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**FINANCIAL REPORT**

**TOMBIGBEE RIVER VALLEY WATER  
MANAGEMENT DISTRICT**

**Tupelo, Mississippi**

**June 30, 2019**

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CERTIFIED PUBLIC ACCOUNTANTS

204 South Main Street \* P.O. Box 64  
Amory, MS 38821  
(662) 256-5603 \* FAX (662) 256-5604  
[www.nmcpa.com](http://www.nmcpa.com)

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Tombigbee River Valley Water  
Management District  
Tupelo, Mississippi

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities of Tombigbee River Valley Water Management District, a component unit of the State of Mississippi, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Tombigbee River Valley Water Management District's basic financial statements as listed in the table of 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 basic 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 auditor's 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 auditor considers 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 opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tombigbee River Valley Water Management District as of June 30, 2019, and the changes in its financial position and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

Management has omitted 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.

Accounting principles generally accepted in the United States of America require that the schedule of required supplementary information included in Schedules 6 and 7 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 the 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.

***Other information***

Our audit was conducted for the purpose of forming an opinion on the basic financial statements. The supporting schedules 1 through 5 are presented for purposes of additional analysis and are not a required part of the basic financial statements of Tombigbee River Valley Water Management District.

The supporting schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supporting schedules are fairly stat-

ed in all material respects in relation to the basic financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 12, 2019, on our consideration of Tombigbee River Valley Water Management District'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 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 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 the District's internal control over financial reporting and compliance.

*Nail McKinney Professional Association*

Amory, Mississippi  
September 12, 2019

**BASIC FINANCIAL STATEMENTS**

## TOMBIGBEE RIVER VALLEY WATER MANAGEMENT DISTRICT

## STATEMENT OF NET POSITION

June 30, 2019

**ASSETS**

Cash	\$ 2,771,614
Investments	7,000,000
Accounts receivable	58,782
Taxes receivable, member counties	43,139
Capital assets, net of accumulated depreciation	<u>2,153,071</u>
Total assets	<u>12,026,606</u>

**DEFERRED OUTFLOWS OF RESOURCES**

Collective deferred outflows of resources related to other postemployment benefits	4,263
Collective deferred outflows of resources related to pensions	<u>120,847</u>
Total deferred outflows of resources	<u>125,110</u>

**LIABILITIES**

Accounts payable	51,132
Accrued compensated absences	69,509
Other post-employment benefit liability	84,514
Pension liability	<u>1,601,256</u>
Total liabilities	<u>1,806,411</u>

**DEFERRED INFLOWS OF RESOURCES**

Collective deferred inflows of resources related to other postemployment benefits	15,943
Collective deferred inflows of resources related to pensions	<u>159,969</u>
Total deferred inflows of resources	<u>175,912</u>

**NET POSITION**

Invested in capital assets	2,153,071
Unrestricted	<u>8,016,322</u>
Total net position	<u>\$ 10,169,393</u>

---

The accompanying notes are an integral part of this financial statement.

## TOMBIGBEE RIVER VALLEY WATER MANAGEMENT DISTRICT

## STATEMENT OF ACTIVITIES

Year ended June 30, 2019

## EXPENSES AND LOSSES

## Personal service:

Salaries, wages, and fringe benefits

\$ 1,023,171

Travel and subsistence

56,465

Contractual services

154,150

Commodities

198,262

Project costs and other outlays

229,648

Depreciation

232,405

Total expenses

1,894,101

## REVENUES AND GAINS

Tax revenue, member counties

1,644,197

Interest income

121,806

Gain on sale of capital assets

3,231

## Reimbursements:

Federal

236,349

Nonfederal

6,361

Total revenues

2,011,944

Change in net position

117,843

Net position, beginning

10,051,550

Net position, ending

\$ 10,169,393


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 The accompanying notes are an integral part of this financial statement.

**TOMBIGBEE RIVER VALLEY WATER MANAGEMENT DISTRICT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**

June 30, 2019

**ASSETS**

Cash	\$ 2,771,614
Investments	7,000,000
Accounts receivable	58,782
Taxes receivable, member counties	<u>43,139</u>
<b>Total assets</b>	<b><u>\$ 9,873,535</u></b>

**LIABILITIES**

Accounts payable	\$ <u>51,132</u>
<b>Total liabilities</b>	<b><u>51,132</u></b>

**FUND BALANCES**

Committed	1,391,632
Unassigned	<u>8,430,771</u>
	<u>9,822,403</u>
<b>Total liabilities and fund balances</b>	<b><u>\$ 9,873,535</u></b>

The accompanying notes are an integral part of this financial statement.

**TOMBIGBEE RIVER VALLEY WATER MANAGEMENT DISTRICT  
RECONCILIATION OF GOVERNMENTAL FUND BALANCE TO NET POSITION**

June 30, 2019

Fund balances - Governmental Fund (Exhibit C)	\$	9,822,403
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		2,153,071
Collective deferred outflows are not a current use of funds and therefore are not reported in the governmental funds		125,110
The pension and other post employment benefit liabilities are not payable from current resources and therefore are not reported in the governmental funds		(1,685,770)
Collective deferred inflows of resources are not a current resource of funds and reported in the governmental funds		(175,912)
Accrued compensated absences are not due and payable in the current year and therefore are not reported in the governmental funds.		<u>(69,509)</u>
Net position of governmental activities (Exhibit B)	\$	<u>10,169,393</u>

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The accompanying notes are an integral part of this financial statement.

