

# FINANCIAL REPORT

PINELANDS PUBLIC IMPROVEMENT DISTRICT

FLOWOOD, MISSISSIPPI

SEPTEMBER 30, 2021

Presented by: Harper, Rains, Knight & Company, P.A.  
1052 Highland Colony Parkway, Suite 100  
Ridgeland, Mississippi 39157  
601-605-0722  
[www.hrkcpa.com](http://www.hrkcpa.com)

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Harper, Rains, Knight & Company

The Board of Directors  
Pinelands Public Improvement District  
Flowood, Mississippi

Independent Auditors' Report

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

***Opinion***

We have audited the financial statements of the governmental activities and each major fund of Pinelands Public Improvement District (the "District"), as of and for the years ended September 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the governmental activities and each major fund of the District as of September 30, 2021 and 2020, and the respective changes in its financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

The District's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Certified Public Accountants • Consultants • hrkcpa.com**

1052 Highland Colony Parkway, Suite 100  
Ridgeland, MS 39157  
p: 601-605-0722 • f: 601-605-0733

700 12th Street NW, Suite 700  
Washington, DC 20005  
p: 202-558-5162 • f: 601-605-0733

The Board of Directors  
Pinelands Public Improvement District (continued)

***Responsibilities of Management for the Financial Statements (continued)***

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 District's ability to continue as a going concern for one year after the date that the financial statements are issued.

***Auditors' 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 auditors' 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 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, 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 District'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 District'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.

The Board of Directors  
Pinelands Public Improvement District (continued)

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and budgetary comparison information on pages 5-9 and 26, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who consider 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.

*Hopper, Raines, Knight & Company, P.A.*  
October 21, 2022  
Ridgeland, Mississippi

PINELANDS PUBLIC IMPROVEMENT DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Years Ended September 30, 2021 and 2020

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As management of the Pinelands Public Improvement District ("the District"), we offer readers of the District's financial statements this narrative overview and analysis for the fiscal year ended September 30, 2021. Please read it in conjunction with the District's basic financial statements.

**FINANCIAL HIGHLIGHTS**

- The District's net position increased by \$384,101 for fiscal year 2021.
- The District assessed fees of \$722,739 through the Rankin County Tax Collector's office during the period 2021.

**OVERVIEW OF THE BASIC FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components:

- Management's Discussion and Analysis
- Basic Financial Statements
- Notes to the Financial Statements

**Government-wide Financial Statements.** The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. These statements are prepared using the accrual basis of accounting and include all assets and liabilities.

The Statement of Net Position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements can be found on pages 10 and 11 of this report.

PINELANDS PUBLIC IMPROVEMENT DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Years Ended September 30, 2021 and 2020

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**OVERVIEW OF THE BASIC FINANCIAL STATEMENTS (continued)**

**Fund Financial Statements.** The fund financial statements present financial information about the District in a more traditional manner. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District has two governmental funds, a general fund and a debt service fund.

*Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on a near-time view of the District's financial resources available for spending. The modified accrual basis of accounting is utilized in preparation of these statements, which may be useful in the evaluation of the District's near-term requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's current financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The reconciliations are included with the financial statements.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are included in this report.

**Required Supplementary Information.** In addition to the basic financial statements and notes, this report also presents the general fund budgetary comparison schedule. This schedule presents financial information required to be presented by the GASB. This required supplementary information is included in this report.

PINELANDS PUBLIC IMPROVEMENT DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Years Ended September 30, 2021 and 2020

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The District's total assets are composed of cash, receivables and capital assets.

**Net Position.** Net position may serve over time as a useful indicator of the District's financial position. The District has a deficit net position of \$1,354,251.

The following table reflects condensed information on the District's net position (deficit) for the fiscal years ended September 30, 2021 and 2020.

