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PANOLA COUNTY, MISSISSIPPI
AUDITED FINANCIAL STATEMENTS AND SPECIAL REPORTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

PANOLA COUNTY, MISSISSIPPI

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PANOLA COUNTY, MISSISSIPPI

FINANCIAL SECTION



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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, 2020, 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, 2020, 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, 2020, 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 accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

The Schedule of Surety Bonds for County Officials has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 24, 2023, 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
May 24, 2023

Watkins Ward and Stafford, PLLC

PANOLA COUNTY, MISSISSIPPI

BASIC FINANCIAL STATEMENTS

PANOLA COUNTY
Statement of Net Position
September 30, 2020

Exhibit 1

| | Primary Government | | |
|--|--------------------------------|---------------------------------|-------------------|
| | Governmental Activities | Business-type Activities | Total |
| ASSETS | | | |
| Cash | \$ 16,377,740 | 300 | 16,378,040 |
| Investments | 71,755 | - | 71,755 |
| Property tax receivable | 12,832,715 | - | 12,832,715 |
| Accounts receivable (net of allowance for uncollectibles of \$4,299,634) | - | 201,790 | 201,790 |
| Fines receivable (net of allowance for uncollectibles of \$2,273,298) | 91,777 | - | 91,777 |
| Intergovernmental receivables | 2,396,859 | 3,886 | 2,400,745 |
| Other receivables | 20,456 | - | 20,456 |
| Capital lease receivable | 1,318,652 | - | 1,318,652 |
| Internal balances | 767,735 | (767,735) | - |
| Capital assets: | | | |
| Land and construction in progress | 2,858,510 | - | 2,858,510 |
| Other capital assets, net | 56,589,603 | 2,854,911 | 59,444,514 |
| Total Assets | 93,325,802 | 2,293,152 | 95,618,954 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred outflows of refunding | 320,782 | - | 320,782 |
| Deferred outflows related to pensions | 1,745,110 | 140,172 | 1,885,282 |
| Total Deferred Outflows of Resources | 2,065,892 | 140,172 | 2,206,064 |
| LIABILITIES | | | |
| Claims payable | 1,216,258 | 122,890 | 1,339,148 |
| Intergovernmental payables | 516,447 | - | 516,447 |
| Accrued interest payable | 51,501 | - | 51,501 |
| Amounts held in custody for others | 367,044 | - | 367,044 |
| Unearned Revenue | - | 366,336 | 366,336 |
| Long-term liabilities | | | |
| Due within one year: | | | |
| Capital debt | 1,428,833 | 1,226,970 | 2,655,803 |
| Non-capital debt | 1,166,740 | 7,134 | 1,173,874 |
| Due in more than one year: | | | |
| Capital debt | 4,561,371 | 895,029 | 5,456,400 |
| Non-capital debt | 7,119,603 | 53,596 | 7,173,199 |
| Net pension liability | 21,850,113 | 1,801,935 | 23,652,048 |
| Total Liabilities | 38,277,910 | 4,473,890 | 42,751,800 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred Revenues-Property Taxes | 12,832,715 | - | 12,832,715 |
| Deferred inflows related to capital leases | 162,900 | - | 162,900 |
| Total Deferred Inflows of Resources | 12,995,615 | - | 12,995,615 |
| NET POSITION | | | |
| Net investment in capital assets | 53,778,691 | 732,912 | 54,511,603 |
| Restricted: | | | |
| Expendable: | | | |
| General Government | 722,574 | - | 722,574 |
| Debt Service | 248,501 | - | 248,501 |
| Public Safety | 1,052,716 | - | 1,052,716 |
| Public Works | 4,619,742 | - | 4,619,742 |
| Economic development | 1,809,299 | - | 1,809,299 |
| Unemployment compensation | 28,116 | - | 28,116 |
| Unrestricted | (18,141,470) | (2,773,478) | (20,914,948) |
| Total Net Position | \$ 44,118,169 | (2,040,566) | 42,077,603 |

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

PANOLA COUNTY
Statement of Activities
For the Year Ended September 30, 2020

Exhibit 2

| Functions/Programs | Program Revenues | | | | Net (Expense) Revenue and Changes in Net Position | | |
|--|------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|--------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government | | |
| | | | | | Governmental Activities | Business-type Activities | Total |
| Primary government: | | | | | | | |
| Governmental activities: | | | | | | | |
| General government | \$ 1,616,249 | 948,831 | 256,144 | - | (411,274) | - | (411,274) |
| Public safety | 8,247,890 | 888,126 | 794,332 | 18,000 | (6,547,432) | - | (6,547,432) |
| Public works | 8,353,632 | - | 1,982,099 | 147,589 | (6,223,944) | - | (6,223,944) |
| Health and Welfare | 329,054 | - | 104,083 | - | (224,971) | - | (224,971) |
| Culture and recreation | 30,443 | - | - | - | (30,443) | - | (30,443) |
| Education | 10,760 | - | - | - | (10,760) | - | (10,760) |
| Conservation of natural resources | 60,153 | - | - | - | (60,153) | - | (60,153) |
| Economic development and assistance | 5,663,393 | - | 4,702,120 | - | (961,273) | - | (961,273) |
| Interest on long-term debt | 461,827 | - | - | - | (461,827) | - | (461,827) |
| Pension Expense | 2,455,958 | - | - | - | (2,455,958) | - | (2,455,958) |
| Total Governmental Activities | 27,229,359 | 1,836,957 | 7,838,778 | 165,589 | (17,388,035) | - | (17,388,035) |
| Business-type activities: | | | | | | | |
| Solid Waste | 2,957,373 | 2,960,781 | - | 24,892 | - | 28,300 | 28,300 |
| Total Business-type Activities | 2,957,373 | 2,960,781 | - | 24,892 | - | 28,300 | 28,300 |
| Total Primary Government | \$ 30,186,732 | 4,797,738 | 7,838,778 | 190,481 | (17,388,035) | 28,300 | (17,359,735) |
| | | | | | | | |
| General revenues: | | | | | | | |
| Property taxes | | | | | \$ 14,905,924 | - | 14,905,924 |
| Road & bridge privilege taxes | | | | | 481,753 | - | 481,753 |
| Grants & contributions not restricted to specific programs | | | | | 970,907 | - | 970,907 |
| Unrestricted interest income | | | | | 340,901 | 43 | 340,944 |
| Miscellaneous | | | | | 1,596,602 | 504 | 1,597,106 |
| Total General Revenues | | | | | 18,296,087 | 547 | 18,296,634 |
| | | | | | | | |
| Changes in Net Position | | | | | 908,052 | 28,847 | 936,899 |
| | | | | | | | |
| Net Position - Beginning, as previously reported | | | | | 43,190,299 | (2,069,413) | 41,120,886 |
| Prior period adjustments | | | | | 19,818 | - | 19,818 |
| Net Position - Beginning, as restated | | | | | 43,210,117 | (2,069,413) | 41,140,704 |
| | | | | | | | |
| Net Position - Ending | | | | | \$ 44,118,169 | (2,040,566) | 42,077,603 |

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

PANOLA COUNTY
Balance Sheet - Governmental Funds
September 30, 2020

Exhibit 3

| | Major Funds | | | | |
|---|---------------|--------------------|----------------------------------|--------------------------|--------------------------|
| | General Fund | ARC Concourse Fund | Countywide Road Maintenance Fund | Other Governmental Funds | Total Governmental Funds |
| ASSETS | | | | | |
| Cash | \$ 7,993,236 | 53,051 | 1,787,477 | 6,543,976 | 16,377,740 |
| Investments | - | - | - | 71,755 | 71,755 |
| Property tax receivable | 8,520,119 | - | 2,586,120 | 1,726,476 | 12,832,715 |
| Fines receivable (net of allowance for uncollectibles of \$2,273,298) | 91,777 | - | - | - | 91,777 |
| Intergovernmental Receivables | 740,811 | 766,544 | 69,774 | 819,730 | 2,396,859 |
| Other receivables | 223 | - | - | 20,233 | 20,456 |
| Capital lease receivable | - | - | - | 1,318,652 | 1,318,652 |
| Due from other funds | 1,453,436 | - | 71,327 | 25,516 | 1,550,279 |
| Advances to other funds | 473,182 | - | - | - | 473,182 |
| Total Assets | \$ 19,272,784 | 819,595 | 4,514,698 | 10,526,338 | 35,133,415 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Claims payable | \$ 629,736 | - | 210,404 | 376,118 | 1,216,258 |
| Intergovernmental payables | 508,947 | - | - | 7,500 | 516,447 |
| Amounts held in custody for others | 367,044 | - | - | - | 367,044 |
| Due to other funds | 96,843 | 561,226 | - | 572,443 | 1,230,512 |
| Advances from other funds | - | - | - | 25,214 | 25,214 |
| Total Liabilities | 1,602,570 | 561,226 | 210,404 | 981,275 | 3,355,475 |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Unavailable revenue - property taxes | 8,520,119 | - | 2,586,120 | 1,726,476 | 12,832,715 |
| Unavailable revenue - capital lease | - | - | - | 1,318,652 | 1,318,652 |
| Unavailable revenue - fines | 91,777 | - | - | - | 91,777 |
| Total Deferred Inflows of Resources | 8,611,896 | - | 2,586,120 | 3,045,128 | 14,243,144 |
| Fund Balances: | | | | | |
| Nonspendable: | | | | | |
| Advances | 473,182 | - | - | - | 473,182 |
| Restricted for: | | | | | |
| General government | - | - | - | 471,068 | 471,068 |
| Public safety | - | - | - | 1,052,716 | 1,052,716 |
| Public works | - | - | 1,718,174 | 2,901,568 | 4,619,742 |
| Economic development and assistance | - | 258,369 | - | 1,550,930 | 1,809,299 |
| Debt service | - | - | - | 300,002 | 300,002 |
| Unemployment compensation | - | - | - | 28,116 | 28,116 |
| Assigned for: | | | | | |
| General government | - | - | - | 251,506 | 251,506 |
| Unassigned | 8,585,136 | - | - | (55,971) | 8,529,165 |
| Total Fund Balances | 9,058,318 | 258,369 | 1,718,174 | 6,499,935 | 17,534,796 |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | \$ 19,272,784 | 819,595 | 4,514,698 | 10,526,338 | 35,133,415 |