**TOMBIGBEE RIVER VALLEY WATER MANAGEMENT DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-**  
**GOVERNMENTAL FUNDS**

Year ended June 30, 2019

**REVENUES**

Tax revenue, member counties	\$ 1,644,197
Interest on investments	121,806
Reimbursements:	
Federal	236,349
Nonfederal	<u>11,110</u>
Total revenues	<u>2,013,462</u>

**EXPENSES**

Personal service:	
Salaries, wages, and fringe benefits	985,595
Travel and subsistence	56,465
Contractual services	154,150
Commodities	198,262
Project costs and other outlays	229,648
Machinery and equipment	30,269
Land and other infrastructure	<u>9,529</u>
Total expenditures	<u>1,663,918</u>
Excess of revenues over expenditures	349,544
Fund balance, beginning	<u>9,472,859</u>
Fund balance, ending	<u>\$ 9,822,403</u>

The accompanying notes are an integral part of this financial statement.

**TOMBIGBEE RIVER VALLEY WATER MANAGEMENT DISTRICT**  
**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE TO STATEMENT OF ACTIVITIES**

Year ended June 30, 2019

Net change in fund balances - Total Governmental Funds (Exhibit E)	\$	349,544
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 as depreciation expense. This is the amount by which depreciation differed from capital outlays in the current period. Also, delivery and installation costs are included in the depreciable cost on the government-wide basis. The reclassification of these contractual and commodity expenditures is also included in this amount.		(192,607)
Governmental funds report sales of assets as other income and do not report transfers of undepreciated capital assets to other agencies. Gains and losses on these transactions are recorded in the Statement of Activities.		(1,518)
Some expenses reported in the Statement of Activities, such as compensated absences, do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		<u>(37,576)</u>
Change in net position of governmental activities (Exhibit B)	\$	<u><u>117,843</u></u>

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The accompanying notes are an integral part of this financial statement.

**TOMBIGBEE RIVER VALLEY WATER MANAGEMENT DISTRICT**  
**BUDGETARY COMPARISON STATEMENT**

Year ended June 30, 2019

	BUDGETED AMOUNTS		ACTUAL AMOUNTS (BUDGETARY BASIS)		BUDGET TO GOVERNMENTAL FUND DIFFERENCES	ACTUAL AMOUNTS GOVERNMENTAL FUND BASIS (EXHIBIT E)
	ORIGINAL	FINAL				
<b>REVENUES:</b>						
Tax revenue, member counties	\$ 2,000,000	\$ 2,000,000	\$ 1,632,558	(a)	\$ 11,639	\$ 1,644,197
Interest on investments	165,000	165,000	126,055	(a)	(4,249)	121,806
Reimbursements:						
Federal	200,000	200,000	236,349		-	236,349
Nonfederal	475,000	475,000	11,112	(a)	(2)	11,110
Total revenues	<u>2,840,000</u>	<u>2,840,000</u>	<u>2,006,074</u>		<u>7,388</u>	<u>2,013,462</u>
<b>EXPENSES:</b>						
Personal service:						
Salaries, wages, and fringe benefits	1,151,376	1,151,376	985,315	(b)	280	985,595
Travel and subsistence	203,500	203,500	54,586	(b)	1,879	56,465
Contractual services	750,000	750,000	152,036	(b)	2,114	154,150
Commodities	575,000	575,000	178,202	(b)	20,060	198,262
Capital outlay:						
Project costs & other outlays	4,500,000	4,500,000	238,638	(b)	(8,990)	229,648
Machinery and equipment	1,224,050	1,224,650	30,269		-	30,269
Land and other infrastructure	-	-	9,529		-	9,529
Subsidies, loans, and grants	275,000	275,000	-		-	-
	<u>8,678,926</u>	<u>8,679,526</u>	<u>1,648,575</u>		<u>15,343</u>	<u>1,663,918</u>
Net change in fund balance	(5,838,926)	(5,839,526)	357,499		(7,955)	349,544
Fund balance, beginning	<u>9,414,115</u>	<u>9,414,115</u>	<u>9,414,115</u>		<u>58,744</u>	<u>9,472,859</u>
Fund balance, ending	<u>\$ 3,575,189</u>	<u>\$ 3,574,589</u>	<u>\$ 9,771,614</u>		<u>\$ 50,789</u>	<u>\$ 9,822,403</u>

The District prepares its budget on the cash basis of accounting, budgeting for revenues expected to be received and expenditures expected to be spent during the year. Differences between the budgetary accounting basis and the Governmental Fund basis shown in Exhibit E result from:

- a) Tax revenues, interest, and other receivables accrued at the beginning and end of each year.
- b) Accounts payable accrued at the beginning and end of each year.

The accompanying notes are an integral part of this financial statement.

# TOMBIGBEE RIVER VALLEY WATER MANAGEMENT DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2019

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Tombigbee River Valley Water Management District was organized in 1963, as authorized by the Legislature of the State of Mississippi, for the purpose of developing and conserving the human and natural resources of Mississippi counties in which the Tombigbee River or any of its tributaries lie. The twelve member counties are Alcorn, Chickasaw, Clay, Itawamba, Kemper, Lee, Lowndes, Monroe, Noxubee, Pontotoc, Prentiss, and Tishomingo. The District is a component unit of the State of Mississippi.

#### A. Use of Estimates in the Preparation of Financial Statements

In preparing financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### B. Basis of Presentation, Measurement Focus, and Basis of Accounting

**Government-Wide Financial Statements:** The Statement of Net Position and the Statement of Activities display information about a reporting government as a whole. In the District's case, the reporting government consists entirely of a single fund, a governmental general fund. Government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recognized when the liability is incurred or when economic assets are used.

**Fund Financial Statements:** The Balance Sheet-Governmental Funds and the Statement of Revenues, Expenditures and Changes in Fund Balance-Governmental Funds display information about individual funds, which are separate accounting entities, each of which has a separate set of self-balancing accounts that constitute the fund's assets, liabilities, fund equity, revenues and expenditures/expenses. The District has only one fund. This general operating fund is used to account for all current financial resources of the District. Fund financial statements of governmental funds are presented using the current financial resources measurement focus and the modified accrual basis. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end. Expenditures, including capital outlays, are recorded when the related fund liability is incurred.

