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FINANCIAL REPORT
TOMBIGBEE RIVER VALLEY WATER
MANAGEMENT DISTRICT

Tupelo, Mississippi

June 30, 2020

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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, 2020, 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 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, 2020, 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 schedules 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 financial statements that collectively comprise Tombigbee River Valley Water Management District's 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 stated 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 16, 2020, 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 16, 2020

BASIC FINANCIAL STATEMENTS

TOMBIGBEE RIVER VALLEY WATER MANAGEMENT DISTRICT

STATEMENT OF NET POSITION

June 30, 2020

ASSETS

Cash	\$ 3,058,513
Investments	7,000,000
Accounts receivable	48,003
Taxes receivable, member counties	53,652
Capital assets, net of accumulated depreciation	<u>2,040,295</u>
Total assets	<u>12,200,463</u>

DEFERRED OUTFLOWS OF RESOURCES

Collective deferred outflows of resources related to other postemployment benefits	19,273
Collective deferred outflows of resources related to pensions	<u>294,504</u>
Total deferred outflows of resources	<u>313,777</u>

LIABILITIES

Accounts payable	194,322
Accrued compensated absences	75,843
Other post-employment benefit liability	102,057
Pension liability	<u>1,935,997</u>
Total liabilities	<u>2,308,219</u>

DEFERRED INFLOWS OF RESOURCES

Collective deferred inflows of resources related to other postemployment benefit	14,810
Collective deferred inflows of resources related to pensions	<u>23,265</u>
Total deferred inflows of resources	<u>38,075</u>

NET POSITION

Invested in capital assets	2,040,295
Unrestricted	<u>8,127,651</u>
Total net position	<u>\$ 10,167,946</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, 2020

EXPENSES AND LOSSES

Personal service:

Salaries, wages, and fringe benefits \$ 1,082,740

Travel and subsistence 34,113

Contractual services 106,091

Commodities 109,601

Project costs and other outlays 403,680

Depreciation 189,678Total expenses 1,925,903

REVENUES AND GAINS

Tax revenue, member counties 1,666,135

Interest income 227,480

Gain on sale of capital assets 4,162

Reimbursements:

Federal -

Nonfederal 26,681Total revenues 1,924,458Change in net position (1,445)Net position, beginning 10,169,391Net position, ending \$ 10,167,946

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

TOMBIGBEE RIVER VALLEY WATER MANAGEMENT DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2020

ASSETS

Cash	\$ 3,058,513
Investments	7,000,000
Accounts receivable	48,003
Taxes receivable, member counties	<u>53,652</u>
Total assets	<u>\$ 10,160,168</u>

LIABILITIES

Accounts payable	<u>\$ 194,322</u>
Total liabilities	<u>194,322</u>

FUND BALANCES

Committed	1,743,492
Unassigned	<u>8,222,354</u>
	<u>9,965,846</u>
Total liabilities and fund balances	<u>\$ 10,160,168</u>

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, 2020

Fund balances - Governmental Fund (Exhibit C)	\$ 9,965,846
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.	2,040,295
Collective deferred outflows are not a current use of funds and therefore are not reported in the governmental funds	313,777
The pension and other post employment benefit liabilities are not payable from current resources and therefore are not reported in the governmental funds	(2,038,054)
Collective deferred inflows of resources are not a current resource of funds and reported in the governmental funds	(38,075)
Accrued compensated absences are not due and payable in the current year and therefore are not reported in the governmental funds.	<u>(75,843)</u>
Net position of governmental activities (Exhibit B)	<u>\$ 10,167,946</u>

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, 2020

REVENUES

Tax revenue, member counties	\$ 1,666,135
Interest on investments	227,480
Reimbursements:	
Federal	-
Nonfederal	<u>30,843</u>
Total revenues	<u>1,924,458</u>

EXPENSES

Personal service:	
Salaries, wages, and fringe benefits	1,050,628
Travel and subsistence	34,113
Contractual services	106,091
Commodities	109,601
Project costs and other outlays	403,680
Machinery and equipment	76,902
Land and other infrastructure	<u>-</u>
Total expenditures	<u>1,781,015</u>
Excess of revenues over expenditures	143,443
Fund balance, beginning	<u>9,822,403</u>
Fund balance, ending	<u>\$ 9,965,846</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, 2020

Net change in fund balances - Total Governmental Funds (Exhibit E) \$ 143,443

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. (112,776)

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. (32,112)

Change in net position of governmental activities (Exhibit B) \$ (1,445)

