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PANOLA COUNTY, MISSISSIPPI
AUDITED FINANCIAL STATEMENTS AND SPECIAL REPORTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

PANOLA COUNTY, MISSISSIPPI

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PANOLA COUNTY, MISSISSIPPI

FINANCIAL SECTION



WATKINS, WARD and STAFFORD
Professional Limited Liability Company
Certified Public Accountants

James L. Stafford, CPA
Harry W. Stevens, CPA
S. Keith Winfield, CPA
William B. Staggers, CPA
Michael W. McCully, CPA
R. Steve Sinclair, CPA
Marsha L. McDonald, CPA
Wanda S. Holley, CPA
Robin Y. McCormick, CPA/PFS
J. Randy Scrivner, CPA
Kimberly S. Caskey, CPA
Susan M. Lummus, CPA
Stephen D. Flake, CPA
John N. Russell, CPA
Anita L. Goodrum, CPA
Ricky D. Allen, CPA
Jason D. Brooks, CPA
Robert E. Cordle, Jr., CPA
Perry C. Rackley, Jr., CPA
Jerry L. Gammel, CPA
Michael C. Knox, CPA
Clifford P. Stewart, CPA
Edward A. Maxwell, CPA

INDEPENDENT AUDITORS' REPORT

Members of the Board of Supervisors
Panola County, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Panola County, Mississippi, as of and for the year ended September 30, 2019, and the related notes to financial statements, which collectively comprise the basic financial statements of the County's primary government as listed in the contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the 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.

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

Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units

The financial statements do not include financial data for the County's legally separate component units. Accounting principles generally accepted in the United States of America require the financial data for those component units 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 units. The County has not issued such reporting entity financial statements. The amount by which this departure would affect the assets, liabilities, net position, revenues and expenses of the aggregate discretely presented component units has not been determined.

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units” paragraph, the financial statements referred to above do not present fairly, the financial position of the aggregate discretely presented component units of Panola County, Mississippi, as of September 30, 2019, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Panola County, Mississippi, as of September 30, 2019, 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.

Other Matters

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, 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

Panola 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 to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Panola County, Mississippi's basic financial statements. The Schedule of Surety Bonds for County Officials has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 4, 2022, on our consideration of Panola 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 Panola 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 Panola County, Mississippi's internal control over financial reporting and compliance.

Oxford, Mississippi
August 4, 2022

Watkins Ward and Stafford, PLLC

PANOLA COUNTY, MISSISSIPPI

BASIC FINANCIAL STATEMENTS

PANOLA COUNTY
Statement of Net Position
September 30, 2019

Exhibit 1

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
ASSETS			
Cash	\$ 17,707,773	300	17,708,073
Investments	71,394	-	71,394
Property tax receivable	11,230,652	-	11,230,652
Accounts receivable (net of allowance for uncollectibles of \$4,628,015)	-	204,207	204,207
Fines receivable (net of allowance for uncollectibles of \$2,217,960)	101,980	-	101,980
Intergovernmental receivables	493,941	-	493,941
Other receivables	54,300	-	54,300
Capital lease receivable	1,441,890	-	1,441,890
Internal balances	752,343	(752,343)	-
Capital assets:			
Land and construction in progress	1,361,356	-	1,361,356
Other capital assets, net	55,315,646	2,996,570	58,312,216
Total Assets	88,531,275	2,448,734	90,980,009
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of refunding	333,185	-	333,185
Deferred outflows related to pensions	1,521,677	105,520	1,627,197
Total Deferred Outflows of Resources	1,854,862	105,520	1,960,382
LIABILITIES			
Claims payable	1,397,199	138,819	1,536,018
Intergovernmental payables	1,114,728	62	1,114,790
Accrued interest payable	20,800	-	20,800
Amounts held in custody for others	244,310	-	244,310
Unearned Revenue	-	232,251	232,251
Long-term liabilities			
Due within one year:			
Capital debt	1,188,525	744,853	1,933,378
Non-capital debt	1,143,624	6,858	1,150,482
Due in more than one year:			
Capital debt	4,293,461	1,789,601	6,083,062
Non-capital debt	5,929,877	49,302	5,979,179
Net pension liability	20,213,089	1,646,521	21,859,610
Total Liabilities	35,545,613	4,608,267	40,153,880
DEFERRED INFLOWS OF RESOURCES			
Deferred Revenues-Property Taxes	11,230,652	-	11,230,652
Deferred Revenues-Capital Lease	193,078	-	193,078
Deferred inflows related to pensions	226,495	15,400	241,895
Total Deferred Inflows of Resources	11,650,225	15,400	11,665,625
NET POSITION			
Net investment in capital assets	51,195,016	462,116	51,657,132
Restricted:			
Expendable:			
General Government	799,155	-	799,155
Debt Service	692,597	-	692,597
Public Safety	789,647	-	789,647
Public Works	2,481,407	-	2,481,407
Economic development	2,994,930	-	2,994,930
Unemployment compensation	27,604	-	27,604
Unrestricted	(15,790,057)	(2,531,529)	(18,321,586)
Total Net Position	\$ 43,190,299	(2,069,413)	41,120,886

The Accompanying Notes to Financial Statements are an Integral Part of These Statements.

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

Exhibit 2

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
			Operating	Capital	Primary Government		
Functions/Programs	Expenses	Charges for Services	Grants and Contributions	Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 4,395,775	835,382	266,011	-	(3,294,382)	-	(3,294,382)
Public safety	7,994,267	908,319	300,765	13,286	(6,771,897)	-	(6,771,897)
Public works	7,665,266	-	1,812,262	78,773	(5,774,231)	-	(5,774,231)
Health and Welfare	449,373	-	92,395	21,054	(335,924)	-	(335,924)
Culture and recreation	30,654	-	-	-	(30,654)	-	(30,654)
Education	10,000	-	-	-	(10,000)	-	(10,000)
Conservation of natural resources	390,833	-	-	-	(390,833)	-	(390,833)
Economic development and assistance	64,800	-	467,011	-	402,211	-	402,211
Interest on long-term debt	323,023	-	-	-	(323,023)	-	(323,023)
Pension Expense	2,586,559	-	-	-	(2,586,559)	-	(2,586,559)
Total Governmental Activities	23,910,550	1,743,701	2,938,444	113,113	(19,115,292)	-	(19,115,292)
Business-type activities:							
Solid Waste	3,486,307	2,864,733	-	5,517	-	(616,057)	(616,057)
Total Business-type Activities	3,486,307	2,864,733	-	5,517	-	(616,057)	(616,057)
Total Primary Government	\$ 27,396,857	4,608,434	2,938,444	118,630	(19,115,292)	(616,057)	(19,731,349)
General revenues:							
Property taxes					\$ 14,483,568	-	14,483,568
Road & bridge privilege taxes					471,682	-	471,682
Grants & contributions not restricted to specific programs					651,691	-	651,691
Unrestricted interest income					424,217	117	424,334
Miscellaneous					812,499	12,591	825,090
Total General Revenues					16,843,657	12,708	16,856,365
Changes in Net Position					(2,271,635)	(603,349)	(2,874,984)
Net Position - Beginning, as previously reported					46,324,900	(1,466,064)	44,858,836
Prior period adjustments					(862,966)	-	(862,966)
Net Position - Beginning, as restated					45,461,934	(1,466,064)	43,995,870
Net Position - Ending					\$ 43,190,299	(2,069,413)	41,120,886

The Accompanying Notes to Financial Statements are an Integral Part of These Statements.

PANOLA COUNTY
Balance Sheet - Governmental Funds
September 30, 2019

Exhibit 3

	Major Funds			
	General Fund	Countywide Road Maintenance Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash	\$ 9,562,177	2,730,081	5,415,515	17,707,773
Investments	-	-	71,394	71,394
Property tax receivable	7,737,520	2,003,245	1,489,887	11,230,652
Fines receivable (net of allowance for uncollectibles of \$2,217,960)	101,980	-	-	101,980
Intergovernmental Receivables	262,662	68,075	163,204	493,941
Other receivables	26,362	-	27,938	54,300
Capital lease receivable	-	-	1,441,890	1,441,890
Due from other funds	562,717	138,941	99,160	800,818
Advances to other funds	214,840	-	-	214,840
Total Assets	\$ 18,468,258	4,940,342	8,708,988	32,117,588
LIABILITIES AND FUND BALANCES				
Liabilities:				
Claims payable	\$ 512,885	717,718	166,596	1,397,199
Intergovernmental payables	1,106,596	632	7,500	1,114,728
Amounts held in custody for others	244,310	-	-	244,310
Due to other funds	238,101	-	24,971	263,072
Advances from other funds	-	-	243	243
Total Liabilities	2,101,892	718,350	199,310	3,019,552
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	7,737,520	2,003,245	1,489,887	11,230,652
Unavailable revenue - capital lease	-	-	1,441,890	1,441,890
Unavailable revenue - fines	101,980	-	-	101,980
Total Deferred Inflows of Resources	7,839,500	2,003,245	2,931,777	12,774,522
Fund Balances:				
Nonspendable:				
Advances	214,840	-	-	214,840
Restricted for:				
General government	-	-	547,649	547,649
Public safety	-	-	789,647	789,647
Public works	-	2,218,747	262,660	2,481,407
Economic development and assistance	-	-	2,994,930	2,994,930
Debt service	-	-	713,397	713,397
Unemployment compensation	-	-	27,604	27,604
Assigned for:				
General government	-	-	251,506	251,506
Unassigned	8,312,026	-	(9,492)	8,302,534
Total Fund Balances	8,526,866	2,218,747	5,577,901	16,323,514
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 18,468,258	4,940,342	8,708,988	32,117,588

The Accompanying Notes to Financial Statements are an Integral Part of These Statements.

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

Exhibit 3-1

Total Fund Balance - Governmental Funds	\$ 16,323,514
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 \$89,890,061.	56,677,002
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(12,555,487)
Capital leases are not available to pay for current expenditures and, therefore are deferred in the funds.	1,248,812
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	101,980
Deferred amount on refunding of bonds is not reported in the funds.	333,185
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(20,800)
Net pension obligations are not due and payable in the current period and, therefore are not reported in the funds.	(20,213,089)
Deferred outflows of resources related to pension obligations are applicable to future periods and, therefore are not reported in the funds.	1,521,677
Deferred inflows of resources related to pension obligations are applicable to future periods and, therefore are not reported in the funds.	(226,495)
Total Net Position - Governmental Activities	\$ <u>43,190,299</u>

The Accompanying Notes to Financial Statements are an Integral Part of These Statements.