**Other Financial Statements:** The Budgetary Comparison Statement presents the District's originally and finally approved budget compared to actual revenues and expenditures. Actual revenues and expenditures are presented on the District's budgetary basis of accounting, the cash basis of accounting. The District's budget procedures are described below.

## NOTES TO FINANCIAL STATEMENTS - (Continued)

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

#### C. Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the District. When purchased, such assets are recorded as expenditures in the governmental fund and capitalized. The valuation basis for general capital assets is historical cost.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives are as follows: Buildings, 20 to 40 years; machinery and equipment, 4 to 10 years.

#### D. Budgets

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Approximately one year before a fiscal year begins, the agency prepares a proposed operating budget for that year. The operating budget includes proposed expenditures and the means of financing them.
2. During August, this proposed budget for the fiscal year, commencing the following July, is submitted to the Fiscal Management Board and the Legislative Budget Office. Budget hearings are conducted resulting in recommendations for changes or approval of the request as submitted.
3. In January, the proposed budget and any recommendations proposed by the Legislative Budget Commission, are presented to the legislature. The legislature makes any revisions it deems necessary or appropriate. Prior to March 30, the budget is legally enacted through passage of a statute.
4. The District is authorized to transfer budgeted amounts between major expenditure classifications on a limited basis subject to approval by the Fiscal Management Board. The final amended budget is used for budget comparison purposes in this report.
5. The budget for the General Fund is adopted on a cash basis. Exhibit G compares actual expenditures on the budgetary basis to original and final budgets and reconciles revenues and expenditures for the year from the budgetary basis to a modified accrual basis used in governmental fund financial statements.

#### E. Compensated Absences

Section 25-3-97, Miss. Code Ann. (1972), authorizes payment for a maximum of 30 days accrued personal leave in a lump sum upon termination of employment. No payment is authorized for accrued major medical leave unless the employee presents medical evidence that his or her physical

## NOTES TO FINANCIAL STATEMENTS - (Continued)

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

condition is such that he or she can no longer work in a capacity of state government. The liability for compensated absences reported in the government-wide Statement of Net Assets consists of unpaid, accumulated annual personal leave balances. The District has not classified any of the liability for compensated absences as current due to the immateriality of the amount.

#### **F. Risk**

The District participates in the State of Mississippi Tort Claims Board insurance pool and purchases commercial insurance in order to limit its exposure to risk.

#### **G. Evaluation of Subsequent Events**

In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through the date of the Independent Auditors' Report, which is the date the financial statements were available to be issued.

#### **H. Fund Balance Reporting in Governmental Funds**

Nonspendable fund balances reported in the governmental fund balance sheet are associated with assets that are not in spendable form, such as inventories, prepaid items, and the long-term portion of loans and notes receivable, or items that are legally required to be maintained intact.

Spendable fund balances in the governmental fund balance sheet are classified as restricted, committed, assigned or unassigned based upon the extent to which the District is bound to observe constraints imposed on the use of the resources reported in the governmental funds. Restricted fund balances represent amounts that are constrained by external parties, such as creditors, grantors, or contributors, or through constitutional provisions or enabling legislation. Committed fund balances represent amounts that are usable only for specific purposes by formal action of the District's board of directors. Assigned fund balances represent amounts that are intended to be used for specific purposes, but are neither restricted nor committed. Unassigned fund balances represent the residual classification for the District.

#### **I. 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's fiduciary 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.

## NOTES TO FINANCIAL STATEMENTS - (Continued)

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

#### J. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the District's OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the State of Mississippi State and School Employees' Life and Health Insurance Plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

### NOTE 2. PENSION PLAN

#### A. General Information about the Pension Plan

##### Plan description

The Public Employee's Retirement System of Mississippi (PERS or the System) was created with the purpose to provide pension benefits for all state and public education employees, sworn officers of the Mississippi Highway Safety Patrol, or other public employees whose employers have elected to participate in the System and elected members of the State Legislature and the President of the Senate. The System administers a cost-sharing, multiple employer defined benefit pension plan as defined in Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans*.

##### Benefits provided

For the cost-sharing plan participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.00% 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 2.50% 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, for those who became members of PERS on or after July 1, 2011. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. A member may elect a reduced retirement allowance payable for life with a provision that, after death, a beneficiary receives benefits for life or for a specified number of years. 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. In the event of death prior to retirement of any member whose spouse and/or children are not entitled to a retirement allowance, the deceased member's accumulated contributions and interest are paid to the designated beneficiary.

**NOTES TO FINANCIAL STATEMENTS - (Continued)**

**NOTE 2. PENSION PLAN – (Continued)**

**Contributions**

Pursuant to Miss. Code Ann. § 25-11-123 (1972, as amended), the Board of Trustees of the Public Employees' Retirement System of Mississippi is authorized to set the contribution rates for both employee and employer contributions based on the basis of the liabilities of the retirement system as shown by the actuarial valuation. Effective July 1, 2010 and continuing thereafter until amended by the Board of Trustees of the Public Employees' Retirement System of Mississippi, the employee contribution rate was fixed at 9.00 percent of earned compensation. The District's contractually required contribution rate, effective July 1, 2013 and continuing thereafter until amended by the Board of Trustees of the Public Employees' Retirement System of Mississippi, was fixed at 15.75 percent of earned compensation. Contributions to the pension plan from the District were \$ 112,882 for the year ended June 30, 2019.

