

FINANCIAL REPORT

PINELANDS PUBLIC IMPROVEMENT DISTRICT

FLOWOOD, MISSISSIPPI

SEPTEMBER 30, 2020

Presented by: Harper, Rains, Knight & Company, P.A.
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TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITORS' REPORT	2
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements:	
Statements of Net Position	9
Statements of Activities	10
Fund Financial Statements:	
Reconciliation of the Balance Sheet to the Statements of Net Position - Governmental Funds	11
Balance Sheet - Governmental Funds	12
Statements of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds	14
Reconciliation of the Statements of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities - Governmental Funds	16
Notes to financial statements	17
SUPPLEMENTARY FINANCIAL INFORMATION	
Budgetary Comparison Schedule - Governmental Funds	25



The Board of Directors
Pinelands Public Improvement District
Flowood, Mississippi

Independent Auditors' Report

Report on the Financial Statements

We have audited the accompanying 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, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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The Board of Directors
Pinelands Public Improvement District (continued)

Auditors' Responsibility (continued)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of the District as of September 30, 2020 and 2019, 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.

Other Matters

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 4-9 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, Raino, Knight & Company, P.A.

January 27, 2022
Ridgeland, Mississippi

PINELANDS PUBLIC IMPROVEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended September 30, 2020 and 2019

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, 2020. Please read it in conjunction with the District's basic financial statements.

FINANCIAL HIGHLIGHTS

- The District's net position increased by \$395,018 for fiscal year 2020.
- The District assessed fees of \$724,307 through the Rankin County Tax Collector's office during the period 2020.
- The District collected \$12,767 to release a commercial lot from all future special assessments to be levied by the District. The Board of Director approved amount of \$12,767 satisfies all anticipated future assessments as based on the current bond amortization schedule and the acreage of the lot.

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, 2020 and 2019

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, 2020 and 2019

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The District's total assets are composed of cash, receivables, prepaid expenses 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 \$1,738,352.

The following table reflects condensed information on the District's net position (deficit) for the fiscal years ended September 30, 2020 and 2019.

	NET POSITION	
	2020	2019
Current assets		
Cash and cash equivalents	\$ 1,266,766	\$ 1,195,313
Receivable from Rankin County	207,587	129,612
Assessments receivable from landowners	83,512	264,589
Restricted cash	723,283	615,601
Capital assets, net of accumulated depreciation	98,700	107,012
Total assets	2,379,848	2,312,127
Accounts payable	3,350	3,350
Assessments prepaid by property owner	11,171	-
Bonds payable	4,065,000	4,400,000
Accrued bond interest payable	38,679	42,146
Total liabilities	4,118,200	4,445,496
Net investment in capital assets	115,323	115,323
Net position-restricted	615,601	615,601
Unassigned	(2,469,276)	(2,864,294)
Total net position	\$ (1,738,352)	\$ (2,133,370)

PINELANDS PUBLIC IMPROVEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended September 30, 2020 and 2019

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, 2020 and 2019.

CHANGES IN NET POSITION		
	2020	2019
Revenues		
Taxes - property tax assessments	\$ 724,307	\$ 736,915
County shared revenue	44,099	51,050
Interest income	10,551	31,573
Total general revenues	778,957	819,538
Expenses		
Operating	375,627	385,071
Depreciation	8,312	8,312
Total general expenses	383,939	393,383
Change in net position	\$ 395,018	\$ 426,155

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, 2020, the District's governmental funds reported a combined fund balance of \$2,145,531, an increase of \$208,355 from the prior year. Fund balance of \$1,422,248 is unassigned and is available for spending at the District's discretion. Fund balance of \$723,283 is restricted for debt service.

PINELANDS PUBLIC IMPROVEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended September 30, 2020 and 2019

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.

At September 30, 2020, the District has approximately \$98,700 of capital assets. 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 \$4,065,000 and \$4,400,000 for 2020 and 2019, 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, 2021. Additionally, the Board is researching the possibility of refinancing the District's bonds to receive a lower rate.

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, MS 39232.

PINELANDS PUBLIC IMPROVEMENT DISTRICT

STATEMENTS OF NET POSITION

September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Current assets		
Cash and cash equivalents	\$ 1,266,766	\$ 1,195,313
Receivable from Rankin County	207,587	129,611
Assessments receivable from landowners	83,512	264,589
	<u>1,557,865</u>	<u>1,589,513</u>
Capital assets, net of accumulated depreciation	98,700	107,012
Restricted assets:		
Cash and cash equivalents	<u>723,283</u>	<u>615,601</u>
Total assets	<u>2,379,848</u>	<u>2,312,126</u>
Current liabilities		
Accounts payable	3,350	3,350
Current portion of assessments prepaid by property owner	1,596	-
Current portion of bonds payable	355,000	335,000
Accrued bond interest payable	38,679	42,146
	<u>398,625</u>	<u>380,496</u>
Bonds payable, net of current portion	3,710,000	4,065,000
Assessments prepaid by property owner	9,575	-
Total liabilities	<u>4,118,200</u>	<u>4,445,496</u>
Net position		
Capital assets, net invested in capital assets	115,323	115,323
Restricted for debt service	615,601	615,601
Unassigned	<u>(2,469,276)</u>	<u>(2,864,294)</u>
Total net position	<u>\$ (1,738,352)</u>	<u>\$ (2,133,370)</u>