PANOLA COUNTY

Exhibit 4

**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended September 30, 2019**

	Major Funds			
	General Fund	Countywide Road Maintenance Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Property taxes	\$ 10,464,904	2,099,244	1,934,303	14,498,451
Road and bridge privilege taxes	-	471,682	-	471,682
Licenses, commissions, & other revenue	612,502	-	15,134	627,636
Fines and forfeitures	274,312	-	9,630	283,942
Intergovernmental revenues	1,043,462	1,659,040	1,000,746	3,703,248
Charges for services	398,361	-	427,598	825,959
Interest income	230,414	80,431	113,372	424,217
Miscellaneous revenues	486,810	77,451	55,741	620,002
Total Revenues	13,510,765	4,387,848	3,556,524	21,455,137
EXPENDITURES				
Current:				
General government	4,907,918	-	70,681	4,978,599
Public safety	6,888,647	-	1,801,219	8,689,866
Public works	170,736	4,994,635	1,990,491	7,155,862
Health and welfare	357,208	-	1,500	358,708
Culture and recreation	30,654	-	-	30,654
Education	10,000	-	-	10,000
Conservation of natural resources	419,429	-	-	419,429
Economic development assistance	29,610	-	1,310,429	1,340,039
Debt Service:				
Principal	142,967	301,344	1,540,084	1,984,395
Interest	13,529	26,064	244,714	284,307
Total Expenditures	12,970,698	5,322,043	6,959,118	25,251,859
Excess of Revenues over (under) Expenditures	540,067	(934,195)	(3,402,594)	(3,796,722)
OTHER FINANCING SOURCES (USES)				
Long-term capital debt issued	431,857	471,054	273,277	1,176,188
Long-term non capital debt issued	-	-	3,765,000	3,765,000
Proceeds from sale of capital assets	104,000	198,677	3,250	305,927
Lease principal payments	-	-	27,468	27,468
Transfers in	116	-	1,006,263	1,006,379
Transfers out	(943,730)	-	(62,649)	(1,006,379)
Total Other Financing Sources (Uses)	(407,757)	669,731	5,012,609	5,274,583
Net Changes in Fund Balance	132,310	(264,464)	1,610,015	1,477,861
Fund Balances - Beginning	8,394,556	2,483,211	3,967,886	14,845,653
Fund Balances - Ending	\$ 8,526,866	2,218,747	5,577,901	16,323,514

The Accompanying Notes to Financial Statements are an Integral Part of These Statements.

PANOLA COUNTY

Exhibit 4-1

**Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2019**

Net Changes in Fund Balances - Governmental Funds	\$	1,477,861
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 depreciation of \$2,147,063 exceeded capital outlays of \$1,871,010 in the current period.		(276,053)
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 that proceeds from the sale of capital assets of \$305,927 exceeded the net gain of \$11,695.		(294,232)
Fine revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recording would have been required on the Statement of Activities using the full-accrual basis of accounting.		6,164
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 reduced 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 proceeds of \$4,941,188 exceeded debt payments of \$1,984,395 in the current period.		(2,956,793)
In the Statement of Activities, only interest income from payments received on capital leases are reported, whereas in the governmental funds, both principal and interest payments received increase financial resources. Thus, the change in net position differs from the change in fund balances by the principal collections on the capital leases.		(27,468)
The revenue from the principal portion of the capital lease receivable is deferred on the modified accrual basis, but is recognized under the full-accrual basis of accounting.		1,276,280
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 year		(2,586,559)
Recording of contributions made subsequent to the measurement date		322,150
Recording of contributions made prior to the measurement date		867,223
Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus the change in net position differs from the change in fund balances by a combination of the following items:		
Change in accrued interest payable		4,731
Change in compensated absences		(41,492)
The amortization of:		
Premiums on bonds		4,724
Deferred amount on refunding bonds		(48,171)
Change in Net Position of Governmental Activities	\$	<u>(2,271,635)</u>

The Accompanying Notes to Financial Statements are an Integral Part of These Statements.

PANOLA COUNTY
Statement of Net Position - Proprietary Fund
September 30, 2019

Exhibit 5

	Business-type Activities - Enterprise Fund Solid Waste Fund
ASSETS	
Current assets:	
Cash	\$ 300
Accounts receivable (net of allowance for uncollectibles of \$4,628,015)	204,207
Total Current Assets	<u>204,507</u>
Noncurrent assets:	
Capital assets:	
Other capital assets, net	2,996,570
Total Noncurrent Assets	<u>2,996,570</u>
Total Assets	<u>3,201,077</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	<u>105,520</u>
LIABILITIES	
Current liabilities:	
Claims payable	138,819
Intergovernmental payables	62
Due to governmental funds	537,746
Advances from governmental funds	214,597
Unearned revenue	232,251
Capital debt:	
Capital leases payable	744,853
Non-capital debt:	
Leases payable	6,858
Total Current Liabilities	<u>1,875,186</u>
Noncurrent liabilities:	
Capital debt:	
Capital leases payable	1,789,601
Non-capital debt:	
Leases payable	15,041
Compensated absences payable	34,261
Net pension liability	1,646,521
Total Noncurrent Liabilities	<u>3,485,424</u>
Total Liabilities	<u>5,360,610</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	<u>15,400</u>
NET POSITION	
Net investment in capital assets	462,116
Unrestricted	(2,531,529)
Total Net Position	<u>\$ (2,069,413)</u>

The Accompanying Notes to Financial Statements are an Integral Part of These Statements.

PANOLA COUNTY

Exhibit 6

**Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund
For the Year Ended September 30, 2019**

	Business-type Activities - Enterprise Fund Solid Waste Fund
Operating Revenues	
Charges for services	\$ 2,864,733
Intergovernmental revenues	5,517
Other income	12,591
Total Operating Revenues	<u>2,882,841</u>
Operating Expenses	
Personal services	837,839
Contractual services	890,280
Materials and supplies	701,220
Indirect administrative cost	18,371
Pension expense	238,880
Depreciation expense	484,875
Total Operating Expenses	<u>3,171,465</u>
Operating (Loss)	<u>(288,624)</u>
Nonoperating Revenues (Expenses)	
Interest income	117
Interest expense	(66,368)
Loss on sale of capital assets	(248,474)
Net Nonoperating Revenues (Expenses)	<u>(314,725)</u>
Changes in Net Position	<u>(603,349)</u>
Net Position - Beginning	<u>(1,466,064)</u>
Net Position - Ending	<u>\$ (2,069,413)</u>

The Accompanying Notes to Financial Statements are an Integral Part of These Statements.

PANOLA COUNTY
Statement of Cash Flows - Proprietary Fund
For the Year Ended September 30, 2019

Exhibit 7

	Business-type Activities - Enterprise Fund Solid Waste Fund
Cash Flows From Operating Activities	
Receipts from customers	\$ 2,906,725
Receipts from state government	5,517
Other receipts	12,591
Payments to suppliers	(1,549,527)
Payments to employees	(948,562)
Net Cash Provided by Operating Activities	<u>426,744</u>
Cash Flows From Capital and Related Financing Activities	
Proceeds from sale of capital assets	789,562
Acquisition of capital assets	(1,616,174)
Proceeds from interfund loans	307,586
Proceeds from long-term capital debt	1,616,176
Proceeds from long-term non capital debt	28,588
Principal paid on long-term debt	(1,486,231)
Interest paid on debt	(66,368)
Net Cash (Used) by Capital and Related Financing Activities	<u>(426,861)</u>
Cash Flows From Investing Activities	
Interest on investments	117
Net Cash Provided by Investing Activities	<u>117</u>
Net Change in Cash and Cash Equivalents	-
Cash and Cash Equivalents at Beginning of Year	300
Cash and Cash Equivalents at End of Year	<u>\$ 300</u>
Reconciliation of Operating (Loss) to Net Cash Provided by Operating Activities:	
Operating (Loss)	\$ (288,624)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	484,875
Changes in assets and liabilities:	
(Increase) in accounts receivables	(999)
Decrease in other receivables	2,933
Decrease in deferred outflows of resources	27,501
(Decrease) in deferred inflows of resources	(24,794)
Increase in claims payable	41,777
(Decrease) in intergovernmental payable	(87)
Increase in due to other funds	18,371
(Decrease) in compensated absences liability	(597)
Increase in pension liability	126,330
Increase in unearned revenue	40,058
Total Adjustments	<u>715,368</u>
Net Cash Provided by Operating Activities	<u>\$ 426,744</u>

Noncash Capital Financing Activity:

Panola County lease purchased mobile equipment for \$159,999 for 5 years at 3.14% interest.
Panola County lease purchased mobile equipment for \$28,588 for 5 years at 3.09% interest.
Panola County lease purchased mobile equipment for \$323,424 for 5 years at 3.06% interest.
Panola County lease purchased mobile equipment for \$1,132,753 for 2 years at 3.04% interest.
Principal payments of \$1,486,231 were made on leases during the year.

The Accompanying Notes to Financial Statements are an Integral Part of These Statements.

PANOLA COUNTY
Statement of Fiduciary Assets and Liabilities
September 30, 2019

Exhibit 8

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 476,550
Total Assets	<u>476,550</u>
<u>LIABILITIES</u>	
Intergovernmental payables	476,550
Total Liabilities	<u>\$ 476,550</u>

The Accompanying Notes to Financial Statements are an Integral Part of These Statements.

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

(1) Summary of Significant Accounting Policies.

a. Financial Reporting Entity.

Panola 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 Panola County to present these financial statements on the primary government and its component units which have significant operational or financial relationships with the County.

Management has chosen to omit from these financial statements the following component units which have significant operational or financial relationships with the County. Accordingly, the financial statements do not include the data of all of the County's component units necessary for reporting in accordance with accounting principles generally accepted in the United States of America.