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

At June 30, 2019, the District reported a liability of \$ 1,601,256 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the ratio of the District's actual contribution to the System's total actual contributions as of and for the System's fiscal year ended June 30, 2018. At June 30, 2018, the District's proportion was 0.009627%, which was a decrease of .000545% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized pension expense of \$ 141,373. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 7,020	\$ 6,750
Changes in assumptions	945	884
Net difference between projected and actual earnings on pension plan investments	-	31,831
Changes in proportion and differences between District contributions and proportionate share of contributions	-	120,504
District contributions subsequent to the measurement date	112,882	-
	\$ 120,847	\$ 159,969

**NOTES TO FINANCIAL STATEMENTS - (Continued)**

**NOTE 2. PENSION PLAN – (Continued)**

Deferred outflows of resources related to pensions resulting from the District’s contributions subsequent to the measurement date will be recognized as a reduction of net pension liability in the following fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years ended June 30,					
	2019		\$	(12,376)	
	2020			(36,081)	
	2021			(68,537)	
	2022			(35,010)	
	2023			-	
	Thereafter			-	
				<hr style="width: 50%; margin: 0 auto;"/>	
			\$	<u>(152,004)</u>	

**Actuarial assumptions**

The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%	
Salary increases	3.25% - 18.50%, average, including inflation	
Investment rate of return	7.75%, net of pension plan investment expense, including inflation	

Mortality rates were based on the RP-2014 Healthy Annuitant Blue Collar Table with Scale BB to 2022, set forward one year for males.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2016. The experience report is dated April 18, 2017.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2018, are summarized in the following table:

**NOTES TO FINANCIAL STATEMENTS - (Continued)**

**NOTE 2. PENSION PLAN – (Continued)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected Real Rate of Return</u>
U. S. Broad	27.00 %	4.60 %
International equity	18.00	4.50
Emerging markets equity	4.00	4.75
Global	12.00	4.75
Fixed income	18.00	0.75
Real assets	10.00	3.50
Private equity	8.00	5.10
Emerging debt	2.00	2.25
Cash	1.00	-
	<u>100.00 %</u>	

**Discount rate**

The discount rate used to measure the total pension liability was 7.75%. 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 the employer contributions will be made at the current employer contribution rate (15.75%). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate**

The following table presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.75%, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher than the current rate (8.75%):

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
District's proportionate share of the net pension liability	\$ 2,108,395	\$ 1,601,256	\$ 1,179,757

**Pension plan fiduciary net position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report, which can be obtained at [www.pers.ms.gov](http://www.pers.ms.gov).

## NOTES TO FINANCIAL STATEMENTS - (Continued)

### NOTE 3. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

#### A. General Information about the OPEB Plan

##### Plan description

The following brief description of the State of Mississippi, State and School Employees' Life and Health Insurance Plan (the Plan), including the OPEB plan, is provided for general information purposes only. Participants should refer to Title 25 Chapter 15 of the Mississippi statutes as amended or the Plan Document for more complete information.

The Plan was established by Section 25-15-3 et seq., Mississippi Code Ann. (1972), which may be amended only by the State Legislature. The State and School Employees' Health Insurance Management Board (the Board) administers the Plan. The Plan is self-insured and is financed through premiums collected from employers, employees, retirees and COBRA participants. The Plan is maintained solely for the benefit of eligible employees, dependents and retirees. The Plan is a fund of the State of Mississippi (the State).

The 14-member board, which administers the Plan, is comprised of the Chairman of the Workers' Compensation Commission; the State Personnel Director; the Commissioner of Insurance; the Commissioner of Higher Education; the State Superintendent of Public Education; the Executive Director of the Department of Finance and Administration; the Executive Director of the Mississippi Community College Board; the Executive Director of the Public Employees Retirement System; two appointees of the Governor; the Chairman of the Senate Insurance Committee, or his designee; the Chairman of the House of Representatives Insurance Committee, or his designee; the Chairman of the Senate Appropriations Committee, or his designee; and the Chairman of the House of Representatives' Appropriations Committee, or his designee. The Board has a fiduciary responsibility to manage the funds of the Plan. The Plan maintains a budget approved by the Board.

##### Benefits provided

The Plan provides for Other Postemployment Benefits (OPEB) as a multiple-employer defined benefit OPEB plan for units of state government, political subdivisions, community colleges and school districts. A trust was created June 28, 2018 for the OPEB Plan and, the Plan is considered a cost-sharing multiple-employer defined benefit OPEB plan. Benefits of the OPEB Plan consist of an implicit rate subsidy, which is essentially the difference between the average cost of providing health care benefits to retirees under age 65 and the average cost of providing health care benefits to all participants when premiums paid by retirees are not age-adjusted.

Employees' premiums are funded primarily by their employers. Retirees must pay their own premiums, as do active employees for spouse and dependent medical coverage. The Board has the sole authority for setting life and health insurance premiums for the Plan.

Per Section 12-15-15 (10) Mississippi Code Ann. (1972), a retired employee electing to purchase retiree life and health insurance will have the full cost of such insurance premium deducted monthly from

## NOTES TO FINANCIAL STATEMENTS - (Continued)

### NOTE 3. OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)

his state retirement plan check or direct billed for the cost of the premium if the retirement check is insufficient to pay for the premium. If the Board determines actuarially that the premium paid by the participating retirees adversely affects the overall cost of the Plan to the State, then the Board may impose a premium surcharge, not to exceed 15%, upon such participating retired employees who are under the age for Medicare eligibility and who are initially employed before January 1, 2006. For participating retired employees who are under the age for Medicare eligibility and who are initially employed on or after January 1, 2006, the Board may impose a premium surcharge in an amount the Board determined actuarially to cover the full cost of insurance.

Pursuant to the authority granted by Mississippi Statute, the Board has the authority to establish and change premium rates for the participants, employers and other contributing entities. An outside consulting actuary advises the Board regarding changes in premium rates. If premium rates are changed, they generally become effective at the beginning of the next calendar year or next fiscal year.

Plan participants are not subject to supplemental assessment in the event of a premium deficiency. At the time of premium payment, the risk of loss due to incurred benefit costs is transferred from the participant to the Plan. If the assets of the Plan were to be exhausted, participants would not be responsible for the Plan's liabilities.

#### Contributions

The Board has the sole authority for setting life and health insurance premiums for the Plan. The required premiums vary based on the plan selected and the type of participant. Employers pay no premiums for retirees while employees' premiums are funded primarily by their employer. Contributions to the OPEB plan from the District were \$ 62,847 for the year ended June 30, 2019.

