Rate</u>. The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.55 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 (6.55 percent) or 1-percentage-point higher (8.55 percent) than the current rate:

	_	1% Decrease (6.55%)	Current Discount Rate (7.55%)	1% Increase (8.55%)
County's proportionate share of the net pension liability	\$	30,117,220	23,076,524	17,271,827

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

(11) Deficit Fund Balances of Individual Funds.

The following funds reported deficits in fund balances at September 30, 2022:

Fund	 Deficit Amount
Juvenile Drug Court Fund Garbage and Solid Waste Fund	\$ (1,468) (105,974)

## (12) Contingencies.

<u>Federal Grants</u> - 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.

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

(13) Effect of Deferred Amounts on Net Position.

The governmental activities' unrestricted net position amount of \$(10,168,085) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflows of resources related to pensions in the amount of \$343,679 resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended

#### Notes to Financial Statements For the Year Ended September 30, 2022

September 30, 2023. The \$2,448,485 balance of the deferred outflows of resources related to pensions at September 30, 2022, will be recognized in pension expense over the next four years. The \$11,066 balance of the deferred inflows of resources related to pensions at September 30, 2022, will be recognized in pension expense over the next four years.

The governmental activities' net investment in capital asset net position amount of \$53,674,844 includes the effect of deferring the recognition of expenditures resulting from an advance refunding of County debt. The \$222,526 balance of deferred outflows of resources at September 30, 2022, will be recognized as an expense and will decrease the net investment in capital assets over the next 11 years.

#### (14) 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, *Mississippi Code Annotated (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 \$30,000 in fiscal year 2022. 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, Mississippi Code Annotated (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, Mississippi Code Annotated (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 2022. Complete financial statements for the Pike-Amite-Walthall Regional Library System can be obtained from 1022 Virginia Avenue, McComb, MS 39648.

(15) Jointly Governed Organizations.

The County participates in the following jointly governed organizations:

Southwest Mississippi Planning and Development District operates in a District composed of the Counties of Adams, Amite, Claiborne, Franklin, Jefferson, Lawrence, Lincoln, Pike, Walthall and Wilkinson. The Pike County Board of Supervisors appoints four of the 40 members of the board of directors. The County appropriated \$59,144 for support of the District in fiscal year 2022.

Southwest Mississippi Mental Health Complex operates in a District composed of the Counties of Adams, Amite, Claiborne, Franklin, Jefferson, Lawrence, Lincoln, Pike, Walthall and Wilkinson. The Pike County Board of Supervisors appoints one of the ten members of the board of commissioners. The County appropriated \$89,450 for its support in fiscal year 2022.

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

#### Notes to Financial Statements For the Year Ended September 30, 2022

college board of trustees. The County appropriated \$1,834,228 for the operations and maintenance of the College in fiscal year 2022.

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 2022.

#### (16) Tax Abatements.

As of September 30, 2022, Pike County provides tax exempt status to seven manufacturing companies subject to the requirements of GASB Statement No. 77. These companies are exempt from real property taxes and personal property taxes except for levies involving the school, the mandatory mill and community college tax levies. These exemptions are authorized under *Sections* 27-31-101 and 27-31-105 of the *Mississippi Code Annotated (1972)*. These exemptions encourage businesses to locate or expand operations in the County and to create jobs. The amount of taxes abated during fiscal year 2022 totaled \$308,419.

#### (17) Subsequent Events.

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events, which provide evidence about conditions that existed at the Position date, require disclosure in the accompanying notes. Management of Pike County evaluated the activity of the County through November 27, 2023, and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements.

Subsequent to September 30, 2022, the County issued the following debt obligation:

Issue		Issue		
Date	Interest Rate	 Amount	Type of Financing	Source of Financing
10/31/2022	6.25%	\$ 308,800	Lease payable	Ad valorem taxes

# REQUIRED SUPPLEMENTARY INFORMATION

#### PIKE COUNTY Budgetary Comparison Schedule -Budget and Actual (Non-GAAP Basis) General Fund For the Year Ended September 30, 2022 UNAUDITED