	<u>2021</u>	<u>2020</u>
Current assets		
Cash and cash equivalents	\$ 1,366,919	\$ 1,266,766
Receivable from Rankin County	173,772	207,587
Assessments receivable from landowners	-	83,512
Restricted cash	723,534	723,283
Capital assets, net of accumulated depreciation	<u>136,112</u>	<u>98,700</u>
Total assets	<u>2,400,337</u>	<u>2,379,848</u>
Accounts payable	-	3,350
Assessments prepaid by property owner	9,575	-
Bonds payable	3,710,000	4,065,000
Accrued bond interest payable	<u>35,013</u>	<u>38,679</u>
Total liabilities	<u>3,754,588</u>	<u>4,107,029</u>
Net investment in capital assets	136,112	98,700
Net position-restricted	723,534	723,283
Unassigned	<u>(2,213,897)</u>	<u>(2,560,335)</u>
Total net position	<u>\$ (1,354,251)</u>	<u>\$ (1,738,352)</u>



PINELANDS PUBLIC IMPROVEMENT DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Years Ended September 30, 2021 and 2020

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)**

**Changes in Net Position.** The annual decrease in the deficit is the result of the change in net position from operations for each of the years noted.

The following table presents a summary of the changes in net position (deficit) for the fiscal years ended September 30, 2021 and 2020.

CHANGES IN NET POSITION		
	2021	2020
Revenues		
Taxes - property tax assessments	\$ 722,739	\$ 724,307
County shared revenue	20,145	44,099
Interest income	548	10,551
Total general revenues	743,432	778,957
Expenses		
Operating	351,019	375,627
Depreciation	8,312	8,312
Total general expenses	359,331	383,939
Change in net position	\$ 384,101	\$ 395,018

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The focus of the District's governmental funds is to provide information on current inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

The financial performance of the District as a whole is reflected in its governmental funds. At September 30, 2021, the District's governmental funds reported a combined fund balance of \$2,264,225, an increase of \$66,589 from the prior year. Fund balance of \$1,540,691 is unassigned and is available for spending at the District's discretion. Fund balance of \$723,534 is restricted for debt service.

PINELANDS PUBLIC IMPROVEMENT DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Years Ended September 30, 2021 and 2020

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**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets.** Due to the nature of the entity, the District has a limited amount of capital assets. Such capital assets consist primarily of land improvements.

The District has approximately \$136,112 and \$98,700 of capital assets at September 30, 2021 and 2020, respectively. The District has added \$45,724 in fixed assets in the current year. Prior to that, the only change in net capital assets over the two years is related to depreciation expense.

Additional information of the District's capital assets is included in the notes of this report.

**Long-Term Debt.** The District has bonds payable of \$3,710,000 and \$4,065,000 for 2021 and 2020, respectively. The decrease from year to year is related to the annual sinking fund payments that are required by the bond indenture.

Additional information of the District's debt is included in the notes to financial statements contained in this report.

**CURRENT ISSUES AND ECONOMIC FACTORS**

The District has five officials who were elected by the residents of the District. The Board will consider many factors, including the establishment of regularly scheduled landscaping along Hugh Ward Boulevard, when setting the fiscal-year budget and assessment amounts for fiscal year ended September 30, 2022.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. If you have questions about this report or need additional financial information, contact Marion Alford, Board President, Pinelands Public Improvement District, at P.O. Box 320847, Flowood, Mississippi 39232.