#### **B. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB**

At June 30, 2019, the District reported a liability of \$ 84,514 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The basis for the District's proportion is determined by comparing the employer's average monthly employees participating in the Plan with the total average employees participating in the Plan in the fiscal year of all employers. This allocation was utilized because the level of premiums contributed by each employer is the same for any employee regardless of plan participation elections made by the employee. At the measurement date of June 30, 2018, the District's proportion was .01092408 percent. This was a decrease of .0001297267 percent from the proportionate share as of the measurement date of June 30, 2017.

For the year ended June 30, 2019, the District recognized OPEB expense of \$ 4,040. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB

**NOTES TO FINANCIAL STATEMENTS - (Continued)**

**NOTE 3. OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)**

from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 172	\$ -
Changes in assumptions	-	6,022
Net difference between projected and actual earnings on OPEB plan investments	-	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	9,921
District contributions subsequent to the measurement date	<u>4,091</u>	<u>-</u>
	<b>\$ 4,263</b>	<b>\$ 15,943</b>

\$ 4,091 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction to the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years ended June 30,	
2019	\$ (3,046)
2020	(3,046)
2021	(3,046)
2022	(3,046)
2023	(2,755)
Thereafter	<u>(832)</u>
	<b>\$ (15,771)</b>

**Actuarial assumptions**

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00 percent
Salary increases	3.25-18.50 percent, including wage inflation
Long-term Investment Rate of Return, net of OPEB plan investment expense, including inflation	4.50 percent

**NOTES TO FINANCIAL STATEMENTS - (Continued)**

**NOTE 3. OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)**

Municipal Bond Index Rate	
Measurement Date	3.89 percent
Prior Measurement Date	3.56 percent
Year FNP is projected to be depleted	
Measurement Date	2018
Prior Measurement Date	2017
Single Equivalent Interest Rate, net of OPEB plan investment expense, including inflation	
Measurement Date	3.89 percent
Prior Measurement Date	3.56 percent
Health Care Cost Trends	
Medicare Supplement Claims and Pre- Medicare	7.25 percent for 2018 decreasing to an ultimate rate of 4.75 percent by 2028

Both pre-retirement and post-retirement mortality rates were based on the RP 2014 Healthy Annuitant Blue Collar Table projected with Scale BB to 2022, male rates set forward 1 year and adjusted by 106% for males at all ages, and females adjusted to 90% for ages less than 76, 95% for age 76, 105% for age 78, and 110% for ages 79 and greater. Post-disability mortality rates were based on the RP 2014 Disabled Retiree Mortality Table set forward 4 years for males and 3 years for females.

The demographic actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study dated April 18, 2017.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2018 valuation were based on a review of recent plan experience done concurrently with the June 30, 2018 valuation.

The Plan had no assets as of the measurement date of 2018.

**Discount rate**

The discount rate of 3.56 percent and 3.89 percent used to measure the total OPEB liability at June 30, 2017 and June 30, 2018, respectively, was based on an average of the Bond Buyer General Obligation 20-year Municipal Bond Index Rates during the month of June published at the end of each week by the Bond Buyer.

**Long-term expected rate of return**

The long-term investment rate of return, net of OPEB Plan investment expense, including inflation, was 4.50 percent.

**NOTES TO FINANCIAL STATEMENTS - (Continued)**

**NOTE 3. OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)**

**Sensitivity of the District's proportionate share of the net OPEB liability to changes in the discount rate**

The following presents the District's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.89 percent) or 1 percentage point higher (4.89 percent) than the current discount rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Net OPEB liability	\$ 93,682	\$ 84,514	\$ 76,630

**Sensitivity of the District's proportionate share of the net OPEB liability to changes in the healthcare cost trend rates**

The following presents the District's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Net OPEB liability	\$ 78,288	\$ 84,514	\$ 91,585

**OPEB plan fiduciary net position**

Detailed information about the OPEB plan's fiduciary net position for June 30, 2018 and going forward will be available in separately issued financial reports available on the Mississippi Department of Finance and Administration's website.

**NOTE 4. CHANGES IN NONCURRENT LIABILITIES**

Noncurrent liabilities (excluding the pension liability described in Note 2 and OPEB liability described in Note 3) consisted entirely of accrued compensated absences which increased by \$ 10,675 compared to the July 1, 2018, balance of \$ 58,834.

**NOTE 5. COMMITMENTS AND COMMITTED FUND BALANCE**

**Projects of a Local Nature**

In accordance with House Bill No. 179 enacted by the Mississippi Legislature in 1962, the District receives

**NOTES TO FINANCIAL STATEMENTS - (Continued)**

**NOTE 5. COMMITMENTS AND COMMITTED FUND BALANCE – (Continued)**

ad valorem taxes from each participating county. The District is obligated to spend for projects of a local nature in each participating county an amount based on that county's 1965 ad valorem tax assessment. The total amount of unexpended project costs for which the District was obligated by this Bill at June 30, 2019 was \$ 19,145. Also, in 2010 and 2011, the District was repaid for bonds redeemed on behalf of Yellow Creek Port Authority. The District's Board of Directors voted to commit these funds to be added to projects of a local nature. The balance of these committed funds as of June 30, 2019 was \$ 525,509. During fiscal year ended June 30, 2018, the District's Board of Directors voluntarily voted to commit an additional \$ 1,000,000 to these funds. The balance of these committed funds as of June 30, 2019 was \$ 846,978. The Projects are to be financed out of ad valorem taxes of the participating counties during the period they are members of the District. The total of these commitments by the District's Board of Directors of \$ 1,391,632 is included in committed fund balances in the balance sheet-governmental funds.