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, 2020

Exhibit 3-1

| | |
|--|-----------------------------|
| Total Fund Balance - Governmental Funds | \$ 17,534,796 |
| 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 \$91,096,105. | 59,448,113 |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. | (14,276,547) |
| Capital leases are not available to pay for current expenditures and, therefore are deferred in the funds. | 1,155,752 |
| Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. | 91,777 |
| Deferred amount on refunding of bonds is not reported in the funds. | 320,782 |
| Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds. | (51,501) |
| Net pension obligations are not due and payable in the current period and, therefore are not reported in the funds. | (21,850,113) |
| Deferred outflows of resources related to pension obligations are applicable to future periods and, therefore are not reported in the funds. | <u>1,745,110</u> |
| Total Net Position - Governmental Activities | \$ <u><u>44,118,169</u></u> |

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

PANOLA COUNTY
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended September 30, 2020

Exhibit 4

| | Major Funds | | | | |
|--|---------------------|---------------------------|---|---------------------------------|---------------------------------|
| | General Fund | ARC Concourse Fund | Countywide Road Maintenance Fund | Other Governmental Funds | Total Governmental Funds |
| REVENUES | | | | | |
| Property taxes | \$ 10,398,362 | - | 2,586,217 | 1,921,345 | 14,905,924 |
| Road and bridge privilege taxes | - | - | 481,753 | - | 481,753 |
| Licenses, commissions, & other revenue | 656,648 | - | - | 12,896 | 669,544 |
| Fines and forfeitures | 356,578 | - | - | 24,588 | 381,166 |
| Intergovernmental revenues | 1,588,110 | 1,133,621 | 941,760 | 5,311,783 | 8,975,274 |
| Charges for services | 379,521 | - | - | 416,929 | 796,450 |
| Interest income | 165,290 | - | 45,886 | 129,725 | 340,901 |
| Miscellaneous revenues | 737,036 | - | 26,667 | 250,553 | 1,014,256 |
| Total Revenues | <u>14,281,545</u> | <u>1,133,621</u> | <u>4,082,283</u> | <u>8,067,819</u> | <u>27,565,268</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General government | 4,700,655 | - | - | 106,739 | 4,807,394 |
| Public safety | 7,432,206 | - | - | 1,329,476 | 8,761,682 |
| Public works | 96,151 | - | 6,729,817 | 2,656,686 | 9,482,654 |
| Health and welfare | 292,566 | - | - | - | 292,566 |
| Culture and recreation | 30,443 | - | - | - | 30,443 |
| Education | 10,760 | - | - | - | 10,760 |
| Conservation of natural resources | 89,009 | - | - | - | 89,009 |
| Economic development assistance | 314,538 | 3,375,252 | - | 1,972,584 | 5,662,374 |
| Debt Service: | | | | | |
| Principal | 349,023 | - | 1,125,655 | 1,577,903 | 3,052,581 |
| Interest | 102,086 | - | 46,002 | 232,842 | 380,930 |
| Total Expenditures | <u>13,417,437</u> | <u>3,375,252</u> | <u>7,901,474</u> | <u>7,876,230</u> | <u>32,570,393</u> |
| Excess of Revenues over (under) Expenditures | <u>864,108</u> | <u>(2,241,631)</u> | <u>(3,819,191)</u> | <u>191,589</u> | <u>(5,005,125)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Long-term capital debt issued | 328,016 | - | 2,054,428 | - | 2,382,444 |
| Long-term non capital debt issued | - | - | - | 2,400,000 | 2,400,000 |
| Proceeds from sale of capital assets | 13,230 | - | 1,264,190 | - | 1,277,420 |
| Refunding bond issued | - | - | - | 2,001,000 | 2,001,000 |
| Payments to refunding escrow agent | - | - | - | (1,937,517) | (1,937,517) |
| Lease principal payments | - | - | - | 93,060 | 93,060 |
| Transfers in | 52,318 | - | - | 726,220 | 778,538 |
| Transfers out | (726,220) | - | - | (52,318) | (778,538) |
| Total Other Financing Sources (Uses) | <u>(332,656)</u> | <u>-</u> | <u>3,318,618</u> | <u>3,230,445</u> | <u>6,216,407</u> |
| Net Changes in Fund Balance | <u>531,452</u> | <u>(2,241,631)</u> | <u>(500,573)</u> | <u>3,422,034</u> | <u>1,211,282</u> |
| Fund Balances - Beginning | <u>8,526,866</u> | <u>2,500,000</u> | <u>2,218,747</u> | <u>3,077,901</u> | <u>16,323,514</u> |
| Fund Balances - Ending | <u>\$ 9,058,318</u> | <u>258,369</u> | <u>1,718,174</u> | <u>6,499,935</u> | <u>17,534,796</u> |

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, 2020**

| | | |
|--|----|----------------|
| Net Changes in Fund Balances - Governmental Funds | \$ | 1,211,282 |
| Amounts reported for governmental activities in the Statement of Activities are different because: | | |
| Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount that capital outlay of \$5,913,526 exceeded depreciation of \$2,377,489 in the current period. | | 3,536,037 |
| In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balances by the amount of the net gain of \$582,346, the loss of \$89,670 and the proceeds from the sale of \$1,277,420 in the current period. | | (784,744) |
| 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. | | (10,203) |
| 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 \$6,783,444 exceeded debt payments of \$3,052,581 in the current period. | | (3,730,863) |
| 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. | | (93,060) |
| 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 | | (2,455,958) |
| Recording of contributions made subsequent to the measurement date | | 322,453 |
| Recording of contributions made prior to the measurement date | | 946,409 |
| 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 | | (30,701) |
| Change in compensated absences | | 110,079 |
| Payment to bond refunding agent | | 1,937,517 |
| The amortization of: | | |
| Premiums on bonds | | 4,724 |
| Deferred amount on refunding bonds | | (54,920) |
| Change in Net Position of Governmental Activities | \$ | <u>908,052</u> |

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

PANOLA COUNTY
Statement of Net Position - Proprietary Fund
September 30, 2020

Exhibit 5

| | Business-type Activities - Enterprise Fund Solid Waste Fund |
|---|--|
| <u>ASSETS</u> | |
| Current assets: | |
| Cash | \$ 300 |
| Accounts receivable (net of allowance for uncollectibles of \$4,299,634) | 201,790 |
| Intergovernmental receivables | 3,886 |
| Total Current Assets | <u>205,976</u> |
| Noncurrent assets: | |
| Capital assets: | |
| Other capital assets, net | 2,854,911 |
| Total Noncurrent Assets | <u>2,854,911</u> |
| Total Assets | <u>3,060,887</u> |
| <u>DEFERRED OUTFLOWS OF RESOURCES</u> | |
| Deferred outflows related to pensions | <u>140,172</u> |
| <u>LIABILITIES</u> | |
| Current liabilities: | |
| Claims payable | 122,890 |
| Due to governmental funds | 319,767 |
| Advances from governmental funds | 447,968 |
| Unearned revenue | 366,336 |
| Capital debt: | |
| Capital leases payable | 1,226,970 |
| Non-capital debt: | |
| Leases payable | 7,134 |
| Total Current Liabilities | <u>2,491,065</u> |
| Noncurrent liabilities: | |
| Capital debt: | |
| Capital leases payable | 895,029 |
| Non-capital debt: | |
| Leases payable | 11,235 |
| Compensated absences payable | 42,361 |
| Net pension liability | 1,801,935 |
| Total Noncurrent Liabilities | <u>2,750,560</u> |
| Total Liabilities | <u>5,241,625</u> |
| <u>NET POSITION</u> | |
| Net investment in capital assets | 732,912 |
| Unrestricted | <u>(2,773,478)</u> |
| Total Net Position | <u>\$ (2,040,566)</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, 2020**

| | Business-type Activities - Enterprise Fund Solid Waste Fund |
|--------------------------------------|--|
| Operating Revenues | |
| Charges for services | \$ 2,960,781 |
| Intergovernmental revenues | 24,892 |
| Other income | 504 |
| Total Operating Revenues | <u>2,986,177</u> |
| Operating Expenses | |
| Personal services | 867,686 |
| Contractual services | 778,633 |
| Materials and supplies | 497,058 |
| Indirect administrative cost | 10,362 |
| Pension expense | 225,800 |
| Depreciation expense | 397,029 |
| Total Operating Expenses | <u>2,776,568</u> |
| Operating Income (Loss) | <u>209,609</u> |
| Nonoperating Revenues (Expenses) | |
| Interest income | 43 |
| Interest expense | (73,195) |
| Loss on sale of capital assets | (107,610) |
| Net Nonoperating Revenues (Expenses) | <u>(180,762)</u> |
| Changes in Net Position | <u>28,847</u> |
| Net Position - Beginning | <u>(2,069,413)</u> |
| Net Position - Ending | <u>\$ (2,040,566)</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, 2020