- Bynum Fire District
- Cole's Point Fire District
- Curtis Fire Department
- Mt. Olivett Fire Department
- Sardis Lower Lake Fire District
- Pope Volunteer Fire District
- Pleasant Grove Fire District
- Union Fire District
- North Panola Utility District
- Longtown Fire District
- Long Creek Sewer 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-Collector
- Sheriff

b. Individual Component Unit Disclosures.

Blended Component Units

Certain component units, although legally separate from the primary government, are nevertheless so intertwined with the primary government that they are, in substance, the same as the primary government. Therefore, these component units are reported as if they are part of the primary government. The following component units' balances and transactions are blended with the balances and transactions of the primary government.

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

(1) Summary of Significant Accounting Policies. (continued)

The Panola County Civic Improvement Corporation is comprised solely of the five members of the Board of Supervisors. Although legally separate from the County, the Corporation is reported as if it were part of the primary government because its sole purpose is to finance and construct the County's new jail building.

The Panola County Industrial Authority is a legally separate entity, organized by a local and private bill to provide for land acquisitions and improvements for industrial development purposes. Its five-member Board of Commissioners is appointed by the Board of Supervisors.

The Panola County Economic Development District is comprised solely of the five members of the Board of Supervisors. Although legally separate from the County, the Corporation is reported as if it were part of the primary government because its sole purpose is to finance a substation for industries in the County.

c. Basis of Presentation.

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

Government-wide Financial Statements:

The Statement of Net Position and Statement of Net 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 and are reported separately from business-type activities. Business-type activities rely mainly on fees and charges for support.

The Statement of Net Position presents the financial condition of the governmental activities and business-type 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 and business-type 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 business-type activity or governmental function is self-financing or draws from the general revenues of the County.

Fund Financial Statements:

Fund financial statements of the County are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows, liabilities, deferred inflows, fund balances, revenues and expenditures/expenses. Funds are organized into governmental, proprietary and fiduciary. Major individual Governmental Funds and major individual Enterprise 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.

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

(1) Summary of Significant Accounting Policies. (continued)

d. Measurement Focus and Basis of Accounting.

The Government-wide, Proprietary Funds and Fiduciary Funds (excluding agency funds) financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Shared revenues are recognized when the provider government recognizes the liability to the County. Grants are recognized as revenues as soon as all eligibility requirements have been satisfied. Agency funds have no measurement focus, but use the accrual basis of accounting.

The revenues and expenses of Proprietary Funds are classified as operating or nonoperating. Operating revenues and expenses generally result from providing services in connection with a Proprietary Fund's primary operations. All other revenues and expenses are reported as nonoperating.

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 measureable 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 sixty days after year end to liquidate liabilities existing at the end of the year. Measureable 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:

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

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

The county reports the following major Enterprise Fund:

Solid Waste Fund - This fund is used to account for the County's activities of disposal of solid waste within the County.

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

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

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

(1) Summary of Significant Accounting Policies. (continued)

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

PROPRIETARY FUND TYPE

Enterprise Funds – These funds are used to account for those operations that are financed and operated in a manner similar to private business enterprises or where the County has decided that periodic determination of revenues earned, expenses incurred and/or net income is necessary for management accountability.

FIDUCIARY FUND TYPE

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

e. Account Classifications.

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

f. Deposits and Investments.

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

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

g. Receivables.

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

h. Interfund Transactions and Balances.

Transactions between funds that are representative of short-term lending/borrowing arrangements and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as “due to/from other funds.” Noncurrent portions of interfund receivables and payables are reported as “advances to/from other funds.” Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in the General Fund, if applicable, to indicate that they are not available for appropriation and are not expendable available financial resources. However, this is not applicable to advances reported in other governmental funds, which are reported, by definition, as restricted, committed, or assigned. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. Any outstanding

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

(1) Summary of Significant Accounting Policies. (continued)

balances between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

i. 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 or business-type 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, other than infrastructure, costs have been estimated and the methods of estimation are not readily available. Donated capital assets are recorded at estimated fair market value at the time of donation. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend their respective lives are not capitalized; however, improvements are capitalized. Interest expenditures are not capitalized on capital assets.

Capital assets acquired or constructed for Proprietary Fund operations are capitalized at cost in the respective funds in which they are utilized. No interest is capitalized on self-constructed assets because noncapitalization of interest does not have a material effect on the County's financial statements. Donated capital assets are recorded at their fair value at the time of donation.

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 and Proprietary Funds. 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:

	<u>Capitalization Thresholds</u>	<u>Estimated Useful Life</u>
Land	\$ 0	N/A
Infrastructure	0	20-50 years
Buildings	50,000	40 years
Improvements other than buildings	25,000	20 years
Mobile Equipment	5,000	5-10 years
Furniture and equipment	5,000	3-7 years
Leased property under capital leases	*	*

* Leased property capitalization policy and estimated useful life will correspond with the amounts for the asset classification, as listed above.

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

(1) Summary of Significant Accounting Policies. (continued)

j. 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 and so will not be recognized as an outflow of resources (expense/expenditure) until then.

Deferred amount on refunding – For current refunding's and advance refunding's resulting in defeasance of debt reported by governmental activities, the difference between the reacquisition price and 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.

Deferred outflows related to pensions – This amount represents the County's proportionate share of the deferred outflows of resources reported by the pension plan in which the County participates. See Note Ten 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 future periods and so will not be recognized as an inflow of resources (revenue) until that time.

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

Deferred revenues – capital lease/unavailable revenue – capital lease – When a capital lease 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 revenues become available.

Unavailable revenue-fines – When an asset is recorded in 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.

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

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

(1) Summary of Significant Accounting Policies. (continued)

k. 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.

l. Long-Term Liabilities.

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

In the government-wide financial statements and the Proprietary Fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or Proprietary Funds Statement of Net Position.

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.

m. 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."

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

(1) Summary of Significant Accounting Policies. (continued)

Net Position Flow Assumption:

When an expense is incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) resources are available, the County's general policy is 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, the County's general policy is to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

Fund Financial Statements:

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

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

Nonspendable fund balance includes amounts that cannot be spent. This includes amounts that are either not in a spendable form (inventories, prepaid amounts, long-term portion of loans/notes receivable, or property held for resale unless the proceeds from the collection of those receivables or from the sale of those properties are restricted, committed or assigned) or amounts that are legally or contractually required to be maintained intact, such as a principal balance of a permanent fund.

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

Assigned fund balance includes amounts that are constrained by the County's intent to be used for a specific purpose, but are neither restricted nor committed. For governmental funds, other than the General Fund, this is the residual amount within the fund that is not classified as nonspendable and is neither restricted nor committed. Assignments of fund balance are created by the County Administrator.

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, the County's general policy is 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, the County's general policy is to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

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

(1) Summary of Significant Accounting Policies. (continued)

n. 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 collectability criteria for property tax recognition because the lien and due date cannot be established until the date of original purchase occurs.

o. 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.

p. 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 and Proprietary Funds financial statements. In fund financial statements, Governmental Funds report the compensated absence liability payable only if the payable has matured, for example an employee resigns or retires.

q. Changes in Accounting Standards.

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

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

(1) Summary of Significant Accounting Policies. (continued)

r. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from the estimates.

(2) Prior Period Adjustment

A summary of significant net position adjustments are as follows:

Exhibit 2 – Statement of Activities – Governmental Activities

<u>Explanation</u>	<u>Amount</u>
Error in capital assets	\$ (837,000)
Error in compensated absences	<u>(25,966)</u>
Total prior period adjustments	<u>\$ (862,966)</u>

Capital assets and compensated absences were adjusted due to accidental double posting in these accounts in the prior year.

(3) Deposits and Investments.

Deposits:

The carrying amount of the County's total deposits with financial institutions at September 30, 2019, was \$18,256,017 and the bank balance was \$18,549,321. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the County's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation (FDIC).

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

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

(3) Deposits and Investments. (continued)

Investments:

Investment balances at September 30, 2019 are as follows:

Investment Type	Maturity	Fair Value Level	Fair Value
Certificate of Deposit	3 months	1	\$ 71,394
Total			\$ 71,394

Interest rate risk. The County does not have formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, Section 19-9-29, Miss. Code Ann. (1972) limits the maturity period of any investment to no more than one year.

Credit risk. State law limits investments to those authorized by Sections 19-9-29 and 91-13-8, Miss. Code Ann. (1972). The County does not have a formal investment policy that would further limit its investment choices or one that addresses credit risk.

Custodial Credit Risk – Investments. Custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County does not have a formal policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the County. Bank certificates of deposit 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.

Concentration of Credit Risk. The County places no limit on the amount the County may invest in any one issuer. More than 5 percent of the County's investments are in a certificate of deposit. This investment is 100% of the County's total investments and is reported in Other Governmental Funds.

(4) Interfund Transactions and Balances.

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

A. Due From/To Other Funds:

Receivable Fund	Payable Fund	Amount
General Fund	Other Governmental Funds	\$ 24,971
General Fund	Solid Waste	537,746
Countywide Road Maintenance Fund	General Fund	138,941
Other Governmental Funds	General Fund	99,160
Total		\$ 800,818

The receivables represent the tax revenue collected in September, 2019, but not settled until October, 2019, indirect cost, monies to cover expenditures until reimbursement is received, as well as funds paid to cover negative cash balances. All interfund balances are expected to be repaid within one year from the date of the financial statements.

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

(4) Interfund Transactions and Balances (continued).

B. Advances From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 243
General Fund	Solid Waste	214,597
		<u>\$ 214,840</u>

The receivables represent indirect cost, advance on grant proceeds and loan to cover operating cost. All interfund balances are not expected to be repaid within one year from the date of the financial statements.

C. Transfers In/Out:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 116
Other Governmental Funds	General Fund	943,730
Other Governmental Funds	Other Governmental Funds	62,533
Total		<u>\$ 1,006,379</u>

The purposes of interfund transfers were to provide funds for E911 appropriation, distribute seized funds, and transfer interest revenue. All interfund transfers were routine and consistent with the activities of the fund making the transfer.

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

(5) Intergovernmental Receivables.