The District has entered into several agreements with the Natural Resource Conservation Service to share 25% of the cost of certain emergency watershed projects. The District's share of the cost may be either a cash or in-kind contribution. The District intends to use its maintenance personnel and equipment as its share of the cost.

In addition to the above commitments, the District is obligated by resolutions to maintain the tributaries of the Tombigbee River that are improved by the United States Army Corps of Engineers.

**NOTE 6. CAPITAL ASSETS**

The following is a summary of changes in capital assets:

	<u>BALANCE JULY 1, 2018</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>BALANCE JUNE 30, 2019</u>
Assets not being depreciated:				
Land	\$ 929,831	\$ -	\$ -	\$ 929,831
	<u>929,831</u>	<u>-</u>	<u>-</u>	<u>929,831</u>
Other capital assets:				
Buildings and improvements	967,304	9,529	-	976,833
Machinery and equipment	4,036,069	30,269	36,465	4,029,873
	<u>5,003,373</u>	<u>39,798</u>	<u>36,465</u>	<u>5,006,706</u>
Accumulated depreciation:				
Buildings and improvements	344,692	31,361	-	376,053
Machinery and equipment	3,241,315	201,044	34,946	3,407,413
	<u>3,586,007</u>	<u>232,405</u>	<u>34,946</u>	<u>3,783,466</u>
Net other capital assets	<u>1,417,366</u>	<u>(192,607)</u>	<u>1,519</u>	<u>1,223,240</u>
Net capital assets	<u>\$ 2,347,197</u>	<u>\$ (192,607)</u>	<u>\$ 1,519</u>	<u>\$ 2,153,071</u>

**NOTES TO FINANCIAL STATEMENTS - (Continued)**

**NOTE 7. CASH AND INVESTMENTS**

The District's deposits and investments, as listed below, at June 30, 2019 were entirely covered by federal depository insurance or by collateral through the statewide collateral pool administered by the State Treasurer.

State law authorizes the District to invest in obligations of the U. S. Treasury and U. S. Agencies; obligations of the Tennessee Valley Authority; obligations of the State of Mississippi and its agencies, municipalities or political subdivisions; obligations of any state or its divisions that are rated "A" or better; and certain surety bonds.

Since the District was invested in interest-bearing accounts at June 30, 2019, the investments' carrying values approximate their fair values. Amounts on deposit at June 30, 2019 are as follows:

	<u>AMOUNT</u>
Cash:	
Petty cash fund	\$ 200
Checking account (before deducting outstanding checks)	9,859
Money market	<u>2,771,274</u>
	<u>\$ 2,781,333</u>
Investments:	
Certificates of deposit	<u>\$ 7,000,000</u>
	<u>\$ 7,000,000</u>

**SUPPORTING SCHEDULES**

**TOMBIGBEE RIVER VALLEY WATER MANAGEMENT DISTRICT**

**SCHEDULE OF SURETY BONDS**

June 30, 2019

<u>NAME AND POSITION</u>	<u>SURETY</u>	<u>SERIAL NUMBER</u>	<u>AMOUNT</u>
<b>Directors:</b>			
Brad Stevens, President	Western Surety	18117508	\$ 20,000
Jack Savely, Vice President	Western Surety	18117508	\$ 20,000
Dr. L. J. Goodgame, Secretary	Western Surety	18117508	\$ 20,000
Tim Rakestraw, Treasurer	Western Surety	18117508	\$ 20,000
	Travelers Casualty & Surety	105472665	\$ 50,000
Joe Brooks	Western Surety	18117508	\$ 20,000
Julian Chancellor	Western Surety	18117508	\$ 20,000
Ken Cooley	Western Surety	18117508	\$ 20,000
Joe Duncan	Western Surety	18117508	\$ 20,000
Jerry Mack Etheridge	Western Surety	18117508	\$ 20,000
Robert A. Godfrey	Western Surety	18117508	\$ 20,000
Donald G. Goodwin	Western Surety	18117508	\$ 20,000
Carl "Fox" Haas	Western Surety	18117508	\$ 20,000
Tommy Johnson	Western Surety	18117508	\$ 20,000
Peggy Jolly	Western Surety	18117508	\$ 20,000
Stacy Lewis	Western Surety	18117508	\$ 20,000
Perry R. Lucas	Western Surety	18117508	\$ 20,000
Jerry D. Keith	Western Surety	18117508	\$ 20,000
Sandy Mitchell	Western Surety	18117508	\$ 20,000
Rex Mooney	Western Surety	18117508	\$ 20,000
Nicky Nichols	Western Surety	18117508	\$ 20,000
Rayburn Parks	Western Surety	18117508	\$ 20,000
Larry Pugh	Western Surety	18117508	\$ 20,000
Stanley D. Pulliam	Western Surety	18117508	\$ 20,000
Ralph Smith	Western Surety	18117508	\$ 20,000
Earl Thomas	Western Surety	18117508	\$ 20,000
Paul Vickers	Western Surety	18117508	\$ 20,000
Wesley Webb	Western Surety	18117508	\$ 20,000
Richard M. Whitfield	Western Surety	18117508	\$ 20,000
Walt Willis	Western Surety	18117508	\$ 20,000
<b>Employees:</b>			
David Kennard, Executive Director	Western Surety	18117508	\$ 20,000
	Travelers Casualty & Surety	106928596	\$ 5,000
All other employees	Western Surety	18117508	\$ 20,000