PINELANDS PUBLIC IMPROVEMENT DISTRICT

STATEMENTS OF NET POSITION

September 30, 2021 and 2020

ASSETS		
	<u>2021</u>	<u>2020</u>
Current assets		
Cash and cash equivalents	\$ 1,366,919	\$ 1,266,766
Receivable from Rankin County	173,772	207,587
Assessments receivable from landowners	-	83,512
	<u>1,540,691</u>	<u>1,557,865</u>
Capital assets, net of accumulated depreciation	136,112	98,700
Restricted assets:		
Cash and cash equivalents	<u>723,534</u>	<u>723,283</u>
 Total assets	 <u>\$ 2,400,337</u>	 <u>\$ 2,379,848</u>
LIABILITIES		
Current liabilities		
Accounts payable	\$ -	\$ 3,350
Current portion of assessments prepaid by property owner	1,596	1,596
Current portion of bonds payable	375,000	355,000
Accrued bond interest payable	35,013	38,679
	<u>411,609</u>	<u>398,625</u>
Bonds payable, net of current portion	3,335,000	3,710,000
Assessments prepaid by property owner	7,979	9,575
Total liabilities	<u>3,754,588</u>	<u>4,118,200</u>
Net position		
Capital assets, net invested in capital assets	136,112	98,700
Restricted for debt service	723,534	723,283
Unassigned	<u>(2,213,897)</u>	<u>(2,560,335)</u>
 Total net position	 <u>\$ (1,354,251)</u>	 <u>\$ (1,738,352)</u>

The Notes to Financial Statements are an integral part of these statements.

PINELANDS PUBLIC IMPROVEMENT DISTRICT

STATEMENTS OF ACTIVITIES

Years Ended September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
General revenues		
Taxes - property tax assessments	\$ 722,739	\$ 724,307
Penalties on delinquent assessments	20,145	44,099
Interest income	548	10,551
Total general revenues	<u>743,432</u>	<u>778,957</u>
General expenses		
General operating - District operations	129,748	133,456
Interest on long-term debt	229,583	250,483
Total general expenses	<u>359,331</u>	<u>383,939</u>
Change in net position	384,101	395,018
Net position, beginning	<u>(1,738,352)</u>	<u>(2,133,370)</u>
Net position, ending	<u>\$ (1,354,251)</u>	<u>\$ (1,738,352)</u>

The Notes to Financial Statements are an integral part of these statements.

PINELANDS PUBLIC IMPROVEMENT DISTRICT  
RECONCILIATION OF THE BALANCE SHEET TO THE  
STATEMENTS OF NET POSITION - GOVERNMENTAL FUNDS  
September 30, 2021 and 2020

	2021	2020
Fund balances - total governmental funds	\$ 2,264,225	\$ 2,194,286
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds:		
Governmental capital assets	211,958	166,234
Less accumulated depreciation	(75,846)	(67,534)
	136,112	98,700
Some assets, including receivables, are not available for spending in the current period and, therefore, are not reported in the funds:		
	-	83,512
Some liabilities, including accrued interest expense, are not due and payable in the current period and, therefore, are not reported in the funds:		
	(44,588)	(49,850)
Bonds are not due and, therefore, are not reported in the funds		
	(3,710,000)	(4,065,000)
Net position of governmental activities	\$ (1,354,251)	\$ (1,738,352)

The Notes to Financial Statements are an integral part of these statements.

PINELANDS PUBLIC IMPROVEMENT DISTRICT

BALANCE SHEET -  
GOVERNMENTAL FUNDS  
September 30, 2021

	General Fund	Debt Service Fund	Total Governmental Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 1,366,919	\$ -	\$ 1,366,919
Receivable from Rankin County	173,772	-	173,772
<b>Restricted assets</b>			
Cash and cash equivalents	<u>-</u>	<u>723,534</u>	<u>723,534</u>
<b>Total assets</b>	<u><u>\$ 1,540,691</u></u>	<u><u>\$ 723,534</u></u>	<u><u>\$ 2,264,225</u></u>
<b>Liabilities and fund balances</b>			
<b>Liabilities</b>			
Accounts payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance</b>			
Restricted	-	723,534	723,534
Unassigned	<u>1,540,691</u>	<u>-</u>	<u>1,540,691</u>
<b>Total fund balance</b>	<u>1,540,691</u>	<u>723,534</u>	<u>2,264,225</u>
<b>Total liabilities and fund balance</b>	<u><u>\$ 1,540,691</u></u>	<u><u>\$ 723,534</u></u>	<u><u>\$ 2,264,225</u></u>

The Notes to Financial Statements are an integral part of this statement.