Exhibit 7

| | Business-type Activities - Enterprise Fund Solid Waste Fund |
|--|--|
| Cash Flows From Operating Activities | |
| Receipts from customers | \$ 3,097,283 |
| Receipts from state government | 21,006 |
| Other receipts | 504 |
| Payments to suppliers | (1,291,682) |
| Payments to employees | (980,024) |
| Net Cash Provided by Operating Activities | <u>847,087</u> |
| Cash Flows From Capital and Related Financing Activities | |
| Proceeds from sale of capital assets | 444,500 |
| Acquisition of capital assets | (807,480) |
| Proceeds from interfund loans | 309,405 |
| Payment of interfund loans | (304,375) |
| Proceeds from long-term capital debt | 800,300 |
| Principal paid on long-term debt | (1,216,285) |
| Interest paid on debt | (73,195) |
| Net Cash (Used) by Capital and Related Financing Activities | <u>(847,130)</u> |
| Cash Flows From Investing Activities | |
| Interest on investments | <u>43</u> |
| Net Cash Provided by Investing Activities | <u>43</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 Income (Loss) to Net Cash Provided by Operating Activities: | |
| Operating Income (Loss) | \$ 209,609 |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | |
| Depreciation expense | 397,029 |
| Changes in assets and liabilities: | |
| Decrease in accounts receivables | 2,417 |
| (Increase) in other receivables | (3,886) |
| (Increase) in deferred outflows of resources | (34,652) |
| (Decrease) in deferred inflows of resources | (15,400) |
| (Decrease) in claims payable | (15,929) |
| (Decrease) in intergovernmental payable | (62) |
| Increase in due to other funds | 10,362 |
| Increase in compensated absences liability | 8,100 |
| Increase in pension liability | 155,414 |
| Increase in unearned revenue | 134,085 |
| Total Adjustments | <u>637,478</u> |
| Net Cash Provided by Operating Activities | <u>\$ 847,087</u> |

Noncash Capital Financing Activity:

Panola County lease purchased mobile equipment for \$800,300 for 5 years at 2.79% interest.

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

PANOLA COUNTY
Statement of Fiduciary Assets and Liabilities
September 30, 2020

Exhibit 8

| | Agency Funds |
|----------------------------|-------------------------|
| <u>ASSETS</u> | |
| Cash | \$ 496,429 |
| Total Assets | <u>496,429</u> |
| <u>LIABILITIES</u> | |
| Intergovernmental payables | 496,429 |
| Total Liabilities | <u>\$ 496,429</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, 2020

(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.

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.

PANOLA COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2020

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

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 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, 2020

(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.

ARC Concourse Fund – This fund is used to account for monies from specific revenue sources that are restricted for the ARC Concourse project.

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.

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.

PANOLA COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2020

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

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

PANOLA COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2020

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

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.

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.

PANOLA COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2020

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

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 10 for additional details.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to 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 related to 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.

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.

PANOLA COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2020

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

I. 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.”

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:

PANOLA COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2020

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

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.

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.

PANOLA COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2020

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

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

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.

PANOLA COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2020

(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 | \$ 19,818 |
| Total prior period adjustments | \$ 19,818 |

(3) Deposits and Investments.

Deposits:

The carrying amount of the County's total deposits with financial institutions at September 30, 2020, was \$16,874,469 and the bank balance was \$17,257,446. 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. None of the County's accounts are at risk.

Investments:

Investment balances at September 30, 2020 are as follows:

| <u>Investment Type</u> | <u>Maturity</u> | <u>Fair Value</u> | | <u>Rating</u> |
|------------------------|-----------------|-------------------|-------------------|---------------|
| | | <u>Level</u> | <u>Fair Value</u> | |
| Certificate of Deposit | 1 month | 1 | \$ 71,755 | None |
| Total | | | \$ 71,755 | |

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.

PANOLA COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2020

(3) Deposits and Investments. (continued)

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, 2020:

a. Due From/To Other Funds:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|----------------------------------|--------------------------|---------------------|
| General Fund | Other Governmental Funds | \$ 572,443 |
| General Fund | ARC Concourse Fund | 561,226 |
| General Fund | Solid Waste | 319,767 |
| Countywide Road Maintenance Fund | General Fund | 71,327 |
| Other Governmental Funds | General Fund | 25,516 |
| Total | | <u>\$ 1,550,279</u> |

The receivables represent the tax revenue collected in September, 2020, but not settled until October, 2020, 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.

b. Advances From/To Other Funds:

| <u></u> | <u></u> | <u></u> |
|--------------|--------------------------|-------------------|
| General Fund | Other Governmental Funds | \$ 25,214 |
| General Fund | Solid Waste | 447,968 |
| | | <u>\$ 473,182</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.

PANOLA COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2020

(4) Interfund Transactions and Balances. (continued)

c. Transfers In/Out:

| <u>Transfer In</u> | <u>Transfer Out</u> | <u>Amount</u> |
|--------------------------|--------------------------|-------------------|
| General Fund | Other Governmental Funds | \$ 52,318 |
| Other Governmental Funds | General Fund | <u>726,220</u> |
| Total | | <u>\$ 778,538</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.

(5) Intergovernmental Receivables.

Intergovernmental receivables at September 30, 2020, consisted of the following:

| <u>Description</u> | <u>Amount</u> |
|--|---------------------|
| Governmental Activities: | |
| Legislative tag credit | \$ 155,966 |
| Youth court | 1,949 |
| Community Development Block Grant - Airport | 397,302 |
| Coronavirus relief fund | 532,569 |
| Delta regional development | 246,341 |
| Airport improvement program | 117,551 |
| Appalachian area development | 766,544 |
| Edward Byrne Memorial Justice Assistance Grant Program | 17,470 |
| Motor vehicle fuel tax | 62,637 |
| Housing prisoners | 20,486 |
| Truck and bus privilege | 4,378 |
| Additional privilege tax | 29,314 |
| Emergency management performance grant | 31,874 |
| Patrolling the lake | 3,442 |
| Overweight fines | 2,759 |
| Reimbursement for 911 dispatcher | 5,750 |
| Reimbursement for utilities | 517 |
| Miscellaneous | <u>10</u> |
| Total Governmental Activities | <u>\$ 2,396,859</u> |
| Business-type Activities: | |
| Waste tire grant | <u>\$ 3,886</u> |
| Total Business-type Activities | <u>\$ 3,886</u> |

PANOLA COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2020

(6) Loans Receivable.

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

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

(7) Capital Assets.

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

| Governmental Activities: | Balance Oct. 1, 2019 | Additions | Deletions | Adjustments | Balance Sept. 30, 2020 |
|--|-------------------------|------------------|------------------|-----------------|---------------------------|
| <u>Non-depreciable capital assets:</u> | | | | | |
| Land | \$ 1,352,567 | 1,497,154 | - | - | 2,849,721 |
| Constuction in progress | 8,789 | 45,451 | - | (45,451) | 8,789 |
| Total non-depreciable capital assets | <u>1,361,356</u> | <u>1,542,605</u> | <u>-</u> | <u>(45,451)</u> | <u>2,858,510</u> |
| <u>Depreciable capital assets:</u> | | | | | |
| Infrastructure | 112,893,035 | - | - | 45,451 | 112,938,486 |
| Buildings | 13,639,473 | 1,561,003 | - | - | 15,200,476 |
| Improvements other than buildings | 2,024,838 | 17,150 | - | - | 2,041,988 |
| Mobile equipment | 10,219,406 | 736,518 | 837,370 | 173,795 | 10,292,349 |
| Furniture and equipment | 2,108,301 | 98,147 | 92,217 | - | 2,114,231 |
| Leased property under capital lease | 4,320,654 | 1,958,103 | 1,006,784 | (173,795) | 5,098,178 |
| Total depreciable capital assets | <u>145,205,707</u> | <u>4,370,921</u> | <u>1,936,371</u> | <u>45,451</u> | <u>147,685,708</u> |
| <u>Less accumulated depreciation for:</u> | | | | | |
| Infrastructure | 73,300,215 | 438,451 | - | (19,818) | 73,718,848 |
| Buildings | 5,256,429 | 253,913 | - | - | 5,510,342 |
| Building improvements | 1,134,984 | 81,680 | - | - | 1,216,664 |
| Mobile equipment | 7,205,136 | 729,218 | 524,968 | 109,507 | 7,518,893 |
| Furniture and equipment | 1,725,140 | 87,694 | 82,996 | - | 1,729,838 |
| Leased property under capital leases | 1,268,157 | 786,533 | 543,663 | (109,507) | 1,401,520 |
| Total accumulated depreciation | <u>89,890,061</u> | <u>2,377,489</u> | <u>1,151,627</u> | <u>(19,818)</u> | <u>91,096,105</u> |
| Total depreciable capital assets, net | <u>55,315,646</u> | <u>1,993,432</u> | <u>784,744</u> | <u>65,269</u> | <u>56,589,603</u> |
| Governmental activities capital assets, net | <u>\$ 56,677,002</u> | <u>3,536,037</u> | <u>784,744</u> | <u>19,818</u> | <u>59,448,113</u> |