## TOMBIGBEE RIVER VALLEY WATER MANAGEMENT DISTRICT

CASH BASIS SCHEDULE OF PER DIEM AND  
TRAVEL PAID TO BOARD MEMBERS

Year ended June 30, 2019

<u>NAME</u>	<u>PER DIEM</u>	<u>TRAVEL</u>	<u>TOTAL</u>
Joe Brooks	\$ 360	\$ 2,990	\$ 3,350
Jullian W. Chancellor, Jr.	120	296	416
Kenneth S. Cooley	160	297	457
Joe Duncan	680	1,113	1,793
Jerry Mack Etheridge	80	101	181
Robert A. Godfrey	1,400	522	1,922
Dr. L. J. Goodgame	1,160	5,418	6,578
Donald G. Goodwin	-	-	-
James E. Granger	1,080	5,718	6,798
Thomas Guin	320	26	346
Carl Haas	40	-	40
Tommy Johnson	600	1,146	1,746
Peggy Jolly	840	6,306	7,146
Jerry D. Keith	3,000	7,231	10,231
R. Perry Lucas	-	-	-
Sandy Mitchell	120	165	285
Rex Mooney	200	140	340
Nicky Nichols	40	22	62
Rayburn Parks	600	671	1,271
Larry Pugh	-	-	-
Stanley D. Pulliam	80	76	156
Tim Rakestraw	640	383	1,023
Jack Savely	1,360	5,335	6,695
Ralph Smith	280	1,530	1,810
Brad Stevens	840	4,494	5,334
Paul Vickers	160	152	312
Wesley Webb	320	2,556	2,876
Richard M. Whitfield	80	19	99
Walton Willis	600	5,278	5,878
	<u>\$ 15,160</u>	<u>\$ 51,985</u>	<u>\$ 67,145</u>

## TOMBIGBEE RIVER VALLEY WATER MANAGEMENT DISTRICT

## SCHEDULE OF CHANGES IN LAND AND OTHER PROJECT COSTS

Year ended June 30, 2019

	BALANCE 6/30/2018	NET INCREASE (DECREASE)	BALANCE 6/30/2019
<b>PROJECTS OF A LOCAL NATURE:</b>			
Alcorn County	\$ 676,787	\$ 10,932	\$ 687,719
Chickasaw County	462,760	29,708	492,468
Clay County	653,162	27,892	681,054
Itawamba County	341,142	9,441	350,583
Kemper County	379,319	-	379,319
Lee County	1,631,400	3,755	1,635,155
Lowndes County	1,799,383	-	1,799,383
Monroe County	1,156,406	-	1,156,406
Noxubee County	436,524	2,566	439,090
Pontotoc County	434,426	54,851	489,277
Prentiss County	366,251	46,000	412,251
Tishomingo County	329,828	-	329,828
Total projects of a local nature	<u>8,667,388</u>	<u>185,145</u>	<u>8,852,533</u>
<b>DISTRICT PROJECTS:</b>			
Alcorn County	815,856	66,656	882,512
Chickasaw County	1,194,292	133,877	1,328,169
Clay County	749,285	121,669	870,954
Itawamba County	1,644,366	42,058	1,686,424
Kemper County	684,033	-	684,033
Lee County	2,176,777	34,031	2,210,808
Lowndes County	2,049,331	-	2,049,331
Monroe County	660,713	24,923	685,636
Noxubee County	384,902	-	384,902
Pontotoc County	764,689	56,305	820,994
Prentiss County	774,951	62,297	837,248
Tishomingo County	750,134	37,208	787,342
Non-designated expenditures	3,665,321	66,817	3,732,138
Total district projects	<u>16,314,650</u>	<u>645,841</u>	<u>16,960,491</u>
Items reclassified as buildings, land and equipment	<u>(1,333,036)</u>	<u>-</u>	<u>(1,333,036)</u>
Totals	<u>\$ 23,649,002</u>	<u>\$ 830,986</u>	<u>\$ 24,479,988</u>

## TOMBIGBEE RIVER VALLEY WATER MANAGEMENT DISTRICT

## SCHEDULE OF TAX REVENUE FROM MEMBER COUNTIES

Year ended June 30, 2019

	<u>CASH BASIS</u>	<u>INCREASE/ (DECREASE) IN RECEIVABLE</u>	<u>ACCRUAL BASIS</u>
Alcorn County	\$ 93,185	(979)	\$ 92,206
Chickasaw County	104,143	(494)	103,649
Clay County	127,518	(681)	126,837
Itawamba County	39,609	-	39,609
Kemper County	41,840	-	41,840
Lee County	251,138	12,390	263,528
Lowndes County	353,808	(637)	353,171
Monroe County	179,050	9,766	188,816
Noxubee County	49,059	(6,597)	42,462
Pontotoc County	171,873	(917)	170,956
Prentiss County	61,919	95	62,014
Tishomingo County	159,416	(307)	159,109
Total	<u>\$ 1,632,558</u>	<u>\$ 11,639</u>	<u>\$ 1,644,197</u>

**TOMBIGBEE RIVER VALLEY WATER MANAGEMENT DISTRICT**

**STATUS OF FUNDS FOR PROJECTS OF A LOCAL NATURE**

June 30, 2019

	<b>TOTAL FUNDS COMMITTED THROUGH 6/30/2018</b>	<b>ADDITIONAL COMMITMENT YEAR ENDED 6/30/2019</b>	<b>TOTAL DISBURSED THROUGH 6/30/2019</b>	<b>TOTAL TO BE DISBURSED</b>
Alcorn County	\$ 810,498	\$ -	\$ 687,719	\$ 122,779
Chickasaw County	502,500	-	492,468	10,032
Clay County	722,770	-	681,054	41,716
Itawamba County	418,471	-	350,583	67,888
Kemper County	447,577	-	379,319	68,258
Lee County	1,919,967	-	1,635,155	284,812
Lowndes County	2,049,985	-	1,799,383	250,602
Monroe County	1,435,442	-	1,156,406	279,036
Noxubee County	484,525	-	439,090	45,435
Pontotoc County	541,766	-	489,277	52,489
Prentiss County	467,783	-	412,251	55,532
Tishomingo County	442,881	-	329,828	113,053
	<b>\$ 10,244,165</b>	<b>\$ -</b>	<b>\$ 8,852,533</b>	<b>\$ 1,391,632</b>