UNAUDITED		Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES		Dudget	Buuget	Dasis/	(Negative)
Property taxes	\$	10,534,150	10,328,605	10,328,605	
Licenses, commissions and other revenue	Ŧ	512,200	617,228	617,228	
Fines and forfeitures		632,772	668,502	668,502	
Intergovernmental revenues		803,600	1,620,749	1,620,749	
Charges for services		120,000	362,520	362,520	
Interest income		287,800	233,190	233,190	
Miscellaneous revenues		56,000	1,574,088	1,599,056	24,968
Total Revenues	_	12,946,522	15,404,882	15,429,850	24,968
EXPENDITURES					
Current:					
General government		8,347,478	7,474,147	7,474,147	
Public safety		6,187,886	5,429,946	5,429,946	
Public works		30,000	30,000	30,000	
Health and welfare		421,198	394,403	394,403	
Culture and recreation		3,500	3,500	3,500	
Conservation of natural resources		376,472	366,989	366,989	
Economic development and assistance	_	67,268	59,734	59,734	
Total Expenditures	_	15,433,802	13,758,719	13,758,719	0
Excess of Revenues					
over (under) Expenditures	_	(2,487,280)	1,646,163	1,671,131	24,968
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets			31,719	31,719	
Transfers in		455,000	700,562	700,562	
Transfers out		(749,000)	(832,000)	(832,000)	
Total Other Financing Sources and Uses	_	(294,000)	(99,719)	(99,719)	0
Net Change in Fund Balance		(2,781,280)	1,546,444	1,571,412	24,968
Fund Balances - Beginning		4,343,737	5,929,147	5,929,147	24,000
		1,010,101	0,020,111		0
Fund Balances - Ending	\$_	1,562,457	7,475,591	7,500,559	24,968

## PIKE COUNTY Budgetary Comparison Schedule -Budget and Actual (Non-GAAP Basis) Countywide Road Maintenance Fund For the Year Ended September 30, 2022 UNAUDITED

REVENUES	_	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
Property taxes	\$	1,878,000	1,893,428	1,893,428	
Road and bridge privilege taxes	Ψ	1,010,000	530,671	530,671	
Licenses, commissions and other revenue		500,000	,	,	
Intergovernmental revenues		555,000	575,773	575,773	
Interest income		70,000	22,039	22,039	
Miscellaneous revenues	_		1,304	1,304	
Total Revenues	_	3,003,000	3,023,215	3,023,215	0
EXPENDITURES Current:					
Public works	_	3,876,244	3,144,854	3,144,854	
Total Expenditures	_	3,876,244	3,144,854	3,144,854	0
Excess of Revenues over (under) Expenditures		(873,244)	(121,639)	(121,639)	0
over (under) Experiataries	-	(073,244)	(121,009)	(121,039)	0
Net Change in Fund Balance		(873,244)	(121,639)	(121,639)	0
Fund Balances - Beginning	_	5,000,000	5,141,756	5,141,756	0
Fund Balances - Ending	\$_	4,126,756	5,020,117	5,020,117	0

PIKE COUNTY Budgetary Comparison Schedule -Budget and Actual (Non-GAAP Basis) American Rescue Plan Fund For the Year Ended September 30, 2022 UNAUDITED

REVENUES	Original Budget		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
Intergovernmental revenues	\$	3,815,617	3,815,617	
Interest income	40,000	16,875	16,875	
Total Revenues	40,000	3,832,492	3,832,492	0
EXPENDITURES Current:				
Economic development and assistance	3,607,927	34,154	34,154	
Total Expenditures	3,607,927	34,154	34,154	0
Excess of Revenues over (under) Expenditures	(3,567,927)	3,798,338	3,798,338	0_
OTHER FINANCING SOURCES (USES)				
Transfers out	(250,000)	(250,000)	(250,000)	
Total Other Financing Sources and Uses	(250,000)	(250,000)	(250,000)	0
-	<u> </u>	· · · · · · · · · · · · · · · · · · ·		
Net Change in Fund Balance	(3,817,927)	3,548,338	3,548,338	0
Fund Balances - Beginning	3,817,927	3,839,667	3,839,667	0
Fund Balances - Ending	\$ <u>0</u>	7,388,005	7,388,005	0

Schedule of the County's Proportionate Share of the Net Pension Liability Last 10 Fiscal Years\* For the Year Ended September 30, 2022 UNA UDITED

	_	2022	2021	2020	2019	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset)		0.112111%	0.111461%	0.110785%	0.110642%	0.114092%	0.110804%	0.111519%	0.115483%	0.114113%
County's proportionate share of the net pension liability (asset)	\$	23,076,524	16,474,423	21,446,683	19,464,143	18,976,952	18,419,339	19,920,144	17,851,368	13,851,271
Covered payroll	\$	7,671,312	7,283,561	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		300.82%	226.19%	280.74%	287.04%	277.76%	275.87%	278.97%	241.86%	194.17%
Plan fiduciary net position as a percentage of the total pension liability		59.93%	70.44%	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. How ever, GASB Statement No. 68 w as implemented for the fiscal year ended September 30, 2015, and, until a full 10 year trend is compiled, the County has only presented information for the years in which information is available.