PANOLA COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2020

(7) Capital Assets. (continued)

| Business-type Activities: | Balance Oct. 1, 2019 | Additions | Deletions | Adjustments | Balance Sept. 30, 2020 |
|--|-------------------------|-----------|-----------|-------------|---------------------------|
| <u>Depreciable capital assets:</u> | | | | | |
| Buildings | \$ 201,428 | - | - | - | 201,428 |
| Improvements other than buildings | 38,069 | - | - | - | 38,069 |
| Mobile equipment | 295,329 | - | - | 480,429 | 775,758 |
| Furniture and equipment | 223,786 | 7,180 | - | - | 230,966 |
| Leased property under capital leases | 3,149,483 | 800,300 | 756,315 | (480,429) | 2,713,039 |
| Total depreciable capital assets | 3,908,095 | 807,480 | 756,315 | - | 3,959,260 |
| <u>Less accumulated depreciation for:</u> | | | | | |
| Buildings | 72,515 | 4,028 | - | - | 76,543 |
| Improvements other than buildings | 27,410 | 1,523 | - | - | 28,933 |
| Mobile equipment | 172,501 | 64,298 | - | 130,712 | 367,511 |
| Furniture and equipment | 173,413 | 14,938 | - | - | 188,351 |
| Leased property under capital leases | 465,686 | 312,242 | 204,205 | (130,712) | 443,011 |
| Total accumulated depreciation | 911,525 | 397,029 | 204,205 | - | 1,104,349 |
| Total depreciable capital assets, net | 2,996,570 | 410,451 | (552,110) | - | 2,854,911 |
| Business-type activities capital assets, net | \$ 2,996,570 | 410,451 | (552,110) | - | 2,854,911 |

*Adjustments were made to transfer out leased property to mobile equipment, to transfer completed construction in progress to infrastructure, and to correct prior year errors.

Depreciation expense was charged to the following functions:

| | Amount |
|---|--------------|
| Governmental Activities: | |
| General government | \$ 163,456 |
| Public safety | 737,839 |
| Public works | 1,436,087 |
| Health and welfare | 38,775 |
| Economic development | 1,332 |
| Total governmental activities depreciation expense | \$ 2,377,489 |
| Business-type activities: | |
| Solid waste | \$ 397,029 |
| Total business-type activities depreciation expense | \$ 397,029 |

(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, 2020 to January 1, 2021. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

PANOLA COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2020

(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, 2020:

| <u>Classes of Property</u> | <u>Amount</u> |
|----------------------------|-----------------------|
| United Solutions Building | \$ <u>1,265,000</u> * |

* Building listed at historical cost.

The future minimum lease receivables as of September 30, 2020 are as follows:

| <u>Year Ended September 30</u> | <u>Principal</u> | <u>Interest</u> |
|--------------------------------|---------------------|-----------------|
| 2021 | \$ 115,358 | 32,528 |
| 2022 | 118,867 | 29,020 |
| 2023 | 122,482 | 25,404 |
| 2024 | 126,208 | 21,678 |
| 2025 | 130,046 | 17,840 |
| 2026-2030 | <u>542,791</u> | <u>36,430</u> |
| Total | \$ <u>1,155,752</u> | <u>162,900</u> |

As Lessee:

The County is obligated for the following capital assets acquired through capital leases as of September 30, 2020:

| <u>Classes of property</u> | <u>Governmental Activities</u> | <u>Business-type Activities</u> |
|-------------------------------------|------------------------------------|-------------------------------------|
| Mobile Equipment | \$ 4,429,433 | \$ 2,713,039 |
| Furniture and equipment | 668,745 | - |
| Less: Accumulated Depreciation | (1,401,520) | (443,011) |
| Leased property under capital lease | \$ <u>3,696,658</u> | \$ <u>2,270,028</u> |

The following is a schedule by years of the total payments due as of September 30, 2020:

| <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> |
| 2021 | \$ 1,063,161 | \$ 85,759 | \$ 1,234,104 | \$ 43,029 |
| 2022 | 920,086 | 61,216 | 261,832 | 18,479 |
| 2023 | 639,577 | 34,552 | 264,159 | 12,252 |
| 2024 | 543,953 | 18,191 | 214,297 | 6,098 |
| 2025 | <u>296,878</u> | <u>4,862</u> | <u>165,976</u> | <u>2,294</u> |
| Total | \$ <u>3,463,655</u> | \$ <u>204,580</u> | \$ <u>2,140,368</u> | \$ <u>82,152</u> |

PANOLA COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2020

(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, 2020, 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, 2020, was 17.4% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the year ended September 30, 2020, 2019, and 2018 were \$1,416,723, \$1,310,000, and \$1,231,490 respectively, equal to the required contributions for each year.

PANOLA COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2020

(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, 2020, the County reported a liability of \$23,652,048 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on a projection of the County's long-term share of 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, 2020 net pension liability was .122177 percent, which was based on a measurement date of June 30, 2020. This was a decrease of .002082 percent from its proportionate share used to calculate the September 30, 2019 net position liability, which was based on a measurement date of June 30, 2019.

For the year ended September 30, 2020, the County recognized pension expense of \$2,681,758. At September 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources |
|--|--------------------------------------|
| Difference between expected and actual experience | \$ 205,316 |
| Net difference between projected and actual earnings on pension plan investments | 1,005,919 |
| Changes of Assumptions | 134,564 |
| Changes in the County's proportion and differences between the County's contributions and proportionate share of contributions | 186,425 |
| County's contributions subsequent to the measurement date | 353,058 |
| Total | \$ <u>1,885,282</u> |

\$353,058 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, 2021. 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:

| | |
|-------|---------------------|
| 2021 | \$ 432,548 |
| 2022 | 398,205 |
| 2023 | 388,408 |
| 2024 | 313,063 |
| Total | \$ <u>1,532,224</u> |

PANOLA COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2020

(10) Defined Benefit Pension Plan. (continued)

Actuarial Assumptions – The total pension liability as of June 30, 2020 was determined by an actuarial valuation prepared as of June 30, 2019, using the following actuarial assumptions, applied to all periods in the measurement:

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

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the four year period from July 1, 2014 to June 30, 2018. The experience report is dated April 2, 2019.

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

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-term Expected Real Rate of Return</u> |
|----------------------|--------------------------|---|
| Domestic Equity | 27.00% | 4.90 |
| International Equity | 22.00% | 4.75 |
| Global Equity | 12.00% | 5.00 |
| Fixed Income | 20.00% | 0.50 |
| Real Estate | 10.00% | 4.00 |
| Private Equity | 8.00% | 6.25 |
| Cash | 1.00% | - |
| 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, 2020

(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 | \$ 30,614,669 | \$ 23,652,048 | 17,905,087 |

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, 2020, consisted of the following:

| Description | Amount Outstanding | Interest Rate | Final Maturity Date |
|--------------------------------|-----------------------|------------------|---------------------------|
| Governmental Activities: | | | |
| A. General Obligation Bonds: | | | |
| 2013 GO Refunding Bonds Jail | \$ 2,005,000 | 2.50% | 08/2026 |
| GO Refunding Bonds 2019 | 1,968,000 | 2.81% | 03/2025 |
| Total General Obligation Bonds | \$ 3,973,000 | | |

PANOLA COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2020

(11)Long-term Debt. (continued)