Intergovernmental receivables at September 30, 2019, consisted of the following:

Description	Amount
Governmental Activities:	
Legislative tag credit	\$ 182,010
Youth court	965
Community Development Block Grant - Airport	102,549
Community Development Block Grant - United Solutions	8,353
Motor vehicle fuel tax	65,322
Housing prisoners	35,061
Additional privilege tax	29,200
Emergency management performance grant	30,849
Road and bridge privilege tax	2,753
Patrolling the lake	7,855
Reimbursement for law enforcement training	7,177
Reimbursement for coroner fees	3,760
Reimbursement for transporting inmates	571
Reimbursement for 911 dispatcher	6,300
Reimbursement for welfare	7,041
Reimbursement for utilities	1,043
Timber severance	36
Miscellaneous	<u>3,096</u>
Total Governmental Activities	<u>\$ 493,941</u>

(6) Loans Receivable.

Loans receivable balances at September 30, 2019, are as follows:

Description	Date of Loan	Interest Rate	Maturity Date	Amount
Batesville Apartment Homes IV, LLC	8/16/2006	1%	8/18/2056	\$ 819,500
Less:				
Allowance for doubtful accounts				<u>(819,500)</u>
Net Loans Receivable				<u>\$ -</u>

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

(7) Capital Assets.

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

Governmental Activities:	Balance Oct. 1, 2018	Additions	Deletions	Adjustments	Balance Sept. 30, 2019
<u>Non-depreciable capital assets:</u>					
Land	\$ 1,362,567	-	10,000	-	1,352,567
Constuction in progress	1,855,507	66,667	-	(1,913,385)	8,789
Total non-depreciable capital assets	<u>3,218,074</u>	<u>66,667</u>	<u>10,000</u>	<u>(1,913,385)</u>	<u>1,361,356</u>
<u>Depreciable capital assets:</u>					
Infrastructure	110,979,650	-	-	1,913,385	112,893,035
Buildings	13,724,473	90,000	175,000	-	13,639,473
Improvements other than buildings	1,927,044	97,794	-	-	2,024,838
Mobile equipment	11,109,590	501,548	680,732	(711,000)	10,219,406
Furniture and equipment	1,976,011	6,540	55,919	181,669	2,108,301
Leased property under capital lease	3,519,862	1,108,461	-	(307,669)	4,320,654
Total depreciable capital assets	<u>143,236,630</u>	<u>1,804,343</u>	<u>911,651</u>	<u>1,076,385</u>	<u>145,205,707</u>
<u>Less accumulated depreciation for:</u>					
Infrastructure	72,862,674	437,541	-	-	73,300,215
Buildings	5,124,736	226,193	94,500	-	5,256,429
Building improvements	1,053,991	80,993	-	-	1,134,984
Mobile equipment	6,870,854	726,153	482,591	90,720	7,205,136
Furniture and equipment	1,577,070	81,611	50,328	116,787	1,725,140
Leased property under capital leases	881,092	594,572	-	(207,507)	1,268,157
Total accumulated depreciation	<u>88,370,417</u>	<u>2,147,063</u>	<u>627,419</u>	<u>-</u>	<u>89,890,061</u>
Total depreciable capital assets, net	<u>54,866,213</u>	<u>(342,720)</u>	<u>284,232</u>	<u>1,076,385</u>	<u>55,315,646</u>
Governmental activities capital assets, net	<u>\$ 58,084,287</u>	<u>(276,053)</u>	<u>294,232</u>	<u>(837,000)</u>	<u>56,677,002</u>

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

(7) Capital Assets. (continued)

Business-type Activities:	Balance Oct. 1, 2018	Additions	Deletions	Adjustments	Balance Sept. 30, 2019
<u>Depreciable capital assets:</u>					
Buildings	\$ 201,428	-	-	-	201,428
Improvements other than buildings	38,069	-	-	-	38,069
Mobile equipment	200,946	-	-	94,383	295,329
Furniture and equipment	223,786	-	-	-	223,786
Leased property under capital leases	3,218,882	1,616,174	1,591,190	(94,383)	3,149,483
Total depreciable capital assets	<u>3,883,111</u>	<u>1,616,174</u>	<u>1,591,190</u>	<u>-</u>	<u>3,908,095</u>
<u>Less accumulated depreciation for:</u>					
Buildings	68,487	4,028	-	-	72,515
Improvements other than buildings	25,888	1,522	-	-	27,410
Mobile equipment	129,248	27,396	-	15,857	172,501
Furniture and equipment	147,511	24,770	-	1,132	173,413
Leased property under capital leases	608,670	427,159	553,154	(16,989)	465,686
Total accumulated depreciation	<u>979,804</u>	<u>484,875</u>	<u>553,154</u>	<u>-</u>	<u>911,525</u>
Total depreciable capital assets, net	<u>2,903,307</u>	<u>1,131,299</u>	<u>(1,038,036)</u>	<u>-</u>	<u>2,996,570</u>
Business-type activities capital assets, net	<u>\$ 2,903,307</u>	<u>1,131,299</u>	<u>(1,038,036)</u>	<u>-</u>	<u>2,996,570</u>

*Adjustments were made to transfer paid out leased property to mobile equipment, to transfer completed construction in progress to infrastructure, and to change prior year error in valuation.

Depreciation expense was charged to the following functions:

	Amount
Governmental Activities:	
General government	\$ 127,489
Public safety	717,369
Public works	1,258,598
Health and welfare	42,275
Economic development	1,332
Total governmental activities depreciation expense	<u>\$ 2,147,063</u>
Business-type activities:	
Solid waste	\$ 484,875
Total business-type activities depreciation expense	<u>\$ 484,875</u>

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

(7) Capital Assets. (continued)

Commitments with respect to unfinished capital projects at September 30, 2019, consisted of the following:

Description of Commitment	Remaining Financial Commitment	Expected Date of Completion
LSBP-54(29)	*	*
STPBR 54-398	**	**
	\$ -	

* Engineering costs incurred, first round of bids were rejected, so no estimated contract price or completion date is available.

** Engineering costs incurred, going through approval process with State Aid, so no estimated contract price or completion date is available.

(8) 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 worker's compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention of the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2019 to January 1, 2020. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

(9) Capital Leases.

As Lessor:

On July 22, 2019, Panola County entered into a capital lease agreement with United Solutions for the lease of a building. The capital lease stipulated that the lessee paid approximately \$12,324 per month in lease payments commencing June 2019 for a term of 10 years. At the end of the lease term, the ownership and title to the subject property shall transfer to United Solutions.

The county leases the following property with varying terms and options as of September 30, 2019:

Classes of Property	Amount
United Solutions Building	\$ 1,265,000 *

* Building listed at historical cost.

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

(9) Capital Leases (Continued)

The future minimum lease receivables as of September 30, 2019 are as follows:

<u>Year Ended September 30</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 111,953	35,933
2021	115,358	32,528
2022	118,867	29,020
2023	122,482	25,404
2024	126,208	21,678
2025-2029	653,944	48,515
Total	<u>\$ 1,248,812</u>	<u>193,078</u>

As Lessee:

The County is obligated for the following capital assets acquired through capital leases as of September 30, 2019:

<u>Classes of property</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Mobile Equipment	\$ 3,781,383	\$ 3,149,483
Furniture and equipment	539,271	-
Less: Accumulated Depreciation	(1,268,157)	(465,686)
Leased property under capital lease	<u>\$ 3,052,497</u>	<u>\$ 2,683,797</u>

The following schedule by years of the total payments due as of September 30, 2019:

<u>Year Ended September 30</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 897,015	\$ 103,436	\$ 751,711	\$ 67,409
2021	885,442	62,076	1,230,954	42,593
2022	738,138	40,552	260,650	16,087
2023	453,825	16,950	261,705	7,805
2024	165,967	5,134	51,333	792
2025	18,011	348	-	-
Total	<u>\$ 3,158,398</u>	<u>\$ 228,496</u>	<u>\$ 2,556,353</u>	<u>\$ 134,686</u>

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

(10) Defined Benefit Pension Plan.

General Information about the Pension Plan

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

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

Contributions - At September 30, 2019, PERS members were required to contribute 9.00% of their annual covered salary, and the County is required to contribute at an actuarially determined rate. The employer's share at September 30, 2019, was 17.4% of annual covered payroll. This rate increased as of July 1, 2019 from 15.75%. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the year ended September 30, 2019, 2018, and 2017 were \$1,310,000, \$1,231,490, and \$1,140,794 respectively, equal to the required contributions for each year.

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

(10) Defined Benefit Pension Plan. (continued)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

At September 30, 2019, the County reported a liability of \$21,859,610 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on a projection of the County's long-term share of the contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The County's proportionate share used to calculate the September 30, 2019 net pension liability was .124259 percent, which was based on a measurement date of June 30, 2019. This was an increase of .001819 percent from its proportionate share used to calculate the September 30, 2018 net position liability, which was based on a measurement date of June 30, 2018.

For the year ended September 30, 2019, the County recognized pension expense of \$2,825,439. At September 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 12,743	\$ 21,380
Net difference between projected and actual earnings on pension plan investments	-	220,515
Changes of Assumptions	214,014	-
Changes in the County's proportion and differences between the County's contributions and proportionate share of contributions	1,048,538	-
County's contributions subsequent to the measurement date	351,902	-
Total	\$ 1,627,197	\$ 241,895

\$351,902 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30:

2020	\$ 880,561
2021	405,093
2022	(160,669)
2023	(91,585)
Total	\$ 1,033,400

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

(10) Defined Benefit Pension Plan. (continued)

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

Inflation	2.75 percent
Salary Increases	3.00-18.25 percent, including inflation
Investment Rate of Return	7.75 percent, net of pension plan investment expense, including inflation

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

The long-term expected rate of return on pension plan investments was determined using 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 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 target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2019, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	27.00%	4.90
International Equity	22.00%	4.75
Global Equity	12.00%	5.00
Fixed Income	20.00%	1.50
Real Estate	10.00%	4.00
Private Equity	8.00%	6.25
Cash	1.00%	0.25
Total	100.00%	

Discount Rate – The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current employer contribution rate (17.40%). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

(10) Defined Benefit Pension Plan. (continued)

Sensitivity to the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
County's proportionate share of the net pension liability	\$ 28,735,214	\$ 21,859,610	16,184,415

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

(11) Long-term Debt.