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

PINELANDS PUBLIC IMPROVEMENT DISTRICT

STATEMENTS OF ACTIVITIES

Years Ended September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
General revenues		
Taxes - property tax assessments	\$ 724,307	\$ 736,915
Penalties on delinquent assessments	44,099	51,050
Interest income	<u>10,551</u>	<u>31,573</u>
Total general revenues	<u>778,957</u>	<u>819,538</u>
General expenses		
General operating	133,456	123,198
Interest on long-term debt	<u>250,483</u>	<u>270,183</u>
Total general expenses	<u>383,939</u>	<u>393,381</u>
Change in net position	395,018	426,157
Net position, beginning	<u>(2,133,370)</u>	<u>(2,559,527)</u>
Net position, ending	<u>\$ (1,738,352)</u>	<u>\$ (2,133,370)</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, 2020 and 2019

	2020	2019
Fund balances - total governmental funds	\$ 2,194,286	\$ 1,937,176
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	166,234	166,234
Less accumulated depreciation	(67,534)	(59,222)
	98,700	107,012
Some assets, including receivables, are not available for spending in the current period and, therefore, are not reported in the funds:		
	83,511	264,588
Some liabilities, including accrued interest expense, are not due and payable in the current period and, therefore, are not reported in the funds:		
	(49,850)	(42,146)
Bonds are not due and, therefore, are not reported in the funds		
	(4,065,000)	(4,400,000)
Net position of governmental activities	\$ (1,738,353)	\$ (2,133,370)

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

PINELANDS PUBLIC IMPROVEMENT DISTRICT

BALANCE SHEET -
GOVERNMENTAL FUNDS
September 30, 2020

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

BALANCE SHEET -
GOVERNMENTAL FUNDS

September 30, 2019

	General Fund	Debt Service Fund	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 1,195,313	\$ -	\$ 1,195,313
Receivable from Rankin County	129,612	-	129,612
Restricted assets			
Cash and cash equivalents	<u>-</u>	<u>615,601</u>	<u>615,601</u>
Total assets	<u><u>\$ 1,324,925</u></u>	<u><u>\$ 615,601</u></u>	<u><u>\$ 1,940,526</u></u>
Liabilities and fund balances			
Liabilities			
Accounts payable	<u>\$ 3,350</u>	<u>\$ -</u>	<u>\$ 3,350</u>
Total liabilities	<u>3,350</u>	<u>-</u>	<u>3,350</u>
Fund balance			
Restricted	-	615,601	615,601
Unassigned	<u>1,321,575</u>	<u>-</u>	<u>1,321,575</u>
Total fund balance	<u>1,321,575</u>	<u>615,601</u>	<u>1,937,176</u>
Total liabilities and fund balance	<u><u>\$ 1,324,925</u></u>	<u><u>\$ 615,601</u></u>	<u><u>\$ 1,940,526</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
Revenues			
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>
Expenditures			
Current operating			
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>
Other financing sources and uses			
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

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

Year Ended September 30, 2019

	General Fund	Debt Service Fund	Total Governmental Funds
Revenues			
Assessments:			
Rankin County	\$ 724,046	\$ -	\$ 724,046
Other income	<u>64,916</u>	<u>11,873</u>	<u>76,789</u>
Total revenues	<u>788,962</u>	<u>11,873</u>	<u>800,835</u>
Expenditures			
Current operating			
General operating	39,688	-	39,688
Maintenance and landscaping	78,464	-	78,464
Bond interest expense	-	270,183	270,183
Total expenditures	<u>118,152</u>	<u>270,183</u>	<u>388,335</u>
Excess of revenues over (under) expenditures	<u>670,810</u>	<u>(258,310)</u>	<u>412,500</u>
Other financing sources and uses			
Bond principal reduction	-	(315,000)	(315,000)
Transfers	<u>(585,183)</u>	<u>585,183</u>	<u>-</u>
Total other financing sources (uses)	<u>(585,183)</u>	<u>270,183</u>	<u>(315,000)</u>
Net change in fund balances	85,627	11,873	97,500
Fund balances, beginning	<u>1,235,948</u>	<u>603,728</u>	<u>1,839,676</u>
Fund balances, ending	<u>\$ 1,321,575</u>	<u>\$ 615,601</u>	<u>\$ 1,937,176</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, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Net change in fund balances - total governmental funds	\$ 257,110	\$ 97,500
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)
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		
	(188,780)	21,969
Bond principal payments are expenditures in the governmental funds, but decrease long-term liabilities in the Statements of Activities		
	<u>335,000</u>	<u>315,000</u>
Change in net position of governmental activities	<u>\$ 395,018</u>	<u>\$ 426,157</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, 2020 and 2019

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, 2020 and 2019

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, 2020 and 2019

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, 2020 and 2019

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, 2020 and 2019

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.