| Description | Amount Outstanding | Interest Rate | Final Maturity Date |
|---|-----------------------|------------------|---------------------------|
| Governmental Activities (continued): | | | |
| B. Capital Leases: | | | |
| E911 Dispatch Software Equipment | \$ 4,200 | 2.29% | 11/2020 |
| (3) Motor Graders | 243,654 | 1.73% | 10/2021 |
| 2015 Sheriff Ford F-150 | 13,570 | 3.74% | 10/2021 |
| Tasers | 8,400 | 0.00% | 03/2022 |
| (2) CAT Backhoes | 54,299 | 3.08% | 03/2022 |
| 2018 Caterpillar 950 | 76,683 | 3.07% | 03/2022 |
| 2018 Trailboss Trailer | 38,830 | 3.07% | 04/2022 |
| E911 Dispatch Equipment | 53,690 | 2.44% | 07/2022 |
| Ambulance Equipment | 42,178 | 2.29% | 07/2022 |
| Tire Roller | 46,536 | 3.46% | 08/2022 |
| (2) 2019 F-150 Trucks | 53,112 | 3.64% | 09/2022 |
| (3) Trucks | 64,370 | 3.79% | 11/2022 |
| (7) Chevrolet Crew Cab Trucks | 92,408 | 2.30% | 12/2022 |
| Ford F-150 | 21,628 | 3.79% | 01/2023 |
| GMC Sierra 1500 | 22,802 | 2.05% | 04/2023 |
| (5) 2018 Chevy Silverado Trucks | 87,209 | 3.45% | 05/2023 |
| 2018 Ford F-150 | 23,472 | 3.59% | 07/2023 |
| Phone System | 16,183 | 7.53% | 10/2023 |
| (2) 2019 Task Force Trucks | 55,051 | 2.76% | 11/2023 |
| 2019 Excavator | 128,438 | 3.14% | 02/2024 |
| Ford F-150 | 36,089 | 2.92% | 04/2024 |
| (3) Tahoes | 104,547 | 2.30% | 05/2024 |
| Voting Equipment Scanners | 190,553 | 3.79% | 06/2024 |
| Excavator | 236,325 | 2.55% | 07/2024 |
| (3) Dodge Durangos | 88,263 | 2.34% | 09/2024 |
| 911 Equipment | 149,684 | 3.80% | 12/2024 |
| Kenworth K370 Truck | 197,484 | 2.76% | 01/2025 |
| Kenworth K370 Truck Courtland | 197,484 | 2.76% | 01/2025 |
| (2) John Deere Tractors with Side Boom Mowers | 287,188 | 2.23% | 07/2025 |
| Dump Truck | 829,325 | 2.19% | 08/2025 |
| Total Capital Leases | \$ <u>3,463,655</u> | | |
| C. Other Loans: | | | |
| Capital Improvement Loan | \$ 2,403,845 | 3.00% | 01/2039 |
| Capital Improvement Loan | 1,136,167 | 3.00% | 07/2039 |
| Land Purchase Promissory Note | 501,995 | 2.50% | 10/2029 |
| GO Note Series 2020 | 2,400,000 | 1.16% | 03/2024 |
| Total Other Loans | \$ <u>6,442,007</u> | | |
| Business-type Activities: | | | |
| A. Capital Leases: | | | |
| 2018 Autocar 28YD | \$ 167,561 | 3.24% | 10/2020 |
| Garbage Trucks | 810,783 | 3.04% | 07/2021 |
| Metal Carport and Dumpsters | 18,369 | 3.09% | 03/2023 |
| (2) 2019 Roll Off Western Star | 228,767 | 3.06% | 12/2023 |
| Freightliner Leaf Litter Vac | 114,588 | 3.14% | 03/2024 |
| (3) Garbage Trucks | 800,300 | 2.79% | 03/2025 |
| Total Capital Leases | \$ <u>2,140,368</u> | | |

PANOLA COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2020

(11) Long-term Debt. (continued)

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 |
| 2021 | \$ 680,000 | 95,479 | 852,412 | 134,410 |
| 2022 | 699,000 | 78,725 | 857,144 | 129,681 |
| 2023 | 726,000 | 61,437 | 871,760 | 115,063 |
| 2024 | 747,000 | 43,142 | 886,688 | 100,136 |
| 2025 | 766,000 | 23,859 | 284,411 | 84,553 |
| 2026-2030 | 355,000 | 9,319 | 1,379,502 | 296,453 |
| 2031-2035 | - | - | 682,759 | 149,139 |
| 2036-2040 | - | - | 627,331 | 40,715 |
| Total Governmental Activities | \$ 3,973,000 | 311,961 | 6,442,007 | 1,050,150 |

Legal Debt Margin – The amount of debt, excluding specific exempted debt that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a County issues bonds to repair or replace washed out or collapsed bridges on the public roads of the County. As of September 30, 2020, the amount of outstanding debt was equal to 1.59% of the latest property assessments.

Advance Refunding – On November 26, 2019, the County issued \$2,001,000 in general obligation refunding bonds with an average interest rate of 2.81% to advance refund \$1,895,000 of the following outstanding bond issue:

| Issue | Average Interest Rate | Outstanding Amount Refunded |
|-----------------------|-----------------------|-----------------------------|
| GO Bonds - GE Project | 5.00/5.50% | \$ 1,895,000 |

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

| Governmental Activities: | Balance | Additions | Reductions | *Adjustments | Balance | Amount due |
|--------------------------|---------------|-----------|------------|--------------|----------------|-----------------|
| | Oct. 1, 2019 | | | | Sept. 30, 2020 | Within one Year |
| Compensated absences | \$ 480,010 | 20,987 | 131,066 | - | 369,931 | N/A |
| General obligation bonds | 4,525,000 | 2,001,000 | 658,000 | (1,895,000) | 3,973,000 | 680,000 |
| Add: Bond premium | 32,678 | - | 4,724 | - | 27,954 | N/A |
| Other loans | 4,359,401 | 2,901,995 | 819,389 | - | 6,442,007 | 852,412 |
| Capital Leases | 3,158,398 | 1,880,449 | 1,575,192 | - | 3,463,655 | 1,063,161 |
| Total | \$ 12,555,487 | 6,804,431 | 3,188,371 | (1,895,000) | 14,276,547 | 2,595,573 |

Business-type Activities:

| | | | | | | |
|----------------------|--------------|---------|-----------|---|-----------|-----------|
| Compensated absences | \$ 34,261 | 8,100 | - | - | 42,361 | N/A |
| Capital Leases | 2,556,353 | 800,300 | 1,216,285 | - | 2,140,368 | 1,234,104 |
| Total | \$ 2,590,614 | 808,400 | 1,216,285 | - | 2,182,729 | 1,234,104 |

PANOLA COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2020

(11) Long-term Debt. (continued)

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.

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

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

| Fund | Deficit Amount |
|---------------------------|----------------|
| Jag Grant | \$ 9,475 |
| DRA Road Grant Sardis | 24,657 |
| Airport Grant | 2,433 |
| E911 | 16,065 |
| Fire #11 Pleasant Grove | 1,707 |
| Sardis Lower Lake Fire #5 | 1,091 |
| EMSOF | 543 |

(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.

COVID-19 – Since the advent of the COVID-19 pandemic in March 2020, the County has maintained relative operating normalcy. To date, national COVID-19 related regulation has not adversely impacted operations. Per discussion with management, cash receipts have remained consistent with prior years. Additionally, the County has had no ongoing projects that have been impacted by the pandemic. As of the date of the audit report, management declines to speculate on when a return to pre-COVID-19 operations will occur, but does not anticipate a material impact on normal operations for the County.

(14) Effect of Deferred Amounts on Net Position.

The governmental activities' unrestricted net position amount of \$(18,141,470) 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 \$322,453 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, 2021. The \$1,422,657 balance of the deferred outflow of resources related to pensions at September 30, 2020, will be recognized in pension expense over the next four years.

PANOLA COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2020

(14) Effect of Deferred Amounts on Net Position. (continued)

The governmental activities' unrestricted net position amount of \$(18,141,470) includes the effect of deferring the recognition of income resulting from a deferred inflow from a capital lease receivable. The \$162,900 balance of the deferred inflow of resources at September 30, 2020, will be recognized as income and will increase the unrestricted net position over the next nine years.

The governmental activities' unrestricted net position amount of \$(18,141,470) includes the effect of deferring the recognition of expenditures for an advance refunding of County debt. The \$320,782 balance of deferred outflows of resources at September 30, 2020, will be recognized as an expense and will decrease the unrestricted net position over the next six years.

The business-type activities' restricted net position amount of \$(2,773,478) includes the effect of deferred outflows of resources related to pensions. A portion of the deferred outflow of resources related to pension in the amount of \$30,605 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, 2021. The \$109,567 balance of the deferred outflow of resources related to pensions at September 30, 2020, will be recognized in pension expense over the next four years.

(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 \$352,201 for support of the library in fiscal year 2020. 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 2020.

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 \$7,078 to help support the district in the fiscal year 2020.

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 \$554,662 for maintenance and support for the college in fiscal year 2020.

PANOLA COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2020

(16) Jointly Governed Organizations. (continued)

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 2020.

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 \$41,375 for support of the agency in fiscal year 2020.

(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 seven entities as of September 30, 2020.

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

There are three 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 | \$ 122,873 |
| Addition to or Expansion of Facilities or Property or Replacement of Equipment | 117,074 |
| Total | <u>\$ 239,947</u> |

PANOLA COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2020

(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 May 24, 2023 (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.

Debt Issuance:

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.

PANOLA COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2020

(18) Subsequent Events. (continued)

Capital Lease Purchase Agreements:

The County has issued the following lease purchase agreements since September 30, 2020:

| Date | Asset | Department | Amount | Bank | Interest | Term |
|------------|--|------------------------|-------------------|---------------------|----------|----------|
| 11/2/2020 | Mack 40 Yard Front Loading Refuse Truck | 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. | <u>260,044.27</u> | | | |
| | | | <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 | <u>299,330.01</u> | | | |
| | | | <u>668,767.65</u> | First Security Bank | 2.19% | 4 years |
| 8/2/2021 | 2021 GMC Sierra Truck | Land Development Dept. | 36,123.37 | | | |
| | 2021 GMC Sierra Truck | Land Development Dept. | <u>36,123.37</u> | | | |
| | | | <u>72,246.74</u> | Bancorp South | 2.27% | 4 years |
| 9/2/2021 | 28 Yard Automated Side Loader Garbage Truck | Solid Waste | 299,330.00 | | | |
| | 28 Yard Automated Side Loader Garbage Truck | Solid Waste | <u>299,330.00</u> | | | |
| | | | <u>598,660.00</u> | Trustmark Banks | 1.73% | 3 years |
| 10/4/2021 | 22 Yard Mack Automated Side Loader Garbage Truck | Solid Waste | <u>278,636.37</u> | Bancorp South | 2.14% | 3 years |
| 1/6/2022 | 2019 Dodge Charger AWD Police Pursuit Vehicle | Sheriff's Dept. | 21,000.00 | | | |
| | 2019 Dodge Charger AWD Police Pursuit Vehicle | Sheriff's Dept. | 21,000.00 | | | |
| | 2019 Dodge Charger AWD Police Pursuit Vehicle | Sheriff's Dept. | <u>21,000.00</u> | | | |
| | | | <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 | <u>201,632.80</u> | | | |
| | | | <u>862,784.80</u> | Bancorp South | 2.41% | 2-3 year |
| 9/6/2022 | 2022 Chevrolet Tahoe | Sheriff's Dept. | 34,139.29 | | | |
| | 2022 Chevrolet Tahoe | Sheriff's Dept. | 34,139.29 | | | |
| | 2022 Chevrolet Tahoe | Sheriff's Dept. | 34,139.29 | | | |
| | 2022 Chevrolet Silverado | Sheriff's Dept. | <u>34,139.29</u> | | | |
| | | | <u>136,557.16</u> | Bancorp South | 4.09% | 5 years |
| 10/27/2022 | Motorola Solutions Emergency 911 Console | Sheriff's Dept. | <u>216,999.78</u> | Bancorp South | 4.09% | 5 years |