Debt outstanding as of September 30, 2019, consisted of the following:

Description	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
A. General Obligation Bonds:			
GE Project Bonds	\$ 2,210,000	4.00/5.50%	03/2025
2013 GO Refunding Bonds Jail	2,315,000	2.00/2.625%	08/2026
Total General Obligation Bonds	\$ 4,525,000		

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

(11) Long-term Debt. (continued)

Description	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities (continued):			
B. Capital Leases:			
Civil Defense (20) Radios	\$ 15,690	3.15%	01/2020
E911 Dispatch Software Equipment	29,065	2.29%	11/2020
(3) Motor Graders	402,627	1.73%	10/2021
2015 Sheriff Ford F-150	22,203	3.74%	10/2021
Tasers	8,400	0.00%	03/2022
(2) CAT Backhoes	107,735	3.08%	03/2022
2018 Caterpillar 950	125,880	3.07%	03/2022
2018 Trailboss Trailer	57,370	3.07%	04/2022
E911 Dispatch Equipment	79,570	2.44%	07/2022
Ambulance Equipment	62,561	2.29%	07/2022
Tire Roller	68,634	3.46%	08/2022
(2) 2019 F-150 Trucks	78,255	3.64%	09/2022
(3) Trucks	89,064	3.79%	11/2022
(7) Chevrolet Crew Cab Trucks	131,970	2.30%	12/2022
Ford F-150	30,328	3.79%	01/2023
2018 Ford F-150 Pickup	26,688	3.30%	04/2023
(5) 2018 Chevy Silverado Trucks	114,209	3.45%	05/2023
2018 Ford F-150	31,203	3.59%	07/2023
(7) 2019 Mack Dump Trucks	787,653	2.99%	08/2023
Phone System	20,647	7.53%	10/2023
2019 Excavator	162,627	3.14%	02/2024
Voting Equipment Scanners	233,852	3.79%	06/2024
Excavator	291,758	2.55%	07/2024
911 Equipment	180,409	3.80%	12/2024
Total Capital Leases	\$ <u>3,158,398</u>		
C. Other Loans:			
GO Note, Series 2016	\$ 614,629	1.63%	07/2020
Capital Improvement Loan	2,500,000	3.00%	01/2039
Capital Improvement Loan	1,244,772	3.00%	01/2039
Total Other Loans	\$ <u>4,359,401</u>		

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

(11) Long-term Debt. (continued)

Description	Amount Outstanding	Interest Rate	Final Maturity Date
Business-type Activities:			
A. Capital Leases:			
2018 Autocar 28YD	\$ 233,100	3.24%	10/2020
Garbage Trucks	1,069,333	3.04%	07/2021
(7) Garbage Trucks	182,766	2.35%	02/2022
Metal Carport and Dumpsters	21,899	3.09%	03/2023
2018 Western Star Rolloff	135,111	3.14%	04/2023
2018 Autocar	479,262	3.13%	04/2023
(2) 2019 Roll Off Western Star	289,785	3.06%	12/2023
Freightliner Leaf Litter Vac	145,097	3.14%	03/2024
Total Capital Leases	<u>\$ 2,556,353</u>		

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

Governmental Activities:

Year Ending September 30	General Obligation Bonds		Other Loans	
	Principal	Interest	Principal	Interest
2020	\$ 625,000	160,168	810,134	113,607
2021	650,000	137,719	209,280	103,677
2022	675,000	113,725	215,647	97,312
2023	710,000	87,793	222,203	90,755
2024	740,000	59,769	228,961	83,996
2025-2029	1,125,000	38,951	1,227,049	311,215
2030-2034	-	-	662,605	169,292
2035-2039	-	-	783,522	62,240
Total Governmental Activities	<u>\$ 4,525,000</u>	<u>598,125</u>	<u>4,359,401</u>	<u>1,032,094</u>

Legal Debt Margin – The amount of debt, excluding specific exempted debt that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a County issues bonds to repair or replace washed out or collapsed bridges on the public roads of the County. As of September 30, 2019, the amount of outstanding debt was equal to 1.86% of the latest property assessments.

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

(11) Long-term Debt. (continued)

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

	Balance				Balance	Amount due
Governmental Activities:	Oct. 1, 2018	Additions	Reductions	*Adjustments	Sept. 30, 2019	Within one Year
Compensated absences	\$ 412,552	41,492	-	25,966	480,010	N/A
General obligation bonds	5,130,000	-	605,000	-	4,525,000	625,000
Add: Bond premium	37,402	-	4,724	-	32,678	N/A
Other loans	1,219,400	3,765,000	624,999	-	4,359,401	810,134
Capital Leases	2,736,606	1,176,188	754,396	-	3,158,398	897,015
Total	\$ 9,535,960	4,982,680	1,989,119	25,966	12,555,487	2,332,149
Business-type Activities:						
Compensated absences	\$ 34,858	-	597	-	34,261	N/A
Capital Leases	2,397,820	1,644,764	1,486,231	-	2,556,353	751,711
Total	\$ 2,432,678	1,644,764	1,486,828	-	2,590,614	751,711

Compensated absences will be paid from the fund from which the employees' salaries were paid which are generally the General Fund, Countywide Road Maintenance Fund, Bridge Fund, Industrial Park Construction, E911 Fund, Volunteer Fire Fund, and Solid Waste Fund.

*Adjustment to correct error in beginning balance of compensated absences.

(12) Deficit Fund Balances or Net Position of Individual Funds.

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

Fund	Deficit Amount
Airport Grant	\$ 5,515
CDBG United Solutions	373
Fire #11 Pleasant Grove	681
Sardis Lower Lake Fire #5	2,923
Solid Waste Fund	2,069,413

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

(13) Contingencies.

Federal Grants – The County has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a grantor audit may become a liability of the County. No provision for any liability that may result has been recognized in the County's financial statements.

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

(14) Effect of Deferred Amounts on Net Position.

The governmental activities' unrestricted net position amount of \$(15,790,057) 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 \$322,150 resulting from the County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2020. The \$1,199,527 balance of the deferred outflow of resources related to pensions at September 30, 2019, will be recognized in pension expense over the next three years. The \$226,495 balance of deferred inflows of resources related to pensions at September 30, 2019, will be recognized in pension expense over the next four years.

The governmental activities' net investment in capital assets net position of \$51,195,016 includes the effect of deferring the recognition of expenditures resulting for an advance refunding of County debt. \$48,171 of the \$333,185 balance of deferred outflows of resources at September 30, 2019, will be recognized as an expense in the year ending September 30, 2020. The balance will decrease the net investment in capital assets net position over the next seven years.

The governmental activities' unrestricted net position amount of \$(15,790,057) includes the effect of deferring the recognition of income resulting from a deferred inflow from a capital lease receivable. The \$193,078 balance of the deferred inflow of resources at September 30, 2019, will be recognized as income and will increase the unrestricted net position over the next ten years.

The business-type activities' restricted net position amount of \$(2,531,529) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflow of resources related to pension in the amount of \$29,752 resulting from the County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2020. The \$75,768 balance of the deferred outflow of resources related to pensions at September 30, 2019, will be recognized in pension expense over the next three years. The \$15,400 balance of deferred inflows of resources related to pensions at September 30, 2019, will be recognized in pension expense over the next four years.

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

(15) Joint Venture.

The County participates in the following joint venture:

Panola County is a participant with the counties of DeSoto, Lafayette, Tate and Tunica in a joint venture authorized by Section 39-3-9, Miss. Code Ann. (1972), to operate the First Regional Library. This joint venture was created to provide library services and is governed by a five-member board, with each county appointing one member. The County appropriated \$320,132 for support of the library in fiscal year 2019. Complete financial statements for the First Regional Library can be obtained from P. O. Box 386, Hernando, Mississippi 38632.

(16) Jointly Governed Organizations.

The County participates in the following jointly governed organizations:

North Delta Planning and Development District is composed of the counties of Coahoma, DeSoto, Panola, Quitman, Tallahatchie, Tate and Tunica. The Panola County Board of Supervisors appoints 4 of the 30 members of the board of directors. The County appropriated and made a payment of \$77,000 for support of the district in fiscal year 2019.

The Yazoo-Mississippi Water Management District operates in a district composed of the counties of Bolivar, Carroll, Coahoma, DeSoto, Holmes, Humphreys, Issaquena, Leflore, Panola, Quitman, Sharkey, Sunflower, Tallahatchie, Tate, Tunica, Washington and Yazoo. The Panola County Board of Supervisors appoints 1 of the 21 members of the board of commissioners. The County levied a .71 mil tax which resulted in \$4,995 to help support the district in the fiscal year 2019.

Northwest Mississippi Community College operates in a district composed of the counties of Benton, Calhoun, DeSoto, Lafayette, Marshall, Panola, Quitman, Tallahatchie, Tate, Tunica and Yalobusha. The Panola County Board of Supervisors appoints 2 of the 23 members of the college board of trustees. The County appropriated \$501,681 for maintenance and support for the college in fiscal year 2019.

Mid-State Opportunity, Inc. operates in a district composed of the counties of DeSoto, Panola, Quitman, Tallahatchie, Tate and Tunica. The Panola County Board of Supervisors appoints 2 of the 30 board members, with 10 members coming from the business sector and 10 members coming from the minority disadvantaged. The County did not appropriate any funds for support of the agency in fiscal year 2019.

Communicare operates in a district composed of the counties of Calhoun, DeSoto, Lafayette, Marshall, Panola, Tate and Yalobusha. The Panola County Board of Supervisors appoints 1 of the 7 members of the board of commissioners. The County appropriated \$40,170 for support of the agency in fiscal year 2019.

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

(17) Tax Abatements.

For the year beginning October 1, 2016, the Government Accounting Standards Board (GASB) implemented Statement No. 77, Tax Abatements Disclosures. This statement requires governmental entities to disclose the reduction in tax revenues resulting from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the government or the citizens of those governments.

The Panola County Board of Supervisors negotiates property tax abatements on an individual basis. All abatements are for 10 years and are for economic development purposes. The County had tax abatement agreements with six entities as of September 30, 2019.

Section 27-31-101, Miss. Code (Ann)1972

New enterprises

There are two companies that have abatements under this statute.