PINELANDS PUBLIC IMPROVEMENT DISTRICT

BALANCE SHEET -  
GOVERNMENTAL FUNDS

September 30, 2020

	General Fund	Debt Service Fund	Total Governmental Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 1,266,766	\$ -	\$ 1,266,766
Receivable from Rankin County	207,587	-	207,587
<b>Restricted assets</b>			
Cash and cash equivalents	<u>-</u>	<u>723,283</u>	<u>723,283</u>
<b>Total assets</b>	<u><u>\$ 1,474,353</u></u>	<u><u>\$ 723,283</u></u>	<u><u>\$ 2,197,636</u></u>
<b>Liabilities and fund balances</b>			
<b>Liabilities</b>			
Accounts payable	<u>\$ 3,350</u>	<u>\$ -</u>	<u>\$ 3,350</u>
<b>Total liabilities</b>	<u>3,350</u>	<u>-</u>	<u>3,350</u>
<b>Fund balance</b>			
Restricted	-	723,283	723,283
Unassigned	<u>1,471,003</u>	<u>-</u>	<u>1,471,003</u>
<b>Total fund balance</b>	<u>1,471,003</u>	<u>723,283</u>	<u>2,194,286</u>
<b>Total liabilities and fund balance</b>	<u><u>\$ 1,474,353</u></u>	<u><u>\$ 723,283</u></u>	<u><u>\$ 2,197,636</u></u>

The Notes to Financial Statements are an integral part of this statement.

PINELANDS PUBLIC IMPROVEMENT DISTRICT

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
GOVERNMENTAL FUNDS  
Year Ended September 30, 2021

	General Fund	Debt Service Fund	Total Governmental Funds
<b>Revenues</b>			
Assessments:			
Rankin County	\$ 800,392	\$ -	\$ 800,392
Other income	<u>35,984</u>	<u>251</u>	<u>36,235</u>
Total revenues	<u>836,376</u>	<u>251</u>	<u>836,627</u>
<b>Expenditures</b>			
<b>Current operating</b>			
General operating	55,403	-	55,403
Maintenance and landscaping	126,702	-	126,702
Bond interest expense	-	229,583	229,583
Total expenditures	<u>182,105</u>	<u>229,583</u>	<u>411,688</u>
Excess of revenues over (under) expenditures	<u>654,271</u>	<u>(229,332)</u>	<u>424,939</u>
<b>Other financing sources and uses</b>			
Bond principal reduction	-	(355,000)	(355,000)
Transfers	<u>(584,583)</u>	<u>584,583</u>	<u>-</u>
Total other financing sources (uses)	<u>(584,583)</u>	<u>229,583</u>	<u>(355,000)</u>
Net change in fund balances	69,688	251	69,939
Fund balances, beginning	<u>1,471,003</u>	<u>723,283</u>	<u>2,194,286</u>
Fund balances, ending	<u><u>\$ 1,540,691</u></u>	<u><u>\$ 723,534</u></u>	<u><u>\$ 2,264,225</u></u>

The Notes to Financial Statements are an integral part of this statement.



PINELANDS PUBLIC IMPROVEMENT DISTRICT

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
GOVERNMENTAL FUNDS

Year Ended September 30, 2020

	General Fund	Debt Service Fund	Total Governmental Funds
<b>Revenues</b>			
Assessments:			
Rankin County	\$ 893,148	\$ -	\$ 893,148
Other income	<u>73,525</u>	<u>4,532</u>	<u>78,057</u>
Total revenues	<u>966,673</u>	<u>4,532</u>	<u>971,205</u>
<b>Expenditures</b>			
<b>Current operating</b>			
General operating	45,368	-	45,368
Maintenance and landscaping	83,244	-	83,244
Bond interest expense	-	250,483	250,483
Total expenditures	<u>128,612</u>	<u>250,483</u>	<u>379,095</u>
Excess of revenues over (under) expenditures	<u>838,061</u>	<u>(245,951)</u>	<u>592,110</u>
<b>Other financing sources and uses</b>			
Bond principal reduction	-	(335,000)	(335,000)
Transfers	<u>(688,633)</u>	<u>688,633</u>	<u>-</u>
Total other financing sources (uses)	<u>(688,633)</u>	<u>353,633</u>	<u>(335,000)</u>
Net change in fund balances	149,428	107,682	257,110
Fund balances, beginning	<u>1,321,575</u>	<u>615,601</u>	<u>1,937,176</u>
Fund balances, ending	<u>\$ 1,471,003</u>	<u>\$ 723,283</u>	<u>\$ 2,194,286</u>