#### PIKE COUNTY Schedule of County Contributions Last 10 Fiscal Years\* For the Year Ended September 30, 2022 UNAUDITED

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	 2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution Contributions in relation to the contractually required contribution	\$ 1,355,597 1,355,597	1,279,555 1,279,555	1,230,470 1,230,470	1,086,333 1,086,333	1,071,782 1,071,782	1,061,660 1,061,660	1,115,014 1,115,014	1,147,827 1,147,827
Contribution deficiency (excess)	\$ 0	0	0	0	0	0	0	0
Covered payroll	\$ 7,790,787	7,353,764	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%	17.40%	17.40%	16.14%	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 County has only presented information for the years in which information is available.

#### Note to the Required Supplementary Information For the Year Ended September 30, 2022 UNAUDITED

#### 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 each major Special Revenue Fund:

	Governmental Fund Types				
			Countywide	American	
			Road	Rescue	
		General	Maintenance	Plan	
	_	Fund	Fund_	Fund	
Budget (Cash Basis)	\$	1,571,412	(121,639)	3,548,338	
Increase (Decrease)					
Net adjustments for revenue accruals		(91,729)	61,843	(3,291,273)	
Net adjustments for expenditure accruals	_	(77,858)	(167,893)	771	
GAAP Basis	\$_	1,401,825	(227,689)	257,836	

#### Note to the Required Supplementary Information For the Year Ended September 30, 2022 UNAUDITED

## Pension Schedules

A. Changes of assumptions.

2015

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

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

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

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

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

#### <u>2016</u>

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

#### <u>2017</u>

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 assumptions 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%.

## <u>2019</u>

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.

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

## Note to the Required Supplementary Information For the Year Ended September 30, 2022 UNAUDITED

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%.

## 2021

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

For males, 95% of male rates up to age 60, 110% for ages 61 to 75, and 101% for ages above 77.

For females, 84% of female rates up to age 72, 100% for ages above 76.

Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.

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

For males, 134% of male rates at all ages.

For females, 121% of female rates at all ages.

Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.

The expectation of contingent annuitant mortality was based on the PubS.H-2010(B) Contingent Annuitant Table with the following adjustments:

For males, 97% of male rates at all ages.

For females, 110% of female rates at all ages.

Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.

The price inflation assumption was reduced from 2.75% to 2.40%.

The wage inflation assumption was reduced from 3.00% to 2.65%.

The investment rate of return assumption was changed from 7.75% to 7.55%.

The assumed load for administrative expenses was increased from 0.25% to 0.28% of payroll.

Withdrawal rates, pre-retirement mortality rates, disability rates and service

retirement rates were also adjusted to reflect actual experience more closely.

The percentage of active member disabilities assumed to be in the line of duty was increased from 9% to 12%.

The percentage of active member deaths assumed to be in in the line of duty was decreased from 6% to 4%.

## Note to the Required Supplementary Information For the Year Ended September 30, 2022 UNAUDITED

B. Changes in benefit provisions.

<u>2016</u>

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.

C. 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, 2020 valuation for the June 30, 2022 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	27.7 years				
Asset valuation method	5-year smoothed market				
Price inflation	2.75 percent				
Salary increase	3.00 percent to 18.25 percent, including inflation				
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation				