Section 27-31-105

Addition to or expansion of facilities or property or replacement of equipment

There are four companies that have abatements under these statutes.

<u>Category</u>	<u>Amount of Taxes Abated During the Year</u>
New Enterprises	\$ 98,915
Addition to or Expansion of Facilities or Property or Replacement of Equipment	110,624
Total	<u>\$ 209,539</u>

(18) Subsequent Events.

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of Panola County evaluated the activity of the County through August 4, 2022 (the date the financial statements were available to be issued), and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements.

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

(18) Subsequent Events. (continued)

On March 11, 2020, the World Health Organization declared the COVID-19 virus outbreak to be a pandemic. Management has evaluated the potential impact of the pandemic on the County's operations. As of August 4, 2022, the County reports an adverse effect on revenue, workforce or related costs which can be attributed directly to COVID-19. The County has continued all operations but does expect a disruption in sales tax revenue.

The County has entered into many transactions requiring disclosure. A summary of these transactions is below:

Debt Issuance:

On November 26, 2019, Panola County issued GO Bond Refunding Series 2019 bonds in the amount of \$2,001,000, in order to assist in financing the Concourse Project. The bonds were issued through Regions bank, have an interest rate of 2.81%, and mature on March 1, 2025.

On June 1, 2021 GO Note Series 2020 was issued for the purpose of repairing and constructing roads. The note was financed through Trustmark Bank, has an interest rate of 1.16% and mature on May 1, 2040.

On July 24, 2020, the County issued a promissory note in order to purchase land in the amount of \$501,995. The note was issued through Guaranty Bank & Trust at 2.50% interest and will mature on June 24, 2030.

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

(18) Subsequent Events. (continued)

Capital Lease Purchase Agreements:

<u>Date</u>	<u>Asset</u>	<u>Department</u>	<u>Amount</u>	<u>Bank</u>	<u>Interest</u>	<u>Term</u>
11/12/2019	2019 Ford F-150	Narcotics Task Force	34,957.60			
11/12/2019	2019 Chevrolet Silverado	Narcotics Task Force	33,795.40			
			<u>68,753.00</u>	Trustmark Bank	2.76%	4 years
12/9/2019	2019 Kenworth Patch Truck with Forward Boom	Road Dept.	<u>217,960.00</u>	Trustmark Bank	2.76	5 years
2/3/2020	2020 Ford F-150 Truck	Tax Assessor	<u>40,045.76</u>	Trustmark Bank	2.92%	4 years
3/9/2020	Roll Off Truck	Solid Waste	165,646.00			
	28 Yard Automated Side Loaders	Solid Waste	317,327.00			
	28 Yard Automated Side Loaders	Solid Waste	317,327.00			
			<u>800,300.00</u>	Regions	1.84%	5 years
5/4/2020	Tahoe	Sheriff's Dept	34,849.00			
	Tahoe	Sheriff's Dept	34,849.00			
	Tahoe	Sheriff's Dept	34,849.00			
			<u>104,547.00</u>	First Security Bank	2.30%	4 years
6/8/2020	John Deere Tractor	Road Dept.	85,587.75			
	John Deere Tractor	Road Dept.	85,587.75			
	Side Boom Mower	Road Dept.	58,006.45			
	Side Boom Mower	Road Dept.	58,006.45			
			<u>287,188.40</u>	Bancorp South	2.23%	5 years
8/10/2020	2021 Dump Truck	Road Dept.	138,221.00			
	2021 Dump Truck	Road Dept.	138,221.00			
	2021 Dump Truck	Road Dept.	138,221.00			
	2021 Dump Truck	Road Dept.	138,221.00			
	2021 Dump Truck	Road Dept.	138,221.00			
	2021 Dump Truck	Road Dept.	138,220.00			
			<u>829,325.00</u>	Bancorp South	2.19%	5 years

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

(18) Subsequent Events. (continued)

Capital Lease Purchase Agreements (continued):

<u>Date</u>	<u>Asset</u>	<u>Department</u>	<u>Amount</u>	<u>Bank</u>	<u>Interest</u>	<u>Term</u>
9/8/2020	Dodge Durangos	Sheriffs Dept.	29,421.00			
	Dodge Durangos	Sheriffs Dept.	29,421.00			
	Dodge Durangos	Sheriffs Dept.	29,421.00			
			<u>88,263.00</u>	Bancorp South	2.34%	4 years
11/2/2020	Mack 40 Yard Front Loading Refuse	Solid Waste	<u>280,176.00</u>	Bancorp South	2.23%	5 years
4/12/2021	(65) Tait Radios	Fire Dept.	<u>96,409.30</u>	Bancorp South	2.23%	2 years
5/10/2021	CAT Motor Grader	Road Dept.	260,044.27			
	CAT Motor Grader	Road Dept.	260,044.27			
			<u>520,088.54</u>	Trustmark Banks	1.95%	4 years
7/12/2021	Roll Off Truck	Solid Waste	184,718.82			
	Roll Off Truck	Solid Waste	184,718.82			
	28 Yard Automated Side Loader	Solid Waste	299,330.01			
			<u>668,767.65</u>	First Security Banl	2.19%	4 years
8/2/2021	2021 GMC Sierra Truck	Land Development Dept	36,123.37			
	2021 GMC Sierra Truck	Land Development Dept	36,123.37			
			<u>72,246.74</u>	Bancorp South	2.27%	4 years
9/2/2021	28 Yard Automated Side Loader Gart Solid Waste		299,330.00			
	28 Yard Automated Side Loader Gart Solid Waste		299,330.00			
			<u>598,660.00</u>	Trustmark Banks	1.73%	3 years
10/4/2021	22 Yard Mack Automated Side Load Solid Waste		<u>278,636.37</u>	Bancorp South	2.14%	3 years
1/6/2022	2019 Dodge Charger AWD Police Pu	Sheriffs Dept.	21,000.00			
	2019 Dodge Charger AWD Police Pu	Sheriffs Dept.	21,000.00			
	2019 Dodge Charger AWD Police Pu	Sheriffs Dept.	21,000.00			
			<u>63,000.00</u>	Bancorp South	2.41%	3 years
4/4/2022	2023 Mack 28 yard Automated Side	Solid Waste	330,576.00			
	2023 Mack 28 yard Automated Side	Solid Waste	330,576.00			
	2023 Mack Roll Off Truck	Solid Waste	201,632.80			
			<u>862,784.80</u>	Bancorp South	2.41%	2-3 year

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

(18) Subsequent Events. (continued)

Capital Outlay:

Date	Payee	Asset	Amount
11/12/2019	Kirk Auto World	Ram 1500 Promaster 1/2 Ton Cargo Van	21,900.00
11/12/2019	Jenkins Refrigeration	Heating & Air Unit	5,800.00
6/8/2020	Thompson Machinery	2020 CAT 308 CR Excavators	112,336.59
6/8/2020	Thompson Machinery	2020 CAT 308 CR Excavators	112,336.59
6/8/2020	Oxford Alarm & Communication	Camera System-Batesville Courthouse	8,427.25
6/8/2020	Oxford Alarm & Communication	Camera System-Sardis Courthouse	8,455.60
9/28/2020	Heafner Motors	2020 Ram 2500	43,778.00
9/28/2020	Heafner Motors	2020 Ram 3500	43,660.00
9/28/2020	Glaspro LLC	CM SK2 bed for 2020 Dodge 2500	5,300.00
10/5/2020	Hallmark Ford	2020 Ford F-150	37,481.00
10/12/2020	Buchanan HVAC	Morgue Cooler	15,672.00
10/12/2020	Mobimedical Supply	Morgue Equipment	8,539.97
12/7/2020	Cobb Environment & Technical Services, Inc.	Credit Card Reader	18,537.90
1/4/2021	Joe L. Greene	Land next to Pope School	6,000.00
2/1/2021	Thompson Machinery	CAT CVP 40 Tamp Compactor	8,013.00
2/8/2021	Thompson CAT	259D3 Compact Track Loader	56,108.00
3/1/2021	Complete Computers	Camera System	13,790.30
3/1/2021	Jenkins Refrigeration	GPS Ionization System	87,500.00
3/8/2021	Cannon Motors	2021 Ram 3500 Crew Cab 4x4 Diesel with CM Bed	49,974.00
3/8/2021	Cannon Motors	2021 Ram 2500 Crew Cab 4x4 Diesel	38,682.00
4/5/2021	Roger Dabbs Chevrolet	Chevrolet Silverado 1500 Truck	29,601.50
4/5/2021	Jackson Mac Haik	Chevrolet Silverado 1500 Truck	29,601.50
4/5/2021	Jackson Mac Haik	Dodge Durango with V8 Hemi	32,978.00
7/6/2021	Missouri State Highway Patrol	2018 Dodge Charger AWD	17,950.00
8/9/2021	Emergency Equipment Professionals, Inc.	2021 Pierce Freightliner Commercial Pumper Fire Truck	307,260.00
8/9/2021	Emergency Equipment Professionals, Inc.	2021 Pierce Freightliner Commercial Pumper Fire Truck	307,260.00
8/9/2021	Hallmark Ford	2021 Ford F-150 XLT	29,650.00
10/4/2021	Thompson Machinery	D2 LGP Caterpillar Dozer	135,600.82
10/4/2021	Progress Rail	Kershaw SkyTrim Mini 55 TH Tree Trimming Machine	188,282.75
10/22/2021	Big Delta Powersports, Inc.	2022 Polaris	11,459.99
11/8/2021	Kirk Auto Group	2021 Dodge Ram 1500 Crew cab 4x4	32,500.00
12/6/2021	Power Equipment Company	Komatsu PC170LC-11 Excavator	202,000.00
1/10/2022	TX Trailer Sales	25+5 Gooseneck Tailer	23,168.35
1/26/2022	Southern Trailer Depot, LLC	7x16 Tandem Trailer	7,300.00
1/26/2022	Taylor Power Systems	TML 1250 Light Tower	13,400.00
2/7/2022	Hallmark Ford	2022 Ford F-150	47,315.00
3/14/2022	4W Trailers	14K Equip Trailer/22FT	6,850.00

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

(18) Subsequent Events. (continued)

Construction Work in Process:

In June of 2020, Panola County began the Concourse Project. The Concourse project is funded through a grant from the Department of Labor, an ARC grant, and matching funds from the City of Batesville and Panola County. The original construction contract of phase one in the amount of was awarded to Century Construction with SOZO Architecture as the Engineer. As of the release date of the report, the following amounts have been paid for the construction of the Concourse Project:

	SOZO Architecture	Century Construction	Total
2020	229,481.70	2,444,726.58	2,674,208.28
2021	91,582.78	5,562,379.18	5,653,961.96
2022	5,511.43	1,273,070.67	1,278,582.10
	<u>326,575.91</u>	<u>9,280,176.43</u>	<u>9,606,752.34</u>

The total construction work in process for the Concourse Project phase one is \$9,606,752.34.