The Notes to Financial Statements are an integral part of this statement.

PINELANDS PUBLIC IMPROVEMENT DISTRICT

RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE TO THE STATEMENTS OF  
ACTIVITIES - GOVERNMENTAL FUNDS  
Years Ended September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Net change in fund balances - total governmental funds	\$ 69,939	\$ 257,110
Amounts reported for governmental activities in the Statements of Activities are different because:		
Governmental funds report capital outlays as expenditures; however, in the Statements of Activities, the cost of those assets should be recognized over the estimated useful life of the asset:		
Depreciation of capital assets is not reported in the funds	(8,312)	(8,312)
Fixed asset additions are recorded as expenditures in the funds	45,724	-
Governmental funds include assessments receipts when they are available for spending; however, revenues are recognized as assessments when they are assessed on the Statements of Activities		
	(78,250)	(188,780)
Bond principal payments are expenditures in the governmental funds, but decrease long-term liabilities in the Statements of Activities		
	<u>355,000</u>	<u>335,000</u>
Change in net position of governmental activities	<u>\$ 384,101</u>	<u>\$ 395,018</u>

The Notes to Financial Statements are an integral part of these statements.

PINELANDS PUBLIC IMPROVEMENT DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

Years Ended September 30, 2021 and 2020

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NOTE 1 • SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

Pinelands Public Improvement District ("the District") was established in accordance with Section 19-31-1 et seq., of the Mississippi Code of 1972, by the Board of Supervisors of Rankin County, Mississippi, on July 6, 2004. The District was created for the purposes of delivering certain community development services and facilities to benefit the 694-acre area located within the unincorporated area of Rankin County. The board of the District shall exercise the powers granted to the District pursuant to section 19-31-9 et seq., of the Mississippi Code of 1972. On February 10, 2006, the board of the District issued Special Assessment Bonds, Series 2006 in order to provide funds for (i) the payment of a portion of all Costs of the Project, (ii) for the payment of capitalized interest on the Bonds through and including January 31, 2008, (iii) the funding of the Debt Service Reserve Fund and (iv) the payment of the costs of issuance of the Bonds. On February 1, 2006, the District entered into a Bond Purchase Agreement with Duncan-Williams, Inc. for the sale by the District and the purchase of the Bonds by the Underwriter. The District has been authorized, under Section 19-31-33 et seq., of the Act, to levy a non-ad valorem special assessment on the District lands to be used solely for the purpose of repayment of the entire cost of the Bonds.

For financial reporting purposes, the reporting entity includes all funds of the District. There are no component units as defined in Governmental Accounting Standards Board Statement ("GASB") 14 which are included in the District's reporting entity.

Financial Reporting

In June 1999, GASB issued Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for state and local governments. This statement affects the way the District prepares and presents financial information. State and local governments traditionally have used a financial reporting model substantially different from the one used to prepare private sector financial reports.

*Management's Discussion and Analysis*

GASB Statement No. 34 requires that financial statements be accompanied by a narrative introduction and analytical overview of the government's financial activities.

*Government-wide Financial Statements*

The reporting model includes financial statements prepared using full accrual accounting for all of the government's activities. This approach includes current assets and liabilities as well as capital assets and long-term liabilities. Accrual accounting also reports all the revenues and cost of providing services each year, not just those received or paid that year.