# SUPPLEMENTARY INFORMATION

## PIKE COUNTY Schedule of Expenditures of Federal Awards For the Year Ended September 30, 2022

Federal Grantor/ Pass-through Grantor/ Program Title or Cluster	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture - Natural Resources Conservation Service Emergency watershed protection program (Direct Award)	10.923	N/A	\$7,500
Total U.S. Department of Agriculture			7,500
U.S. Department of Housing and Urban Development/ Passed-through the Mississippi Development Authority Community development block grants/state's program and non-entitlement			
grants in Hawaii	14.228	1138-21-057-ED-01	103,158
Total U.S. Department of Housing and Urban Development			103,158
U.S. Department of Justice / Office of Justice Programs Passed-through the Mississippi Department of Health Crime victim assistance	16.575	2020-V2-GX-0021	145,726
Passed-through the Mississippi Department of Public Safety			<u>.</u>
Edward Byrne memorial justice assistance grant program	16.738	21DC1571	97,147
Total U.S. Department of Justice			242,873
U.S. Department of the Treasury			
Passed-through the Mississippi Emergency Management Agency Coronavirus relief fund	21.019	Unknown	23,774
U.S. Department of the Treasury Coronavirus state and local fiscal recovery funds (Direct Award)	21.027	N/A	529,887
Total U.S. Department of the Treasury			553,661
U.S. Election Assistance Commission Passed-through the Mississippi Secretary of State's Office COVID-19 HAVA Election security grants	90.404	Unknown	102,347
Total U.S. Election Assistance Commission			102,347

## PIKE COUNTY Schedule of Expenditures of Federal Awards For the Year Ended September 30, 2022

Federal Grantor/	Federal Assistance	Pass-through	
Pass-through Grantor/	Listing	Entity Identifying	Federal
Program Title or Cluster	Number	Number	Expenditures
U.S. Department of Homeland Security/ Passed-through the Mississippi Emergency Management Agency COVID-19 Disaster grants - public assistance (Presidentially declared disaster)*	97.036	FEMA-4626-DR-MS	966,772
Passed-through the Mississippi Emergency Management Agency Hazard mitigation grant program	97.039	4248DRMSP00000135	319,854
Emergency management performance grants	97.042	EMA-2020-EP-00013	41,304
Total U.S. Department of Homeland Security			1,327,930
Total Expenditures of Federal Awards			\$2,337,469

#### 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, 2022. 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 credit made in the normal course of business to amounts reported as expenditures in prior years.

#### Note C - Indirect Cost Rate

Pike County has elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

#### \* Denotes major federal award program

## PIKE COUNTY Reconciliation of Operating Costs of Solid Waste For the Year Ended September 30, 2022

Operating Expenditures, Cash Basis:

Salaries	\$ 106,327
Expendable Commodities:	
Office, field and shop supplies	1,859
Maintenance	41,403
Solid waste disposal fee	1,541,027
Professional fees, legal advertising and other fees	101,248
Postage and box rent	56,570
Grant related expenditures	 109,956
Solid Waste Cash Basis Operating Expenditures	1,958,390
Full Cost Expenses: Indirect administrative costs	 143,207
Solid Waste Full Cost Operating Expenses	\$ 2,101,597