In November of 2020, Panola County began the machine shop at The Concourse project. Mendrop and Willis Engineering provided engineering services for the project. This project was funded through matching funds from the City of Batesville and Panola County. As of the release date of the report, the following amounts have been paid for the construction of the machine shop:

	Mendrop	Willis Engineering	Total
2021	19,135.00	2,540.00	21,675.00
2022	937.50	-	937.50
	<u>20,072.50</u>	<u>2,540.00</u>	<u>22,612.50</u>

The total construction work in process for the machine shop is \$22,612.50.

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

(18) Subsequent Events. (continued)

Construction Work in Process (continued):

Several projects involving the Panola County Airport were started after September 30, 2019. All of the projects were funded by a combination of FAA grants, MDOT grants and matching funds from Panola County.

In October 2019, work began on the Runway Rehabilitation Project. The contract was awarded to Garver Aviation and Lehman Roberts. As of the release date of the report, the project has been completed with the following costs:

	Garver Aviation	Lehman Roberts	Total
2020	151,060.60	1,259,983.39	1,411,043.99
	<u>151,060.60</u>	<u>1,259,983.39</u>	<u>1,411,043.99</u>

In September of 2020, work began on the Fuel Farm Rehabilitation Phase 1 - Jet A Project. The contract was awarded to Garver Aviation and Spatco Engineering. As of the release date of the report, the following amounts have been paid for the construction of the Fuel Farm Rehabilitation Phase 1 - Jet A Project:

	Garver Aviation	Spatco Engineering	Total
2020	35,625.78	-	35,625.78
2021	-	-	-
2022	29,589.81	297,150.00	326,739.81
	<u>65,215.59</u>	<u>297,150.00</u>	<u>362,365.59</u>

In October of 2020, work began on the Concrete Rehabilitation and ALP Update Project. The contract was awarded to Garver Aviation. As of the release date of the report, the following amounts have been paid for the construction of the Concrete Rehabilitation and ALP Update Project:

	Garver Aviation
2020	192,820.38
	<u>192,820.38</u>

In March of 2021, work began on the Taxiway Rehabilitation Project. The contract was awarded to Garver Aviation and Kutchins and Groh. As of the release date of the report, the following amounts have been paid for the construction of the Taxiway Rehabilitation Project:

	Garver Aviation	Kutchins and Groh	Total
2021	160,450.00	-	160,450.00
2022	101,926.30	2,750.00	104,676.30
	<u>262,376.30</u>	<u>2,750.00</u>	<u>265,126.30</u>

In May of 2021, work began on the Removal and Replacement of the Electrical Vault and Rotating Beacon Project. The contract was awarded to Garver Aviation and Airfield Western, LLC. As of the release date of the report, the following amounts have been paid for the construction of the Removal and Replacement of the Electrical Vault and Rotating Beacon Project:

	Garver Aviation	Airfield Western	Total
2020	45,005.92	-	45,005.92
2021	16,677.58	225,055.00	241,732.58
2022	96,537.20	15,830.30	112,367.50
	<u>158,220.70</u>	<u>240,885.30</u>	<u>399,106.00</u>

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

(18) Subsequent Events. (continued)

Construction Work in Process (continued):

In May of 2022, work began on the Avgas Fueling System Project. The contract was awarded to Garver Aviation. As of the release date of the report, the following amounts have been paid for the construction of the Avgas Fueling System Project:

	Garver Aviation
2022	64,100.00
	<u>64,100.00</u>

Total for airport projects is as follows:

Runway Rehabilitation Project	1,411,043.99
Fuel Farm Rehabilitation Phase 1 - Jet A Project	362,365.59
Concrete Rehabilitation and ALP Update Project	192,820.38
Taxiway Rehabilitation Project	265,126.30
Removal & Replacement of Electrical Vault & Rotating Beacon	399,106.00
Avgas Fueling System Project	64,100.00
Total Airport Projects	<u>2,694,562.26</u>

In July of 2020, Panola County started the project for the United Solutions Building. The contract was awarded to R&R Sheet Metal and Beard and Riser Architecture. The project was funded by a CDBG Grant managed by North Delta Planning, a DRA Grant and matching funds from Panola County. The project was completed in March 2021 at the following costs:

	R&R Sheet Metal	B & R Architecture	ND Planning	Total
2020	760,440.97	2,606.47	8,000.00	771,047.44
2021	498,713.89	15,304.40	12,000.00	526,018.29
	<u>1,259,154.86</u>	<u>17,910.87</u>	<u>20,000.00</u>	<u>1,297,065.73</u>

In June of 2021, ERB-STP/BR-0054(39)B was awarded to NL Carson Construction Company and Elliott & Britt. This project was funded with state aid funds and had incurred the following costs as of the release date of this report:

	NL Carson Construction	Elliott & Britt	Total
2021	420,535.37	16,112.70	436,648.07
2022	179,302.66	-	179,302.66
	<u>599,838.03</u>	<u>16,112.70</u>	<u>615,950.73</u>

PANOLA COUNTY, MISSISSIPPI

REQUIRED SUPPLEMENTARY INFORMATION

Panola County
Budgetary Comparison Schedule -
Budget and Actual (Non-GAAP Basis)
General Fund
For the Year Ended September 30, 2019

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive
REVENUES				
Property taxes	\$ 9,742,687	10,456,837	10,456,837	-
Licenses, commissions and other revenue	519,900	574,323	574,323	-
Fines and forfeitures	250,000	250,524	250,524	-
Intergovernmental revenues	970,700	1,034,528	1,034,528	-
Charges for services	400,000	378,374	378,374	-
Interest income	100,000	227,144	227,144	-
Miscellaneous revenues	512,320	478,240	478,240	-
Total Revenues	<u>12,495,607</u>	<u>13,399,970</u>	<u>13,399,970</u>	<u>-</u>
EXPENDITURES				
Current:				
General government	4,781,787	4,820,380	4,579,159	241,221
Public safety	6,984,647	7,626,933	7,626,933	-
Public works	143,529	183,788	183,788	-
Health and welfare	325,210	333,932	333,932	-
Culture and recreation	29,800	27,566	27,566	-
Education	10,000	10,000	10,000	-
Conservation of natural resources	96,700	89,870	89,870	-
Economic development and assistance	338,337	329,000	329,000	-
Debt service:				
Principal	-	-	-	-
Interest	-	116	116	-
Total Expenditures	<u>12,710,010</u>	<u>13,421,585</u>	<u>13,180,364</u>	<u>241,221</u>
Excess of Revenues over (under) Expenditures	<u>(214,403)</u>	<u>(21,615)</u>	<u>219,606</u>	<u>241,221</u>
OTHER FINANCING SOURCES (USES)				
Other financing sources	<u>30,000</u>	<u>48,835</u>	<u>48,837</u>	<u>2</u>
Total Other Financing Sources (Uses)	<u>30,000</u>	<u>48,835</u>	<u>48,837</u>	<u>2</u>
Net Change in Fund Balance	(184,403)	27,220	268,443	241,223
Fund Balances - Beginning	<u>6,981,625</u>	<u>8,394,556</u>	<u>8,394,556</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 6,797,222</u>	<u>8,421,776</u>	<u>8,662,999</u>	<u>241,223</u>

The Accompanying Notes to Required Supplementary Information are an Integral Part of This Schedule.

Panola County
Budgetary Comparison Schedule -
Budget and Actual (Non-GAAP Basis)
Countywide Road Maintenance Fund
For the Year Ended September 30, 2019

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 1,949,403	2,082,397	2,082,397	-
Road and bridge privilege taxes	400,000	458,721	458,721	-
Intergovernmental revenues	712,000	652,049	652,049	-
Interest income	15,000	80,431	80,431	-
Miscellaneous revenues	10,500	26,253	26,253	-
Total Revenues	<u>3,086,903</u>	<u>3,299,851</u>	<u>3,299,851</u>	<u>-</u>
EXPENDITURES				
Current:				
Public works	3,751,566	3,020,522	3,020,493	29
Debt service:				
Principal	293,873	301,374	301,374	-
Interest	24,105	26,034	26,034	-
Total Expenditures	<u>4,069,544</u>	<u>3,347,930</u>	<u>3,347,901</u>	<u>29</u>
Excess of Revenues over (under) Expenditures	<u>(982,641)</u>	<u>(48,079)</u>	<u>(48,050)</u>	<u>29</u>
OTHER FINANCING SOURCES (USES)				
Other financing sources	-	251,860	251,860	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>251,860</u>	<u>251,860</u>	<u>-</u>
Net Change in Fund Balance	(982,641)	203,781	203,810	29
Fund Balances - Beginning	<u>2,263,987</u>	<u>2,483,211</u>	<u>2,483,211</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 1,281,346</u>	<u>2,686,992</u>	<u>2,687,021</u>	<u>29</u>

The Accompanying Notes to Required Supplementary Information are an Integral Part of This Schedule.

PANOLA COUNTY
Schedule of the County's Proportionate Share of the Net Pension Liability
PERS
Last 10 Fiscal Years*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability	0.124259%	0.122440%	0.112909%	0.107728%	0.105135%	0.105589%
County's proportionate share of the net pension liability	\$ 21,859,610	20,365,410	18,769,308	19,242,911	16,251,798	12,816,571
County's covered payroll	\$ 8,024,804	7,750,305	7,152,952	6,959,365	6,607,266	6,491,910
County's proportionate share of the net pension liability as a percentage of its covered payroll	272.4005%	262.7691%	262.3995%	276.5038%	245.9686%	197.1237%
Plan fiduciary net position as a percentage of the total pension liability	61.59%	62.54%	61.49%	57.47%	61.70%	67.21%

* The amounts presented for each fiscal year were determined as of the measurement date of 6/30 of the fiscal year presented. This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 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.