PANOLA COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2020

(18) Subsequent Events. (continued)

Capital Outlay:

The County purchased the following capital assets after September 30, 2020:

| Date | Payee | Asset | Amount | Classification |
|------------|---|---|------------|-----------------------|
| 10/5/2020 | Hallmark Ford | 2020 Ford F-150 | 37,481.00 | Mobile Equipment |
| 10/12/2020 | Buchanan HVAC | Morgue Cooler | 15,672.00 | Furniture & Equipment |
| 10/12/2020 | Mobimedical Supply | Morgue Equipment | 8,539.97 | Furniture & Equipment |
| 12/7/2020 | Cobb Environment & Technical Services, Inc. | Credit Card Reader | 18,537.90 | Furniture & Equipment |
| 1/4/2021 | Joe L. Greene | Land next to Pope School | 6,000.00 | Land |
| 2/1/2021 | Thompson Machinery | CAT CVP 40 Tamp Compactor | 8,013.00 | Mobile Equipment |
| 2/8/2021 | Thompson CAT | 259D3 Compact Track Loader | 56,108.00 | Mobile Equipment |
| 3/1/2021 | Complete Computers | Camera System | 13,790.30 | Furniture & Equipment |
| 3/1/2021 | Jenkins Refrigeration | GPS Ionization System | 87,500.00 | Furniture & Equipment |
| 3/8/2021 | Cannon Motors | 2021 Ram 3500 Crew Cab 4x4 Diesel with CM Bed | 49,974.00 | Mobile Equipment |
| 3/8/2021 | Cannon Motors | 2021 Ram 2500 Crew Cab 4x4 Diesel | 38,682.00 | Mobile Equipment |
| 4/5/2021 | Roger Dabbs Chevrolet | Chevrolet Silverado 1500 Truck | 29,601.50 | Mobile Equipment |
| 4/5/2021 | Jackson Mac Haik | Chevrolet Silverado 1500 Truck | 29,601.50 | Mobile Equipment |
| 4/5/2021 | Jackson Mac Haik | Dodge Durango with V8 Hemi | 32,978.00 | Mobile Equipment |
| 7/6/2021 | Missouri State Highway Patrol | 2018 Dodge Charger AWD | 17,950.00 | Mobile Equipment |
| 8/9/2021 | Emergency Equipment Professionals, Inc. | 2021 Pierce Freightliner Commercial Pumper Fire Truck | 307,260.00 | Mobile Equipment |
| 8/9/2021 | Emergency Equipment Professionals, Inc. | 2021 Pierce Freightliner Commercial Pumper Fire Truck | 307,260.00 | Mobile Equipment |
| 8/9/2021 | Hallmark Ford | 2021 Ford F-150 XLT | 29,650.00 | Mobile Equipment |
| 10/4/2021 | Thompson Machinery | D2 LGP Caterpillar Dozer | 135,600.82 | Mobile Equipment |
| 10/4/2021 | Progress Rail | Kershaw SkyTrim Mini 55 TH Tree Trimming Machine | 188,282.75 | Mobile Equipment |
| 10/22/2021 | Big Delta Powersports, Inc. | 2022 Polaris | 11,459.99 | Mobile Equipment |
| 11/8/2021 | Kirk Auto Group | 2021 Dodge Ram 1500 Crew cab 4x4 | 32,500.00 | Mobile Equipment |
| 12/6/2021 | Power Equipment Company | Komatsu PC170LC-11 Excavator | 202,000.00 | Mobile Equipment |
| 1/10/2022 | TX Trailer Sales | 25+5 Gooseneck Trailer | 23,168.35 | Mobile Equipment |
| 1/26/2022 | Southern Trailer Depot, LLC | 7x16 Tandem Trailer | 7,300.00 | Mobile Equipment |
| 1/26/2022 | Taylor Power Systems | TML 1250 Light Tower | 13,400.00 | Mobile Equipment |
| 2/7/2022 | Hallmark Ford | 2022 Ford F-150 | 47,315.00 | Mobile Equipment |
| 3/14/2022 | 4W Trailers | 14K Equip Trailer/22FT | 6,850.00 | Mobile Equipment |
| 9/6/2022 | Cannon Motors | 2022 Chevrolet Truck | 48,675.00 | Mobile Equipment |
| 9/6/2022 | Cannon Motors | 2022 Chevrolet Truck | 50,225.00 | Mobile Equipment |
| 9/26/2022 | Heafnor Motors | 2022 GMC Sierra | 50,555.00 | Mobile Equipment |
| 9/26/2022 | Cannon Motors | 2022 Chevrolet Siverado | 50,470.00 | Mobile Equipment |

PANOLA COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2020

(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 \$8,371,570 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 |
|------|----------------------|-------------------------|------------------|
| 2021 | 91,583 | 5,562,379 | 5,653,962 |
| 2022 | 5,511 | 1,273,071 | 1,278,582 |
| | <u>97,094</u> | <u>6,835,450</u> | <u>6,932,544</u> |

The total construction work in process for the Concourse Project phase one is \$9,606,752.

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 | 2,540 | 21,675 |
| 2022 | 938 | - | 938 |
| | <u>20,073</u> | <u>2,540</u> | <u>22,613</u> |

The total construction work in process for the machine shop is \$22,613.

PANOLA COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2020

(18) Subsequent Events. (continued)

Construction Work in Process (continued):

Several projects involving the Panola County Airport were started after September 30, 2020. All of the projects were funded by a combination of FAA grants, MDOT grants and matching funds from Panola County.

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 |
|------|--------------------|-----------------------|----------------|
| 2022 | 29,590 | 297,150 | 326,740 |
| | <u>29,590</u> | <u>297,150</u> | <u>326,740</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 | - | 160,450 |
| 2022 | 101,926 | 2,750 | 104,676 |
| | <u>262,376</u> | <u>2,750</u> | <u>265,126</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 |
|------|--------------------|---------------------|----------------|
| 2021 | 16,678 | 225,055 | 241,733 |
| 2022 | 96,537 | 15,830 | 112,367 |
| | <u>113,215</u> | <u>240,885</u> | <u>354,100</u> |

PANOLA COUNTY, MISSISSIPPI
Notes to Financial Statements
For the Year Ended September 30, 2020

(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 | <u>64,100</u> |
| | <u>64,100</u> |

Total for airport projects is as follows:

| | |
|--|------------------|
| Fuel Farm Rehabilitation Phase 1 - Jet A Pro | 326,740 |
| Taxiway Rehabilitation Project | 265,126 |
| Removal & Replacement of Electrical Vault & | 354,100 |
| Avgas Fueling System Project | <u>64,100</u> |
| Total Airport Projects | <u>1,010,066</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 |
| 2021 | <u>498,714</u> | <u>15,304</u> | <u>12,000</u> | <u>526,018</u> |
| | <u>498,714</u> | <u>15,304</u> | <u>12,000</u> | <u>526,018</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 | 16,113 | 436,648 |
| 2022 | <u>179,303</u> | <u>-</u> | <u>179,303</u> |
| | <u>599,838</u> | <u>16,113</u> | <u>615,951</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, 2020

| | Original Budget | Final Budget | Actual (Budgetary Basis) | Variance with Final Budget Positive |
|---|----------------------------|-------------------------|---|--|
| REVENUES | | | | |
| Property taxes | \$ 9,807,489 | 10,952,220 | 10,952,220 | - |
| Licenses, commissions and other revenue | 547,600 | 646,634 | 646,634 | - |
| Fines and forfeitures | 241,000 | 352,185 | 352,185 | - |
| Intergovernmental revenues | 1,021,200 | 1,052,481 | 1,052,481 | - |
| Charges for services | 368,000 | 377,568 | 377,568 | - |
| Interest income | 150,000 | 162,791 | 162,791 | - |
| Miscellaneous revenues | 493,100 | 586,920 | 586,920 | - |
| Total Revenues | <u>12,628,389</u> | <u>14,130,799</u> | <u>14,130,799</u> | <u>-</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 4,780,460 | 4,743,993 | 4,743,993 | - |
| Public safety | 7,375,526 | 6,906,257 | 6,906,257 | - |
| Public works | 185,220 | 89,973 | 89,973 | - |
| Health and welfare | 302,417 | 292,902 | 292,902 | - |
| Culture and recreation | 28,000 | 53,234 | 53,234 | - |
| Education | 10,000 | 10,000 | 10,000 | - |
| Conservation of natural resources | 94,670 | 92,307 | 92,307 | - |
| Economic development and assistance | 339,500 | 338,527 | 338,527 | - |
| Debt service: | | | | |
| Principal | - | 351,185 | 351,185 | - |
| Interest | - | 103,439 | 103,439 | - |
| Total Expenditures | <u>13,115,793</u> | <u>12,981,817</u> | <u>12,981,817</u> | <u>-</u> |
| Excess of Revenues over (under) Expenditures | <u>(487,404)</u> | <u>1,148,982</u> | <u>1,148,982</u> | <u>-</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Other financing sources | - | 77,074 | 77,074 | - |
| Other financing uses | | (753,708) | (753,708) | |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>(676,634)</u> | <u>(676,634)</u> | <u>-</u> |
| Net Change in Fund Balance | <u>(487,404)</u> | <u>472,348</u> | <u>472,348</u> | <u>-</u> |
| Fund Balances - Beginning | 7,823,262 | 8,526,866 | 8,526,866 | - |
| Fund Balances - Ending | <u>\$ 7,335,858</u> | <u>8,999,214</u> | <u>8,999,214</u> | <u>-</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)
ARC Concourse Fund
For the Year Ended September 30, 2020