OTHER INFORMATION

#### PIKE COUNTY Schedule of Surety Bonds for County Officials For the Year Ended September 30, 2022 UNAUDITED

Bond Name Position Company Western Surety Co. \$100,000 Tazwell Bowsky Supervisor District 1 Samuel L. Hall Supervisor District 2 Western Surety Co. \$100,000 Robert J. Accardo Supervisor District 3 Western Surety Co. \$100,000 Jacob Joseph Gazzo Supervisor District 4 Western Surety Co. \$100,000 Supervisor District 5 Western Surety Co. Carroll Lee Fortenberry, Jr. \$100,000 Travelers Casualty & Surety Co. Rebecca Buie **Chancery Clerk** \$100,000 County Administrator Tanuyon M. Dangerfield Western Surety Co. \$100,000 Tammy A. Rayborn Purchase Clerk Western Surety Co. \$100,000 Tanuyon M. Dangerfield Assistant Purchase Clerk Western Surety Co. \$50.000 Felicia D Lewis Receiving Clerk Western Surety Co. \$75,000 Mary Sasfras Assistant Receiving Clerk Western Surety Co. \$75,000 Raven Ashley Assistant Receiving Clerk Western Surety Co. \$75,000 Blanket Bond (6) Assistant Receiving Clerk Western Surety Co. \$50,000 Debra A. Evans Inventory Control Clerk Western Surety Co. \$75,000 Wendell Alexander Road Manager Western Surety Co. \$50,000 Oliver B. James Constable Western Surety Co. \$50,000 Mark E. Thompson Constable Western Surety Co. \$50,000 Dennis W. Johnson Constable FCCI Insurance Group \$50,000 Western Surety Co. \$100,000 Roger A. Graves Circuit Clerk Juanita H. Pounds Deputy Circuit Clerk Western Surety Co. \$50,000 Deputy Circuit Clerk Brenda Denise Robinson Western Surety Co. \$50,000 Leachia Ann Robinson Deputy Circuit Clerk Western Surety Co. \$50,000 Brenda R. Williams Deputy Circuit Clerk Western Surety Co. \$50,000 **Breanna Butrick** Deputy Circuit Clerk Western Surety Co. \$50,000 James B. Brumfield Sheriff Western Surety Co. \$100,000 Aubrey P. Rimes Justice Court Judge Western Surety Co. \$50,000 **Melvin Hollins** Justice Court Judge Western Surety Co. \$50,000 Fulton D. Brewer Justice Court Judge Western Surety Co. \$50,000 Andranette R. Jordan Justice Court Clerk Western Surety Co. \$50.000 Velva Ratliff Deputy Justice Court Clerk Western Surety Co. \$50,000 Angela R. Smith Deputy Justice Court Clerk Western Surety Co. \$50,000 Loretta D. Conerly Deputy Justice Court Clerk Travelers Casualty & Surety Co. \$50,000 Western Surety Co. Pamela A. Woods Deputy Justice Court Clerk \$50,000 Takeia Monique Coleman Deputy Justice Court Clerk Western Surety Co. \$50,000 Linda S. Moore Deputy Justice Court Clerk Western Surety Co. \$50,000 Western Surety Co. **Danyell Patrice Martin** Deputy Justice Court Clerk \$50,000 Alison Aline Lebatard Deputy Justice Court Clerk Western Surety Co. \$50.000 Suzanna Lynn Morris Deputy Justice Court Clerk Western Surety Co. \$50,000 Tax Collector Gwendolyn J. Nunnery Western Surety Co. \$100,000 Deputy Tax Collector Erica L. Guidry Western Surety Co. \$50,000 Deputy Tax Collector Magan B. Harvey Western Surety Co. \$50,000 Ashely Abraham Deputy Tax Collector Western Surety Co. \$50,000 Deputy Tax Collector \$50,000 Barbara D. Tate Western Surety Co. Annette McGhee Deputy Tax Collector Western Surety Co. \$50,000 Delores T. Brown Deputy Tax Collector Western Surety Co. \$50,000 Deputy Tax Collector Jennifer A. Privatte Western Surety Co. \$50,000 Pamela M. Coleman Deputy Tax Collector Western Surety Co. \$50,000 Deputy Tax Collector **Crystal Gatlin** Western Surety Co. \$50,000 Laurie Allen Tax Assessor Travelers Casualty & Surety Co. \$50,000 William M. Johnson, Jr. Deputy Tax Assessor Western Surety Co. \$50,000 Angela R. Coulliette Deputy Tax Assessor Western Suretv Co. \$50.000 Mechelle L. Duncan Deputy Tax Assessor Western Surety Co. \$50,000 Angela G. Washington Deputy Tax Assessor Western Surety Co. \$50,000 Terry P. Boyd Western Surety Co. Deputy Tax Assessor \$10,000 Kenya Fuller Lofton Deputy Tax Assessor Western Surety Co. \$10,000 Lance E. Honea Deputy Tax Assessor Western Surety Co. \$10,000 \$10,000 Ted M. Lofton Deputy Tax Assessor Western Surety Co. Alice M. Barnes Deputy Tax Assessor Western Surety Co. \$50,000

SPECIAL REPORTS



# STATE OF MISSISSIPPI OFFICE OF THE STATE AUDITOR SHAD WHITE AUDITOR

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Members of the Board of Supervisors Pike County, Mississippi

We have audited, in accordance with the 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 (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Pike County, Mississippi (the County), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 27, 2023. Our report includes an adverse opinion on the aggregate discretely presented component unit due to the omission of the discretely presented component unit which is required by accounting principles generally accepted in the United States of America to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component unit. Also, our report includes a qualified opinion on the General Fund because the County did not maintain and preserve adequate subsidiary records documenting the existence and valuation of the Justice Court fines receivable, net, and the aging of these receivables at September 30, 2022.