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 \$1,958,813 and \$1,810,914 for 2020 and 2019, 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 Districts' deposits were fully insured or collateralized with securities held by this pool at September 30, 2020 and 2019.

PINELANDS PUBLIC IMPROVEMENT DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

Years Ended September 30, 2020 and 2019

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. The 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>9/30/19</u>	<u>Increases</u> <u>(Decreases)</u>	<u>Balance</u> <u>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	59,222	8,312	67,534
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>
	<u>Balance</u> <u>9/30/18</u>	<u>Increases</u>	<u>Balance</u> <u>9/30/19</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	50,910	8,312	59,222
Total accumulated depreciation	<u>50,910</u>	<u>8,312</u>	<u>59,222</u>
Governmental activities capital assets, net	<u>\$ 115,324</u>	<u>\$ (8,312)</u>	<u>\$ 107,012</u>

PINELANDS PUBLIC IMPROVEMENT DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

Years Ended September 30, 2020 and 2019

NOTE 5 • LONG-TERM DEBT

Bonds and capital improvement loans payable at September 30, 2020 and 2019, are comprised of the following:

Description	Governmental Activities 2020	Governmental Activities 2019
\$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.	\$ 4,065,000	\$ 4,400,000
Due within one year	<u>355,000</u>	<u>335,000</u>
Special Assessment Bonds, net of current portion	<u>\$ 3,710,000</u>	<u>\$ 4,065,000</u>

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

Governmental Activities:

Year Ending	Principal	Interest	Total
2021	\$ 355,000	\$ 232,075	\$ 587,075
2022	375,000	210,075	585,075
2023	400,000	186,700	586,700
2024	420,000	162,000	582,000
Thereafter	<u>2,515,000</u>	<u>384,125</u>	<u>2,899,125</u>
Total	<u>\$ 4,065,000</u>	<u>\$ 1,174,975</u>	<u>\$ 5,239,975</u>

PINELANDS PUBLIC IMPROVEMENT DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

Years Ended September 30, 2020 and 2019

NOTE 5 • LONG-TERM DEBT (continued)

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 2020 and 2019, for a total of \$2,500 and \$2,000, respectively.

NOTE 7 • SUBSEQUENT EVENTS

Subsequent events were evaluated through January 27, 2022, which is the date the financial statements were available to be issued.

NOTE 8 • CORONAVIRUS PANDEMIC

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. It is anticipated that these impacts will continue for some time. There has been no immediate impact on the District's operations. Future potential impacts may include payments of assessments. The District does not anticipate changes in operating functions or increased operating costs; however, it is reasonable to expect that certain sectors of the economy could be affected which could impact future employment levels and the general economy. The future effects of these issues are unknown.

PINELANDS PUBLIC IMPROVEMENT DISTRICT

BUDGETARY COMPARISON SCHEDULE -
GOVERNMENTAL FUNDS

Years Ended September 30, 2020 and 2019

	2020			2019		
	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	\$ 727,398	\$ 893,148	\$ 165,750	\$ 740,052	\$ 724,046	\$ (16,006)
Other income	20,000	78,057	58,057	7,500	76,789	69,289
Total revenues	<u>747,398</u>	<u>971,205</u>	<u>223,807</u>	<u>747,552</u>	<u>800,835</u>	<u>53,283</u>
Expenditures						
Current operating						
General operating	155,700	128,612	(27,088)	158,500	118,152	(40,348)
Bond interest expense	254,550	250,483	(4,067)	274,050	270,183	(3,867)
Total expenditures	<u>410,250</u>	<u>379,095</u>	<u>(31,155)</u>	<u>432,550</u>	<u>388,335</u>	<u>(44,215)</u>
Excess of revenues over (under) expenditures	<u>337,148</u>	<u>592,110</u>	<u>254,962</u>	<u>315,002</u>	<u>412,500</u>	<u>97,498</u>
Other financing sources and uses						
Bond principal reduction	(335,000)	(335,000)	-	(315,000)	(315,000)	-
Total other financing sources (uses)	<u>(335,000)</u>	<u>(335,000)</u>	<u>-</u>	<u>(315,000)</u>	<u>(315,000)</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses, budgetary basis	<u>\$ 2,148</u>	<u>257,110</u>	<u>\$ 254,962</u>	<u>\$ 2</u>	<u>97,500</u>	<u>\$ 97,498</u>
Fund balances, beginning		1,937,176			1,839,676	
Fund balances, ending		<u>\$ 2,194,286</u>			<u>\$ 1,937,176</u>	

See accompanying Independent Auditors' Report.