## TOMBIGBEE RIVER VALLEY WATER MANAGEMENT DISTRICT

## SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION-PENSIONS

Last 6 Fiscal Years\*

## Schedule of the District's Proportionate Share of the Net Pension Liability

	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability	0.010%	0.010%	0.010%	0.010%	0.011%	0.011%
District's proportionate share of the net pension liability	\$ 1,601,256	\$ 1,690,932	\$ 1,706,226	\$ 1,617,064	\$ 1,340,661	\$ 1,533,159
District's covered-employee payroll	\$ 716,717	\$ 614,750	\$ 652,528	\$ 611,061	\$ 653,533	\$ 674,904
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	223.42%	275.06%	261.48%	264.63%	205.14%	227.17%
Plan fiduciary net position as a percentage of the total pension liability	62.54%	61.49%	57.47%	61.70%	67.21%	61.02%

\*-The amounts presented for each fiscal year were determined as of 6/30

## Schedule of District Contributions - PERS

	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 112,882	\$ 96,823	\$ 102,773	\$ 96,243	\$ 102,931	\$ 106,297
Contributions in relation to the contractually required contribution	(112,882)	(96,823)	(102,773)	(96,243)	(102,931)	(106,297)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 716,717	\$ 614,750	\$ 652,528	\$ 611,061	\$ 653,533	\$ 674,904
Contributions as a percentage of covered-employee payroll	15.75%	15.75%	15.75%	15.75%	15.75%	15.75%

The accompanying notes to required supplementary information are an integral part of these schedules.

**TOMBIGBEE RIVER VALLEY WATER MANAGEMENT DISTRICT**

**SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION-OPEB**

**Last 3 Fiscal Years\***

**Schedule of the District's Proportionate Share of the Net OPEB Liability**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability	0.0109%	0.0122%	0.0124%
District's porportionate share of the net OPEB liability	\$ 84,514	\$ 95,891	\$ 101,078
District's covered-employee payroll	\$ 716,717	\$ 614,750	\$ 652,528
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	11.79%	15.60%	15.49%
3 Plan fiduciary net position as a percentage of the total pension liability	0.13%	0.00%	0.00%

\*-The amounts presented for each fiscal year were determined as of 6/30

**Schedule of District Contributions - OPEB**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 62,847	\$ 51,601	\$ 57,767
Contributions in relation to the contractually required contribution	<u>(62,847)</u>	<u>(51,601)</u>	<u>(57,767)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 716,717	\$ 614,750	\$ 652,528
Contributions as a percentage of covered-employee payroll	8.77%	8.39%	8.85%

The accompanying notes to required supplementary information are an integral part of these schedules.

# TOMBIGBEE RIVER VALLEY WATER MANAGEMENT DISTRICT

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2019

### NOTE 1. PENSION SCHEDULES

#### CHANGES IN BENEFIT TERMS

- 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.

#### CHANGES IN ASSUMPTIONS

- 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 experience.
  - The percentage of active member disabilities assumed to be in the line of duty was increased from 6% to 7%.
- 2016
  - The assumed rate of interest credited to employee contributions was changed from 3.50% to 2.00%.
- 2015
  - The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015.
  - The expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015.
  - Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.
  - Assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.
  - The price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively.

In 2018, the actuarial assumption for salary increases was modified from 3.75% - 19.00% to 3.75% - 18.50%. In addition, the expectation of retired life mortality was changed to the RP-2014 Annuitant Blue Collar Mortality Table projected with Scale BB to 2022.

#### CHANGES IN SIZE OR COMPOSITION OF THE POPULATION COVERED BY THE BENEFIT TERMS

None identified during periods presented in the required supplementary information.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – (Continued)

NOTE 2. OPEB SCHEDULES

CHANGES IN BENEFIT TERMS

- 2017
  - None
- 2018
  - None

CHANGES OF ASSUMPTIONS

- 2017
  - The discount rate was changed from 3.01% for the prior Measurement Date to 3.56% for the current Measurement Date
- 2018
  - The discount rate was changed from 3.56% for the prior Measurement Date to 3.89% for the current Measurement Date

METHODS AND ASSUMPTIONS USED IN CALCULATIONS OF ACTUARIALLY DETERMINED CONTRIBUTIONS

- |  |                        |
|--|------------------------|
| • Actuarial cost method  | Entry age              |
| • Amortization method  | Level dollar           |
| • Amortization period  | 30 years, open         |
| • Asset valuation method   | Market Value of Assets |
| • Price inflation  | 3%                     |
| • Salary increases, including wage inflation   | 3.25% to 18.50%        |
| • Initial health care cost trend rates   |                        |
| ○ Medicare Supplement Claims-pre Medicare  | 7.75%                  |
| • Ultimate health care cost trend rates  |                        |
| ○ Medicare Supplement Claims-pre Medicare  | 5.00%                  |
| • Year of ultimate trend rates   |                        |
| ○ Medicare Supplement Claims-pre Medicare  | 2023                   |
| • Long term investment rate of return, net of pension Plan investment expense, including price inflation | 3.56%                  |



CERTIFIED PUBLIC ACCOUNTANTS

204 South Main Street \* P.O. Box 64  
Amory, MS 38821  
(662) 256-5603 \* FAX (662) 256-5604  
[www.nmcpa.com](http://www.nmcpa.com)

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

Board of Directors  
Tombigbee River Valley Water  
Management District  
Tupelo, 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 Tombigbee River Valley Water Management District, a component unit of the State of Mississippi, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Tombigbee River Valley Water Management District's basic financial statements, and have issued our report thereon dated September 12, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Tombigbee River Valley Water Management District'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Tombigbee River Valley Water Management District's internal control. Accordingly, we do not express an opinion on the effectiveness of Tombigbee River Valley Water Management District'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. Given these limitations, during our audit we did not identify any

deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Tombigbee River Valley Water Management District's basic 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*.

### **Purpose of this Report**

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

*Nail McKinney Professional Association*

Amory, Mississippi  
September 12, 2019