## **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Pike County, Mississippi's internal control over financial reporting (internal control) as a basis for designing 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 Pike County, Mississippi'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 a 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 were not identified. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2022-001 that we consider to be a material weakness.

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## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Pike County, Mississippi's financial statements are free from 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the management of Pike County, Mississippi, in the Independent Accountant's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules and the Limited Internal Control and Compliance Review Management Report dated November 27, 2023, included within this document.

## Pike County's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on Pike County, Mississippi's response to the finding identified in our audit and described in the accompanying Auditee's Corrective Action Plan. Pike County, Mississippi's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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

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JOE E. MCKNIGHT, CPA Director, County Audit Section

November 27, 2023



# STATE OF MISSISSIPPI OFFICE OF THE STATE AUDITOR SHAD WHITE AUDITOR

## INDEPENDENT AUDITOR'S 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 the Major Federal Program

## **Opinion on the Major Federal Program**

We have audited Pike County, Mississippi's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on Pike County, Mississippi's major federal program for the year ended September 30, 2022. Pike County, Mississippi's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, Pike County, Mississippi complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2022.

## Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Pike County, Mississippi and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of Pike County, Mississippi's compliance with the compliance requirements referred to above.

## **Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Pike County, Mississippi's federal programs.

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## Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Pike County, Mississippi's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Pike County, Mississippi's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Pike County Mississippi's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Pike County, Mississippi's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Pike County, Mississippi's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **Report on 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 a combination of deficiencies, in internal control over compliance possibility that material noncompliance with a type of compliance requirement of a federal program 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 is a deficiency, or a combination of deficiencies, in internal control over compliance is a deficiency or a combination of deficiencies, in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over 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 internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance that we consider to over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

geet my might

JOE E. MCKNIGHT CPA Director, County Audit Section

November 27, 2023



# STATE OF MISSISSIPPI OFFICE OF THE STATE AUDITOR SHAD WHITE AUDITOR

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

Members of the Board of Supervisors Pike County, Mississippi

We have examined Pike County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with *Sections 31-7-101* through *31-7-127*, *Mississippi Code of 1972 Annotated* and compliance with the purchasing requirements in accordance with bid requirements of *Section 31-7-13*, *Mississippi Code of 1972 Annotated* during the year ended September 30, 2022. The Board of Supervisors of Pike County, Mississippi is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

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

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

The results of our audit procedures disclosed certain instances of noncompliance with the aforementioned code sections. This instance of noncompliance was considered in forming our opinion on compliance. Our finding and recommendation and your response are disclosed below:

## Receiving Clerk and Assistant Receiving Clerks.

Yes

1.

Assistant Receiving Clerks were not bonded individually.

Repeat Finding

**Criteria** Section 31-7-124, Mississippi Code Annotated (1972), requires Assistant Receiving Clerks to execute a bond in a penalty not less than \$50,000, to be payable, conditioned and approved as provided by law. In addition, Section 21-1-15(2), Mississippi Code Annotated (1972), requires a new bond every four years concurrent with the normal election cycle of the County for all public employees required to give individual bond.

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- **Condition** As reported in the prior two year's audit reports, the County has six (6) Assistant Receiving Clerks that are bonded under a blanket bond for \$50,000.
- Cause The County did not comply with state laws.
- **Effect** Failure to comply with state statutes would limit the amount available for recovery if a loss occurred over multiple terms.
- **Recommendation** The County should cancel the blanket bond and obtain individual bonds for the Assistant Receiving Clerks in the amount of \$50,000 for a period of time concurrent with the normal election cycle of the Governor or with the normal election cycle of the local government applicable to the employee.

## Views of Responsible Official(s)

When questioned about this blanket bond in June 2022, we immediately cancelled the bond and bonded persons individually. We explained to auditors that because this is not a paid position (people leave or are discharged) and to actually name a person on the bond causes a lot of changes along with extra money.

In our opinion, except as explained in the third paragraph and except for the noncompliance referred to in the preceding paragraph, Pike County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2022.

The accompanying schedules of (1) Purchases Not Made from the Lowest Bidder, (2) Emergency Purchases and (3) Purchases Made Noncompetitively from a Sole Source are presented in accordance with *Section 31-7-115, Mississippi Code of 1972 Annotated.* The information contained on these schedules has been subjected to procedures performed in connection with our aforementioned examination and, in our opinion, is fairly presented in relation to that examination.