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual (Budgetary Basis)</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---|----------------------------|-------------------------|---|---|
| EXPENDITURES | | | | |
| Current: | | | | |
| Economic Development | - | 698,821 | 698,821 | - |
| Total Expenditures | - | 698,821 | 698,821 | - |
| Excess of Revenues over (under) Expenditures | - | (698,821) | (698,821) | - |
| OTHER FINANCING SOURCES (USES) | | | | |
| Other financing sources | - | 137,595 | 137,595 | - |
| Total Other Financing Sources (Uses) | - | 137,595 | 137,595 | - |
| Net Change in Fund Balance | - | (561,226) | (561,226) | - |
| Fund Balances - Beginning | - | - | - | - |
| Fund Balances - Ending | \$ - | (561,226) | (561,226) | - |

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, 2020

| | Original Budget | Final Budget | Actual (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|---|----------------------------|-------------------------|---|---|
| REVENUES | | | | |
| Property taxes | \$ 2,449,267 | 2,657,870 | 2,657,870 | - |
| Road and bridge privilege taxes | 400,000 | 476,089 | 476,089 | - |
| Intergovernmental revenues | 662,800 | 893,624 | 893,624 | - |
| Interest income | 30,000 | 45,886 | 45,886 | - |
| Miscellaneous revenues | 15,500 | 26,667 | 26,667 | - |
| Total Revenues | <u>3,557,567</u> | <u>4,100,136</u> | <u>4,100,136</u> | <u>-</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public works | 5,016,853 | 5,135,275 | 5,135,275 | - |
| Debt service: | | | | |
| Principal | - | 1,124,079 | 1,124,079 | - |
| Interest | - | 47,578 | 47,578 | - |
| Total Expenditures | <u>5,016,853</u> | <u>6,306,932</u> | <u>6,306,932</u> | <u>-</u> |
| Excess of Revenues over (under) Expenditures | <u>(1,459,286)</u> | <u>(2,206,796)</u> | <u>(2,206,796)</u> | <u>-</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Other financing sources | - | 1,264,190 | 1,264,190 | - |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>1,264,190</u> | <u>1,264,190</u> | <u>-</u> |
| Net Change in Fund Balance | <u>(1,459,286)</u> | <u>(942,606)</u> | <u>(942,606)</u> | <u>-</u> |
| Fund Balances - Beginning | <u>2,702,783</u> | <u>2,218,747</u> | <u>2,218,747</u> | <u>-</u> |
| Fund Balances - Ending | <u>\$ 1,243,497</u> | <u>1,276,141</u> | <u>1,276,141</u> | <u>-</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>2020</u> | <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 | 0.122177% | 0.124259% | 0.122440% | 0.112909% | 0.107728% | 0.105135% | 0.105589% |
| County's proportionate share of the net pension liability | \$ 23,652,048 | 21,859,610 | 20,365,410 | 18,769,308 | 19,242,911 | 16,251,798 | 12,816,571 |
| County's covered payroll | \$ 7,984,483 | 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 | 296.2252% | 272.4005% | 262.7691% | 262.3995% | 276.5038% | 245.9686% | 197.1237% |
| Plan fiduciary net position as a percentage of the total pension liability | 58.97% | 61.59% | 62.54% | 61.49% | 57.47% | 61.70% | 67.21% |

* The amounts presented for each fiscal year were determined as of the 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>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|------------------|------------------|------------------|------------------|------------------|------------------|
| Contractually required contribution | \$ 1,416,723 | 1,310,000 | 1,231,490 | 1,140,794 | 1,096,101 | 1,040,645 |
| Contributions in relation to the contractually required contribution | <u>1,416,723</u> | <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> | <u>-</u> |
| County covered payroll | \$ 8,142,086 | 8,111,461 | 7,818,984 | 7,243,143 | 6,959,365 | 6,607,266 |
| Contributions as a percentage of covered payroll | 17.40% | 16.15% | 15.75% | 15.75% | 15.75% | 15.75% |

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, 2020

(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 | ARC Concourse Fund | County wide Road Maintenance Fund |
|--|-------------------|--------------------------|--|
| Budget (Cash Basis) | \$ 472,348 | (561,226) | (942,606) |
| Increase (Decrease) | | | |
| Net adjustments for revenue accruals | 467,236 | 996,026 | 2,036,575 |
| Net adjustments for expenditure accruals | (408,132) | (2,676,431) | (1,594,542) |
| GAAP Basis | <u>\$ 531,452</u> | <u>(2,241,631)</u> | <u>(500,573)</u> |

PANOLA COUNTY
Notes to Required Supplementary Information
For the Year Ended September 30, 2020

(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, 2020

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.

C. Method and assumptions used in calculations of actuarially determined contributions.

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2018 valuation for June 30, 2020 fiscal year end). The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

| | |
|-------------------------------|---|
| Actuarial cost method | Entry age |
| Amortization method | Level percentage of payroll, open |
| Remaining amortization period | 30.9 years |
| Asset valuation method | 5-year smoothed market |
| Price inflation | 3.00 percent |
| Salary increase | 3.25 percent to 18.50 percent, including inflation |
| Investment rate of return | 7.75 percent, net of pension plan investment expense, including inflation |

PANOLA COUNTY

SUPPLEMENTARY INFORMATION

PANOLA COUNTY
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2020

| Federal Grantor/ Pass-through Grantor/ Program Title or Cluster | Federal CFDA Number | Pass-through Entity Identifying Number | 2020 Federal Expenditures |
|---|---------------------------|--|---------------------------------|
| U. S. Department of Defense Passed-through the Mississippi Emergency Management Agency Flood Control Projects | 12.106 | DR-4429-MS | 760 |
| U. S. Department of Housing and Urban Development Passed-through the Mississippi Development Authority Community Development Block Grants/Entitlement Grants | 14.228 | 1135-19-054-ED-01 | 657,748 |
| U. S. Department of Justice Passed-through the Mississippi Department of Public Safety Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | 18EMPG | 17,470 |
| U. S. Department of Labor Direct Program: WIOA Dislocated Worker National Reserve Demonstration Grants | 17.280 | | 614,425 |
| U. S. Department of Transportation Direct Program: Federal Aviation Administration Airport Improvement Program and Covid-19 Airports Programs | 20.106 | | 28,431 1,285,103 45,005 |
| Total U. S. Department of Transportation | | | <u>1,358,539</u> |
| U.S. Department of Treasury Passed-through the Mississippi Emergency Management Agency Coronavirus Relief Fund | 21.019 | DR-4429-MS | 532,569 |
| Appalachian Regional Commission Passed-through the Mississippi Development Authority Appalachian Area Development | 23.002 | MS-19780 | 904,139 |
| Delta Regional Authority Direct Program: Delta Area Economic Development | 90.201 | | 296,326 |
| U. S. Department of Homeland Security Passed-through the Mississippi Emergency Management Agency Disaster Grants-Public Assistance | 97.036 | DR-4429-MS | 7,627 |
| Passed-through the Mississippi Department of Public Safety Emergency Management Performance Grants | 97.042 | 18EMPG | 31,874 |
| Total U.S. Department of Homeland Security | | | <u>39,501</u> |
| Total Expenditures of Federal Awards | | | <u><u>4,421,477</u></u> |

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

PANOLA COUNTY
Notes to Supplementary Information
For the Year Ended September 30, 2020

Note A – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, includes the federal award activity of Panola County under programs of the federal and state governments for the year ended September 30, 2020. The schedule presents only a selected portion of the operations of Panola County and is not intended to, and does not, present the financial position, changes in net position, or cash flows of the County.

Note B – Basis of Accounting

The schedule is prepared on the same basis of accounting as Panola County financial statements. The County uses the current financial resource measurement focus and the modified accrual basis of accounting.

Note C – Program Costs

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Entire program costs, including the County's portion, are more than shown. Such expenditures are recognized following the cost principles contained in the *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowed or are limited as to its reimbursements.