PINELANDS PUBLIC IMPROVEMENT DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

Years Ended September 30, 2021 and 2020

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NOTE 1 • SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Reporting (continued)

*Statement of Net Position*

The statement of Net Position is designed to display the financial position of the primary government (governmental and business-type activities) and its component units. Governments report all capital assets, including infrastructure, in the governmental-wide statement of net assets and report depreciation expense in the statement of activities.

*Statement of Activities*

The government-wide statement of activities reports expenses and revenues in a format that focuses on the cost of the government's functions.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the District. The effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which expenses of a given function are offset by District revenues. Direct expenses are those that are clearly identifiable with a specific function. District revenues include charges to customers who purchase, use or directly benefit from services or privileges provided and grants and contributions that are restricted to meeting certain operational or capital needs of a function. County allocation and other items not included in District revenues are reported as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported in separate columns in the fund financial statements.

PINELANDS PUBLIC IMPROVEMENT DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

Years Ended September 30, 2021 and 2020

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NOTE 1 • SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement and the accrual basis of accounting. Revenues are recorded when earned, which occurs at the point when property taxes are levied and expenses are recorded when a liability is incurred.

Governmental fund financial statements are reported using current financial resources, measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available and expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, if measurable, except for principal and interest on general long-term debt, which are recognized when due.

Major Governmental Funds include:

*Operating Funds* - Operating Funds are used to account for the operating activities of the District.

*Debt Service Funds* - Debt Service Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted for specific expenditure purposes.

*Capital Projects Funds* - Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Fund Balance

*Nonspendable fund balance* - amounts that are not in nonspendable form (such as inventory) or required to be maintained intact.

*Restricted fund balance* - amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government), through constitutional provisions or by enabling legislation.

*Committed fund balance* - amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority, the Board. To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest-level action to remove or change the constraint.

*Unassigned fund balance* - amounts that are available for any purpose.

PINELANDS PUBLIC IMPROVEMENT DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

Years Ended September 30, 2021 and 2020

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NOTE 1 • SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Interfund Transfers

Interfund transfers are made from the debt service fund to the operating fund each year for revenue that is allocated to the operations of the District.

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments with an original maturity of less than three months. Cash balances include cash in banks, cash on deposit with the Treasurer of the State of Mississippi and money market mutual funds.

Equity in internal investment pool is cash equity with the Treasurer and consists of pooled demand deposits and investments recorded at fair value. Cash and cash equivalents include bank accounts, petty cash, money market demand accounts, money market mutual funds and certificates of deposit with a maturity date within ninety (90) days of the date acquired by the State.

Long-term Debt

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

Budget

State law requires that the executive director recommend a budget each year which will most effectively utilize projected capital outlay and expenditures to carry out the purposes of the organization.

Encumbrances

An encumbrance system is not maintained to account for commitments of the District.

PINELANDS PUBLIC IMPROVEMENT DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

Years Ended September 30, 2021 and 2020

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NOTE 1 • SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets

Capital assets include land improvements and equipment that have initial useful lives extending beyond a single reporting period. Capital assets are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at cost. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of \$3,000 and use an estimated useful life of 20 years.

Capital acquisition and construction are reflected as expenditures in the Governmental Fund statements and the related assets are reported as capital assets in the governmental activities column in the government-wide financial statements.

Reconciliation of Governmental-wide and Fund Financial Statements

The governmental fund balance sheet includes reconciliation between fund-balance - total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets.

The governmental fund statement of revenues, expenditures and changes in fund balances includes reconciliation between net changes in fund balances - total governmental funds and the change in net assets of total governmental activities as reported in the government wide statement of activities.

Reclassifications

Certain prior year amounts were reclassified for consistency with current year presentation. These reclassifications had no material effect on the reported results of the changes in net position.

Subsequent Events

Subsequent events were evaluated through October 21, 2022, which is the date the financial statements were available to be issued.