Pike County's response to the finding included in this report was not audited, and accordingly, we express no opinion on it.

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

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JOE E. MCKNIGHT, CPA Director, County Audit Section

November 27, 2023

#### Schedule 1

#### **PIKE COUNTY**

Schedule of Purchases From Other Than the Lowest Bidder For the Year Ended September 30, 2022

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

# Schedule of Emergency Purchases For the Year Ended September 30, 2022

Date	ltem Purchased	 Amount Paid	Vendor	Reason for Emergency Purchase
10/5/2021	Repair interior damage to Chancery Annex	\$ 74,146	Smith Painting	Damage from Hurricane Ida

Schedule of Purchases Made Noncompetitively From a Sole Source

For the Year Ended September 30, 2022

Date	ltem Purchased		Amount Paid	Vendor
3/3/2022	Tasers and accessories	\$	7,185	Axon Enterprises, Inc.

#### Schedule 3



# STATE OF MISSISSIPPI OFFICE OF THE STATE AUDITOR SHAD WHITE AUDITOR

## LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors Pike County, Mississippi

In planning and performing our audit of the financial statements of Pike County, Mississippi for the year ended September 30, 2022, we considered Pike County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Pike County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the County's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated November 27, 2023, on the financial statements of Pike County, Mississippi.

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

The results of our review procedures and compliance tests identified certain areas that are opportunities for strengthening internal controls and operating efficiency. Our findings, recommendations, and your responses are disclosed below:

Payroll Clerk.

1.	The County should ensure all Form 4B documents are filed and properly documented.
Repeat Finding	No
Criteria	Section 25-11-127(4)(a), Mississippi Code Annotated (1972), requires retirees to receive no more than one-half of the salary in effect for the position at the time of employment in a fiscal year. Furthermore, counties hiring PERS service retirees are required to file PERS Form 4B, "Certification/Acknowledgement of Re-employment of Retiree" with the PERS office within five (5) days from the date of employment of the retiree.
Condition	During our testing, we noted that the PERS Form 4B documents were not completed with proper information, and one rehired retiree was being paid more than one-half their salary.

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Cause	Controls were not in place to ensure compliance with state laws.
Effect	By not completing the required PERS Form 4Bs and overpaying rehired retirees, the County is not in compliance with state legal requirements.
Recommendation	The County should ensure the PERS retirees are not being paid more than the allowable amount, complete the required Form 4Bs, and maintain evidence of the filing dates of the retiree forms.
Views of Responsible Official(s)	I have put in place corrective measures for the two issues discussed.
Board of Supervisors.	
2.	Budgets should be spread upon the minutes of the Board of Supervisors on forms the required forms.
Repeat Finding	No
Criteria	Section 19-11-11(1), Mississippi Code Annotated (1972), requires the Board of Supervisors to enter the budgets for the fiscal year at length and in detail in its official minutes.
Condition	During test work, it was noted that the original and amended budgets for fiscal year 2022 were entered in the Board of Supervisors' minutes on the combined budget form instead of the detailed form as required by state law.
Cause	The County did not comply with state law.
Effect	Failure to enter the budget details in the Board of Supervisors' minutes could result in the misappropriation of public funds.
Recommendation	The Board of Supervisors should implement procedures to ensure that the original and final amended budgets are entered in detail in the minutes of the Board of Supervisors.
Views of Responsible Official(s)	Correction will be made immediately. All prior years the contracted CPA firm never sited that the recording was not on prescribed form.
Pike County's response	es to the findings included in this report were not audited, and accordingly, we express no