The Accompanying Notes to Required Supplementary Information are an Integral Part of This Schedule.

PANOLA COUNTY
Schedule of County Contributions
PERS
Last 10 Fiscal Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 1,310,000	1,231,490	1,140,794	1,096,101	1,040,645
Contributions in relation to the contractually required contribution	<u>1,310,000</u>	<u>1,231,490</u>	<u>1,140,794</u>	<u>1,096,101</u>	<u>1,040,645</u>
Contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
County covered payroll	\$ 8,111,461	7,818,984	7,243,143	6,959,365	6,607,266
Contributions as a percentage of covered payroll	* 16.15%	15.75%	15.75%	15.75%	15.75%

* Until July 1, 2019, contributions were 15.75%
Subsequently to July 1, 2019, contributions were 17.40%

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in 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.

The Accompanying Notes to Required Supplementary Information are an Integral Part of This Schedule.

PANOLA COUNTY
Notes to Required Supplementary Information
For the Year Ended September 30, 2019

(1) Budget

A. Budgetary Information.

Statutory requirements dictate how and when the County's budget is to be prepared. Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the Board of Supervisors of the county, using historical and anticipated fiscal data and proposed budgets submitted by the Sheriff and the Tax Assessor-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:

	General Fund	County wide Road Maintenance Fund
Budget (Cash Basis)	\$ 268,443	203,810
Increase (Decrease)		
Net adjustments for revenue accruals	166,074	1,505,868
Net adjustments for expenditure accruals	(302,207)	(1,974,142)
GAAP Basis	\$ <u>132,310</u>	<u>(264,464)</u>

PANOLA COUNTY
Notes to Required Supplementary Information
For the Year Ended September 30, 2019

(2) Pension Schedules

A. Changes of assumptions

2015

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

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

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

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

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

2016

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

2017

The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022. Small adjustments were also made to the Mortality Table for disabled lives.

The wage inflation assumption was reduced from 3.75% to 3.25%.

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

The percentage of active member disabilities assumed to be in the line of duty was increased from 6.00% to 7.00%.

2019

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

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

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

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

The expectation of disabled mortality was changed to PubT.H-2010 Disabled Retire 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%.

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 7.00% to 9.00%.

PANOLA COUNTY
Notes to Required Supplementary Information
For the Year Ended September 30, 2019

B. Changes in benefit provisions.

2016

Effective July 1, 2016, the interest rate on employee contributions shall be calculated based on the money market rate as published by the Wall Street Journal on December 31 of each preceding year with a minimum rate of one percent and a maximum rate of five percent.

Method and assumptions used in calculations of actuarially determined contributions. The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2017 valuation for June 30, 2019 fiscal year end). The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	38.4 years
Asset valuation method	5-year smoothed market
Price inflation	3.00 percent
Salary increase	3.25 percent to 18.50 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

PANOLA COUNTY, MISSISSIPPI

OTHER INFORMATION

PANOLA COUNTY
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2019

Name	Position	Company	Bond
James Birge	Supervisor District 1	Liberty Mutual	\$100,000
Vernice Avant	Supervisor District 2	Old Republic	\$100,000
John Thomas	Supervisor District 3	Liberty Mutual	\$100,000
Donal Phelps	Supervisor District 4	Western Surety	\$100,000
Cole Flint	Supervisor District 5	Liberty Mutual	\$100,000
Jim Pittcock	Chancery Clerk	Western Surety	\$100,000
Kate Victor	County Administrator	Liberty Mutual	\$100,000
Melissa Meek-Phelps	Circuit Clerk	Liberty Mutual	\$100,000
David Garner	Tax Assessor/Collector	Liberty Mutual	\$100,000
Dennis Darby	Sheriff	Liberty Mutual	\$100,000
Mike Wilson	Justice Court Judge	Old Republic	\$100,000
Willie Joiner	Justice Court Judge	Old Republic	\$100,000
Jada Miller	Justice Court Judge	Old Republic	\$50,000
Linda Lyons	Justice Court Judge	Old Republic	\$50,000
Carnella Pettis-Fondren	Constable	Old Republic	\$50,000
Raye Hawkins	Constable	Old Republic	\$50,000
Andriana Cauthen	Purchase Clerk	Western Surety	\$75,000
Robbie Haley	Asst. Purchase Clerk	Old Republic	\$50,000
Tom Austin	Receiving Clerk	Liberty Mutual	\$75,000
Sandra Copeland	Asst. Receiving Clerk	Old Republic	\$50,000
Judy Tutor	Asst. Receiving Clerk	Old Republic	\$50,000
Suzie Renee Young	Asst. Receiving Clerk	Old Republic	\$50,000
Gail Cauthen	Asst. Receiving Clerk	FCCI	\$50,000
Kathy Wilson	Asst. Receiving Clerk	Old Republic	\$50,000
Stella Lee	Asst. Receiving Clerk	Old Republic	\$50,000
Jennifer Jackson	Asst. Receiving Clerk	Old Republic	\$50,000
Glenda Hill	Inventory Clerk	Liberty Mutual	\$75,000
Lygunnah Bean	Road Manager	Old Republic	\$50,000
Deputy Tax Collectors (4)	Deputy Tax Collectors	Liberty Mutual	\$50,000 each
Deputy Tax Assessors (4)	Deputy Tax Assessors	American States Ins.	\$10,000 each
Sheriff's Deputies (15)	Sheriff's Deputies	Old Republic	\$50,000 each

PANOLA COUNTY, MISSISSIPPI

SPECIAL REPORTS



WATKINS, WARD and STAFFORD
Professional Limited Liability Company
Certified Public Accountants

James L. Stafford, CPA
Harry W. Stevens, CPA
S. Keith Winfield, CPA
William B. Stagers, CPA
Michael W. McCully, CPA
R. Steve Sinclair, CPA
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Michael C. Knox, CPA
Clifford P. Stewart, CPA
Edward A. Maxwell, CPA

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

Members of the Board of Supervisors
Panola 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Panola County, Mississippi, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the county's basic financial statements and have issued our report thereon dated August 4, 2022. Our report includes an adverse opinion on the aggregate discretely presented component units due to the omission of the discretely presented component units which are 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 units.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Panola County, Mississippi's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Panola 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses as 2019-001 that we consider to be a material weakness.

Compliance and Other Matters

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

We noted certain matters that we reported to the management of Panola 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 August 4, 2022, included within this document.

Panola County's Response to Finding

Panola County's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. Panola County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of the Report

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

Oxford, Mississippi
August 4, 2022

Watkins Ward and Stafford, P.C.



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Certified Public Accountants

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

Members of the Board of Supervisors
Panola County, Mississippi

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

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the County's compliance with those requirements and performing other procedures as we considered necessary in the circumstances. We believe our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the County's compliance with specified requirements. The Board of Supervisors of Panola 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.

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

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

This report is intended for use in evaluating Panola 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.

Oxford, Mississippi
August 4, 2022

Watkins Ward and Stafford, P.C.

PANOLA COUNTY
Schedule of Purchases Not Made From the Lowest Bidder
For the Year Ended September 30, 2019

Schedule 1

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

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

Schedule 2

Our test results did not identify any emergency purchases.

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

Schedule 3

Our test results did not identify any purchases made noncompetitively from a sole source.



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LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Panola County, Mississippi

In planning and performing our audit of the financial statements of Panola County, Mississippi for the year ended September 30, 2019, we considered Panola 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 Panola 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 August 4, 2022, on the financial statements of Panola County, Mississippi.

Although no findings came to our attention as a result of these review procedures and compliance tests, these procedures and tests cannot and do not provide absolute assurance that all state legal requirements have been complied with. Also, our consideration of the internal control would not necessarily disclose all matters within the internal control that might be weaknesses. In accordance with Section 7-7-211, Miss. Code Ann. (1972), the Office of the State Auditor, when deemed necessary, may conduct additional procedures and tests of transactions for this or other fiscal years to ensure compliance with legal requirements.

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

Oxford, Mississippi
August 4, 2022

Watkins Ward and Stafford, P.C.

PANOLA COUNTY, MISSISSIPPI

SCHEDULE OF FINDINGS AND RESPONSES

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

Section 1: Summary of Auditor's Results

Financial Statements:

- | | | |
|----|--|---------------|
| 1. | Type of auditor's report issued on the financial statements: | |
| | Governmental activities | Unmodified |
| | Business-type activities | Unmodified |
| | Aggregate discretely presented component units | Adverse |
| | General Fund | Unmodified |
| | Countywide Road Maintenance Fund | Unmodified |
| | Solid Waste Fund | Unmodified |
| | Aggregate remaining fund information | Unmodified |
| 2. | Internal control over financial reporting: | |
| | a. Material weaknesses identified? | Yes |
| | b. Significant deficiencies identified? | None reported |
| 3. | Noncompliance material to the financial statements noted? | No |

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

Section 2: Financial Statement Findings

Board of Supervisors

Material Weakness (Prior Year Finding)

The financial data for the county's component units needs to be reported in conjunction with the financial data for the primary government.

2019-001 Criteria

As reported in prior year's audit report, the financial data for the county's legally separate component units is not reported with the financial data for the county's primary government. Generally accepted accounting principles require the financial data for the county's component units 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 units. Management has chosen not to include the component units in the county's financial statements to preserve adequate funding for its legally separate component units. The omission of the financial data of the county's component units in the financial statements of the county may cause the financial statements to not properly reflect the financial position of the county. The failure to properly follow generally accepted accounting principles results in an adverse opinion on the discretely presented component units of the county.

Condition

The Board of Supervisors should provide the financial data for its discretely presented component units for inclusion in the county's financial statements.

Cause

The Board of Supervisors chose not to present financial data for the legally separate component units of the county.

Effect

The effect of not presenting the financial data for the legally separate component units of the county are unknown.

Recommendation

The Board of Supervisors should include the component units in the financial data.

Views of Responsible Officials

The Board of Supervisors believes including the component units would create a financial hardship for the component units.