PINELANDS PUBLIC IMPROVEMENT DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

Years Ended September 30, 2021 and 2020

NOTE 2 • DEPOSITS AND INVESTMENTS

The District has no formal policy on managing credit risk. The carrying amount of the District's cash and other deposits with financial institutions was \$2,090,453 and \$1,990,049 for 2021 and 2020, respectively. The bank balances were either insured or collateralized with securities held by the pledging financial institutions in the District's name as discussed below.

Collateral for Deposits

State statute requires that all deposits in financial institutions be collateralized in an amount at least equal to 105% of the amount not insured by the Federal Deposit Insurance Corporation ("FDIC"). The District participates in the State Treasurer's collateral pool. The District's deposits were fully insured or collateralized with securities held by this pool at September 30, 2021 and 2020.

NOTE 3 • PROPERTY TAX

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied as of January 1 and are payable on or before February 1. All property taxes are collected and remitted to the District by the county tax collector. The taxes are distributed to the District in accordance with prescribed tax levies.

NOTE 4 • CAPITAL ASSETS

All assets purchased by the District since inception through the period ended September 30, 2011, including land, infrastructure and infrastructure improvements were conveyed to Rankin County and are not reflected in these financial statements. Rankin County is responsible for all maintenance of the streets and infrastructure.

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

	<u>Balance</u> <u>9/30/20</u>	<u>Increases</u> <u>(Decreases)</u>	<u>Balance</u> <u>9/30/21</u>
Governmental Activities:			
Depreciable capital assets:			
Improvements other than buildings	\$ 166,234	\$ 45,723	\$ 211,957
Total depreciable capital assets	<u>166,234</u>	<u>45,723</u>	<u>211,957</u>
Less accumulated depreciation for:			
Improvements other than buildings	<u>67,534</u>	<u>8,311</u>	<u>75,845</u>
Total accumulated depreciation	<u>67,534</u>	<u>8,311</u>	<u>75,845</u>
Governmental activities capital assets, net	<u>\$ 98,700</u>	<u>\$ 37,412</u>	<u>\$ 136,112</u>



PINELANDS PUBLIC IMPROVEMENT DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

Years Ended September 30, 2021 and 2020

NOTE 4 • CAPITAL ASSETS (continued)

	<u>Balance 9/30/19</u>	<u>Increases (Decreases)</u>	<u>Balance 9/30/20</u>
Governmental Activities:			
Depreciable capital assets:			
Improvements other than buildings	\$ 166,234	\$ -	\$ 166,234
Total depreciable capital assets	<u>166,234</u>	<u>-</u>	<u>166,234</u>
Less accumulated depreciation for:			
Improvements other than buildings	<u>59,222</u>	<u>8,312</u>	<u>67,534</u>
Total accumulated depreciation	<u>59,222</u>	<u>8,312</u>	<u>67,534</u>
Governmental activities capital assets, net	<u>\$ 107,012</u>	<u>\$ (8,312)</u>	<u>\$ 98,700</u>

NOTE 5 • LONG-TERM DEBT

Bonds and capital improvement loans payable at September 30, 2021 and 2020, are comprised of the following:

<u>Description</u>	<u>Governmental Activities 2021</u>	<u>Governmental Activities 2020</u>
\$7,125,000 2006 Special Assessment Bonds issued on February 1, 2006, due in semi-annual installments ranging from \$190,000 to \$555,000 for 23 years through August 2029, with interest ranging from 4.75% to 6.0%. This issue to be payable from the tax revenues generated from residents of the District.	\$ 3,710,000	\$ 4,065,000
Due within one year	<u>375,000</u>	<u>355,000</u>
Special Assessment Bonds, net of current portion	<u>\$ 3,335,000</u>	<u>\$ 3,710,000</u>

PINELANDS PUBLIC IMPROVEMENT DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

Years Ended September 30, 2021 and 2020

NOTE 5 • LONG-TERM DEBT (continued)