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

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

Get my might

JOE E. MCKNIGHT, CPA Director, County Audit Section

November 27, 2023

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

## Schedule of Findings and Questioned Costs For the Year Ended September 30, 2022

## Section 1: Summary of Auditor's Results

## Financial Statements:

1. Type of auditor's report issued on the financial statements:

	Governmental activities Aggregate discretely presented component unit General Fund Countywide Road Maintenance Fund American Rescue Plan Fund Aggregate remaining fund information	Unmodified Adverse Qualified Unmodified Unmodified Unmodified
2.	Internal control over financial reporting:	
	a. Material weakness identified?	Yes
	b. Significant deficiency identified?	None Reported
3.	Noncompliance material to the financial statements noted?	No
Fed	eral Awards:	
4.	Internal control over major federal programs:	
	a. Material weakness identified?	No
	b. Significant deficiency identified?	None Reported
5.	Type of auditor's report issued on compliance for major federal programs:	Unmodified
6.	Any audit finding(s) disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
7.	Identification of major federal programs:	
	<ul> <li>ALN # 97.036, COVID-19 Disaster grants - public assistance (Presidentially declared disasters)</li> </ul>	
8.	Dollar threshold used to distinguish between type A and type B programs:	\$750,000
9.	Auditee qualified as low-risk auditee?	No
10.	Prior fiscal year audit finding(s) and questioned costs relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings in accordance with 2 CFR 200.511(b)?	Yes

#### Schedule of Findings and Questioned Costs For the Year Ended September 30, 2022

#### Section 2: Financial Statement Findings

#### Board of Supervisors.

Material Weakness	
2022-001.	The Justice Court Clerk should ensure effective controls over fines receivable.
Repeat Finding	No
Criteria	An effective system of internal control over fines receivable records should include maintaining adequate subsidiary records to substantiate the total fines receivable balance.
Condition	Management did not maintain adequate subsidiary records documenting the existence and valuation of fines receivable for the Justice Court fines and aging of fines receivable as of September 30, 2022.
Cause	The Justice Court Clerk lacked the necessary control procedures over fines receivable.
Effect	The Independent Auditor's Report includes a qualified opinion on the General Fund because we were unable to satisfy ourselves as to the fair presentation of the Justice Court fines receivable.
Recommendation	The Justice Court Clerk should establish procedures documenting the existence and valuation of Justice Court fines receivable, including the aging schedule of fines receivable.
Views of Responsible Official(s)	See Auditee's Corrective Action Plan.

#### 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.

AUDITEE'S CORRECTIVE ACTION PLAN AND AUDITEE'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS



Becky Buie Chancery Clerk

Teamyon D augusticki, CPPB County Adaptatistrator

Royae Devely Board Attorney

## BOARD OF SUPERVISORS

CORRECTIVE ACTION PLAN

October 9,2023

Office of the State Auditor 501 N. West Street, Suite 801 Jackson, Mississippi 39201

#### Gentlemen

Pike County respectfully submits the following corrective action plan for the year ended September 30, 2022.

The findings from the Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule. <u>Section 1: Summary of Auditor's</u> <u>Results</u>, does not include findings and is not addressed.

#### SECTION 2: FINANCIAL STATEMENT FINDINGS

2022-001. Corrective Action Planned:

My Corrective Action Plan is to run my aged report with fines only and to run the report as soon as possible after I am rolled over into the new fiscal year.

Anticipated Completion Date:

Unknown

Name of Contact Person Responsible for Corrective Action:

Andranette R. Jordan, Justice Court Clerk, (601) 783 5333

P.O. Box 431 • 175 South Cherry St. • Magnolia, M5 39652 • 60 1.783.5289 • Fex 601.783.4101 • www.co.pike.ms.us

Taxwell Bowsky 1" District Sacurel Holl 2<sup>nd</sup>District Robert Accuria 3"District Jack Gazzo Lee Fortenb 5<sup>th</sup> District



**BOARD OF SUPERVISORS** 

#### SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

October 9, 2023

Office of the State Auditor 501 N. West Street, Suite 801 Jackson, Mississippi 39201

Gentlemen:

The Pike County Board of Supervisors respectfully submits the following Summary Schedule of Prior Audit Findings for the year ended September 30, 2022.

The findings from the prior year's Schedule of Findings and Questioned Cost are discussed below. The findings are numbered with the numbers assigned in the first year of issuance. Section 1: Summary of Auditor's Results, does not include findings and is not addressed.

Section 2: Financial Statement Findings

2021-001	County signed warrants without sufficient money.
	CORRECTED
0004 000	The Circuit Court Clerk should ensure effective centre

2021-002 The Circuit Court Clerk should ensure effective controls over fines receivable.

CORRECTED

Section 3: Federal Award Findings

There were no prior year findings and questioned costs related to federal awards.

Signed:

President, Board of Supervisors

P.O. Box 431 • 175 South Cherry St. • Magnolin, MS 39652 • 601.783.5289 • Fax 601.783.4101 • www.co.pike.msas

ogerfield, CPPB