Note D – Indirect Cost Rate

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

PANOLA COUNTY, MISSISSIPPI

OTHER INFORMATION

PANOLA COUNTY
Schedule of Surety Bonds for County Officials
September 30, 2020

| Name | Position | Company | Bond |
|----------------------------|----------------------------------|-----------------------|----------------|
| James Birge | Supervisor District 1 | Old Republic | \$100,000 |
| Earl Burdette | Supervisor District 2 | Old Republic | \$100,000 |
| John Thomas | Supervisor District 3 | Western Surety | \$100,000 |
| Christopher C. Weaver | Supervisor District 4 | Old Republic | \$100,000 |
| Cole Flint | Supervisor District 5 | Western Surety | \$100,000 |
| Jim Pittcock | Chancery Clerk | Western Surety | \$100,000 |
| Katherine Victor | County Administrator | Old Republic | \$100,000 |
| Sandra Grant | County Clerk | Old Republic | \$50,000 |
| Melissa Phelps | Circuit Clerk | Old Republic | \$100,000 |
| Michael Shane Phelps | Sheriff | Old Republic | \$100,000 |
| Charlie Baglan | Justice Court Judge | Old Republic | \$100,000 |
| Mike L. Wilson | Justice Court Judge | Old Republic | \$100,000 |
| Michael W. Darby Jr. | Justice Court Judge | Old Republic | \$100,000 |
| Linda Lyons | Deputy Court Clerk | Western Surety | \$50,000 |
| Faye Pettis | Constable | Western Surety | \$50,000 |
| Terry Smith | Constable | Western Surety | \$50,000 |
| Darby L. Dennis | Constable | Western Surety | \$50,000 |
| Charlotte K. Capwell | Justice Court Clerk | Old Republic | \$50,000 |
| Elenor Jo Barbee | Deputy Justice Court Clerk | Old Republic | \$50,000 |
| Jada Miller | Court Clerk | Old Republic | \$50,000 |
| Kathy Wilson | Court Clerk | Old Republic | \$50,000 |
| Andriara L. Cauthen | Purchasing Clerk | Western Surety | \$75,000 |
| Amanda Bolen Herring | Asst. Purchasing Clerk | Old Republic | \$50,000 |
| Robbie W. Haley | Asst. Purchasing Clerk | Old Republic | \$50,000 |
| Tom Austin | Receiving Clerk | Liberty Mutual | \$75,000 |
| Catherine M. Ragon | Receiving Clerk | Western Surety | \$75,000 |
| Eric McCain | Receiving Clerk | Old Republic | \$75,000 |
| Linda Lyons | Receiving Clerk | Old Republic | \$75,000 |
| Ginger Little | Extention Office Receiving Clerk | Old Republic | \$75,000 |
| Christopher Gordon Downs | Asst. Receiving Clerk | Old Republic | \$50,000 |
| Heather Turner | Asst. Receiving Clerk | Old Republic | \$50,000 |
| Suzie Renee Young | Asst. Receiving Clerk | Old Republic | \$50,000 |
| Barbara Girner | Asst. Receiving Clerk | Western Surety | \$50,000 |
| Jennifer Jackson | Asst. Receiving Clerk | Old Republic | \$50,000 |
| Renda Ritter Morris | Inventory Control Clerk | Old Republic | \$75,000 |
| Bruce S. Cook | Road Manager | Old Republic | \$50,000 |
| O'Dell Draper, Jr. | Tax Assessor/Collector | Western Surety | \$100,000 |
| Amber Shegog Brown | Deputy Tax Assessor | Western Surety | \$50,000 |
| Payton Marascaleo | Deputy Sheriff | Old Republic | \$50,000 |
| Deputy Tax Collectors (12) | Deputy Tax Collectors | RLI Insurance Company | \$50,000 each |
| Deputy Tax Assessors (5) | Deputy Tax Assessors | RLI Insurance Company | \$10,000 each |
| Circuit Court Clerks (5) | Circuit Court Clerks | Western Surety | \$100,000 each |

PANOLA COUNTY, MISSISSIPPI

SPECIAL REPORTS



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

| | |
|-----------------------------|----------------------------|
| James L. Stafford, CPA | John N. Russell, CPA |
| Harry W. Stevens, CPA | Anita L. Goodrum, CPA |
| S. Keith Winfield, CPA | Ricky D. Allen, CPA |
| William B. Staggars, CPA | Jason D. Brooks, CPA |
| Michael W. McCully, CPA | Robert E. Cordle, Jr., CPA |
| R. Steve Sinclair, CPA | Perry C. Rackley, Jr., CPA |
| Marsha L. McDonald, CPA | Jerry L. Gammel, CPA |
| Wanda S. Holley, CPA | Michael C. Knox, CPA |
| Robin Y. McCormick, CPA/PFS | Clifford P. Stewart, CPA |
| J. Randy Scrivner, CPA | Edward A. Maxwell, CPA |
| Kimberly S. Caskey, CPA | Bradley L. Harrison, CPA |
| Susan M. Lummus, CPA | Justin H. Keller, CPA |
| Stephen D. Flake, 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, 2020, and related notes to financial statements, which collectively comprise the county's basic financial statements and have issued our report thereon dated May 24, 2023. 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 Questioned Costs as 2020-001 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*.

Panola County's Response to Finding

Panola County's response to the finding identified in our audit is described in the accompanying Auditee's Corrective Action Plan. 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 this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the 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
May 24, 2023

Watkins Ward and Stafford, P.C.



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

| | |
|-----------------------------|----------------------------|
| James L. Stafford, CPA | John N. Russell, CPA |
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| Stephen D. Flake, CPA | |

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

Members of the Board of Supervisors
Panola County, Mississippi

Report on Compliance for Each Major Federal Program

We have audited Panola County, Mississippi's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Panola County, Mississippi's major federal programs for the year ended September 30, 2020. Panola County, Mississippi's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Panola County, Mississippi's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Panola County, Mississippi's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each of the major federal programs. However, our audit does not provide a legal determination of Panola County, Mississippi's compliance.

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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

Oxford, Mississippi
May 24, 2023

Watkins Ward and Stafford, PLLC



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
Bradley L. Harrison, CPA
Justin H. Keller, CPA

**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, 2020. 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, 2020.

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
May 24, 2023

Watkins Ward and Stafford, P.C.

PANOLA COUNTY
Schedule of Purchases Not Made From the Lowest Bidder
For the Year Ended September 30, 2020

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, 2020

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, 2020

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, 2020, 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 May 24, 2023, 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
May 24, 2023

Watkins Ward and Stafford, PLLC

PANOLA COUNTY, MISSISSIPPI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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

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 |
| ARC Concourse 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

Federal Awards:

4. Internal control over major federal programs:
 - a. Material weakness identified? No
 - b. Significant deficiency identified? None reported
5. Type of auditor's report issued on compliance for major federal programs: Unmodified
6. Any audit finding disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No
7. Identification of major federal programs:
 - a. CFDA 20.106 Federal Aviation Administration Airport Improvement Program and Covid-19 Airports Program
 - b. CFDA 23.002 Appalachian Area Development
8. Dollar threshold used to distinguish between type A and type B programs: \$750,000
9. Auditee qualified as low-risk auditee? No
10. Prior fiscal year audit findings and questioned costs relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings in accordance with 2 CFR 200.511(b)? Yes

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

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.

2020-001 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.

Section 3: Federal Award Findings and Questioned Costs

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

PANOLA COUNTY

AUDITEE'S CORRECTIVE ACTION PLAN

BOARD OF SUPERVISORS

PANOLA COUNTY, MISSISSIPPI

SUPERVISORS

District 1- James Birge, Vice- President
District 2- Earl Burdette
District 3- John Thomas
District 4- Chad Weaver
District 5- Cole Flint, President
C. Gaines Baker, Attorney
Kate Victor, County Administrator

BOARD MEETS

1st Monday at Sardis
2nd Monday at Batesville

Watkins, Ward and Stafford, PLLC
606 South 16th Street
Oxford, Mississippi 38655

Dear Sirs,

We are responding to the Audit Findings for the year ending September 30, 2020. The responses are as follows:

2020-001 Finding-Financial data for component units not included in the financial statements.

Condition: The financial statements of the County do not include the financial data of the County's legally separate component units. This finding is a repeat finding.

Criteria: Accounting principles generally accepted in the United States of America require the financial data for the County's component units to be included in the financial data of the County unless the County also issues financial statements for the financial reporting entity that includes the financial data for its component units. The County has not issued such reporting entity financial statements.

Cause: The County chose not to include the financial statements of its component units.

Effect: The failure to include the financial statements of the component units could result in the financial statements of the County to be misleading.

Recommendation: In order for the County to comply with accounting principles general accepted in the United States of America, the County should include the County's component units.

Corrective Action Plan: The County did not choose to include the component units in the County financial statements because they believe including these financials will cause a financial hardship for the component units.

Sincerely,



President of the Board of Supervisors

PANOLA COUNTY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

BOARD OF SUPERVISORS

PANOLA COUNTY, MISSISSIPPI

SUPERVISORS

District 1- James Birge, Vice- President
District 2- Earl Burdette
District 3- John Thomas
District 4- Chad Weaver
District 5- Cole Flint, President
C. Gaines Baker, Attorney
Kate Victor, County Administrator

BOARD MEETS

1st Monday at Sardis
2nd Monday at Batesville

AUDITEE'S SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

As required by the Uniform Guidance, Panola County has prepared and hereby submits the following summary of prior year audit findings as of September 30, 2020:

Finding:

2019-001

Status:

Not Corrected, see 2020-001

Sincerely,



President of the Board