The annual requirements of principal and interest payments are as follows:

Governmental Activities:

Year Ending	Principal	Interest	Total
2022	\$ 375,000	\$ 210,075	\$ 585,075
2023	400,000	186,700	586,700
2024	420,000	162,000	582,000
2025	445,000	135,925	580,925
2026	475,000	108,175	583,175
Thereafter	<u>1,595,000</u>	<u>140,025</u>	<u>1,735,025</u>
Total	<u>\$ 3,710,000</u>	<u>\$ 942,900</u>	<u>\$ 4,652,900</u>

Events of default defined in the bond origination documentation are as follows:

- (a) If payment of any installment of interest on any Bond is not made when it becomes due or payable; or
- (b) If payment of the principal or redemption price of any bond is not made when it becomes due and payable at maturity or upon call or presentation for redemption prior to maturity; or
- (c) If the District, for any reason, is rendered incapable of fulfilling its obligations under the bond indenture; or
- (d) If the District proposes or makes an assignment for the benefit of creditors or enters into a composition agreement with all or a material part of its creditors or a trustee, receiver, executor, conservator, liquidator, sequestrator or other judicial representative, similar or dissimilar, is appointed for the District or any of its assets or revenues or there is commenced any proceeding in liquidation, bankruptcy, reorganization, arrangement of debts, debtor rehabilitation, creditor adjustment or insolvency, local, state or federal, by or against the issuer and if such is not vacated, dismissed or stayed on appeal within ninety (90) days; or
- (e) If the District defaults in the due and punctual performance of any bond covenant and such default continues for sixty (60) days after written notice requiring performance to be remedied.

NOTE 6 • RELATED PARTY

Board members were compensated \$500 each during fiscal year 2021 and 2020, for a total of \$2,000 and \$2,500, respectively.

PINELANDS PUBLIC IMPROVEMENT DISTRICT

BUDGETARY COMPARISON SCHEDULE -  
GOVERNMENTAL FUNDS

Years Ended September 30, 2021 and 2020

	2021			2020		
	Original and Amended Budget	Actual Amounts GAAP Basis	Budget to GAAP Differences Over (Under)	Original and Amended Budget	Actual Amounts GAAP Basis	Budget to GAAP Differences Over (Under)
Revenues						
Assessments:						
Rankin County	\$ 725,833	\$ 800,392	\$ 74,559	\$ 727,398	\$ 893,148	\$ 165,750
Other income	15,000	36,235	21,235	20,000	78,057	58,057
Total revenues	<u>740,833</u>	<u>836,627</u>	<u>95,794</u>	<u>747,398</u>	<u>971,205</u>	<u>223,807</u>
Expenditures						
Current operating						
General operating	407,100	182,105	(224,995)	155,700	128,612	(27,088)
Bond interest expense	233,850	229,583	(4,267)	254,550	250,483	(4,067)
Total expenditures	<u>640,950</u>	<u>411,688</u>	<u>(229,262)</u>	<u>410,250</u>	<u>379,095</u>	<u>(31,155)</u>
Excess of revenues over (under) expenditures	<u>99,883</u>	<u>424,939</u>	<u>325,056</u>	<u>337,148</u>	<u>592,110</u>	<u>254,962</u>
Other financing sources and uses						
Bond principal reduction	(355,000)	(355,000)	-	(335,000)	(335,000)	-
Total other financing sources (uses)	<u>(355,000)</u>	<u>(355,000)</u>	<u>-</u>	<u>(335,000)</u>	<u>(335,000)</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses, budgetary basis	<u>\$ (255,117)</u>	<u>69,939</u>	<u>\$ 325,056</u>	<u>\$ 2,148</u>	<u>257,110</u>	<u>\$ 254,962</u>
Fund balances, beginning		2,194,286			1,937,176	
Fund balances, ending		<u>\$ 2,264,225</u>			<u>\$ 2,194,286</u>	

See accompanying Independent Auditors' Report.