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

TOMBIGBEE RIVER VALLEY WATER MANAGEMENT DISTRICT

BUDGETARY COMPARISON STATEMENT

Year ended June 30, 2020

	BUDGETED AMOUNTS		ACTUAL AMOUNTS (BUDGETARY BASIS)		BUDGET TO GOVERNMEN- TAL FUND DIFFERENCES	ACTUAL AMOUNTS GOVERN- MENTAL FUND BASIS (EXHIBIT E)
	ORIGINAL	FINAL				
REVENUES:						
Tax revenue, member counties	\$ 2,000,000	\$ 2,000,000	\$ 1,678,287	(a)	\$ (12,152)	\$ 1,666,135
Interest on investments	165,000	265,000	227,480		-	227,480
Reimbursements:						
Federal	200,000	84,000	-		-	-
Nonfederal	232,500	200,000	18,956	(a)	11,887	30,843
Total revenues	2,597,500	2,549,000	1,924,723		(265)	1,924,458
EXPENSES:						
Personal service:						
Salaries, wages, and fringe benefits	1,178,324	1,246,452	1,050,788	(b)	(160)	1,050,628
Travel and subsistence	203,500	203,500	37,636	(b)	(3,523)	34,113
Contractual services	750,000	750,000	106,569	(b)	(478)	106,091
Commodities	575,000	575,000	123,903	(b)	(14,302)	109,601
Capital outlay:						
Project costs & other outlays	4,500,000	4,500,000	242,025	(b)	161,655	403,680
Machinery and equipment	1,309,650	1,274,645	76,902		-	76,902
Land and other infrastructure	-	-	-		-	-
Subsidies, loans, and grants	275,000	275,000	-		-	-
	8,791,474	8,824,597	1,637,823		143,192	1,781,015
Net change in fund balance	(6,193,974)	(6,275,597)	286,900		(143,457)	143,443
Fund balance, beginning	9,771,613	9,771,613	9,771,613		50,790	9,822,403
Fund balance, ending	\$ 3,577,639	\$ 3,496,016	\$ 10,058,513		\$ (92,667)	\$ 9,965,846

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, 2020

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 through June 30, 2019 was 15.75 percent of earned compensation. Effective July 1, 2109 the Board of Trustees of the Public Employees' Retirement System of Mississippi amended the contribution rate to 17.4 percent of earned compensation. Contributions to the pension plan from the District were \$ 131,635 for the year ended June 30, 2020.

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

At June 30, 2020, the District reported a liability of \$ 1,935,997 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The 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, 2019. At June 30, 2019, the District's proportion was 0.011005%, which was an increase of .001378% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$ 156,013. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,145	\$ 2,084
Changes in assumptions	18,981	-
Net difference between projected and actual earnings on pension plan investments	-	21,181
Changes in proportion and differences between District contributions and proportionate share of contributions	142,744	-
District contributions subsequent to the measurement date	131,634	-
	<u>\$ 294,504</u>	<u>\$ 23,265</u>

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,	
2020	\$ 47,649
2021	10,547
2022	43,718
2023	37,691
2024	-
Thereafter	-
	<hr/>
	\$ 139,605

Actuarial assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2018 and a measurement date determined of June 30, 2019 using standard rollforward techniques, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	3.00% - 18.25%, average, including inflation
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

Mortality rates were based on PubS.H-210(B) Retiree Table with the following adjustments. For males 112% of male rates from age 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 are based on the experience investigation for the four-year period ending June 30, 2018.

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, 2019, 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>
Domestic equity	27.00 %	4.90
International equity	22.00	4.75
Global	12.00	5.00
Debt securities	20.00	1.50
Real estate	10.00	4.00
Private equity	8.00	6.25
Cash	1.00	0.25
	<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 and that the employer contributions will be made at the current employer contribution rate. 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 or 1-percentage-point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
District's proportionate share of the net pension liability	\$ 2,544,935	\$ 1,935,997	\$ 1,433,373

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.

NOTES TO FINANCIAL STATEMENTS - (Continued)

NOTE 3. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

A. General Information about the OPEB Plan

Plan description

The State administers the OPEB Plan, a cost-sharing multiple-employer defined benefit OPEB plan, for units of state government, political subdivisions, community colleges and school districts. Plan assets may be used to pay the benefits of the employees and retirees of any employer that participates in the OPEB Plan.

The State and School Employees' Life and Health Insurance Plan, which includes OPEB benefits and is amended annually by the Board, is authorized by Section 25-15-3 et seq., Mississippi Code Ann. (1972). The Board administers the OPEB Plan. The Plan is maintained solely for the benefit of eligible employees, dependents and retirees.

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

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 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 determines actuarially to cover the full cost of insurance. The Board imposes a surcharge by charging Horizon retirees higher premiums than Legacy retirees.

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. Because the trust assets represent only 3% of benefits paid during 2019, assets in the trust were not used to make benefit payments. Instead, the

NOTES TO FINANCIAL STATEMENTS - (Continued)

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

implicit rate subsidy OPEB benefits were paid by the participating employers.

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 \$ 62,924 for the year ended June 30, 2020.

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

At June 30, 2020, the District reported a liability of \$ 102,057 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, 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, 2019, the District's proportion was .01202806 percent. This was an increase of .00110398 percent from the proportionate share as of the measurement date of June 30, 2018.

For the year ended June 30, 2020, the District recognized OPEB expense of \$ 5,659. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

NOTES TO FINANCIAL STATEMENTS - (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 154	\$ 1,461
Changes in assumptions	7,609	5,292
Net difference between projected and actual earnings on OPEB plan investments	2	-
Changes in proportion and differences between District contributions and proportionate share of contributions	7,689	8,057
District implicit rate subsidy subsequent to the measurement date	3,819	-
	<u>\$ 19,273</u>	<u>\$ 14,810</u>

\$ 3,819 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, 2020. 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,	
2020	\$ (602)
2021	(602)
2022	(602)
2023	(349)
2024	577
Thereafter	2,222
	<u>\$ 644</u>

Actuarial assumptions

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75 percent
Salary increases	3.00-18.20 percent, including wage inflation
Long-term Investment Rate of Return, net of OPEB plan investment expense, including inflation	3.50 percent

NOTES TO FINANCIAL STATEMENTS - (Continued)

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

Municipal Bond Index Rate

Measurement Date	3.50 percent
Prior Measurement Date	3.89 percent

Year FNP is projected to be depleted

Measurement Date	2019
Prior Measurement Date	2018

Single Equivalent Interest Rate, net of OPEB plan investment expense, including inflation

Measurement Date	3.50 percent
Prior Measurement Date	3.89 percent

Health Care Cost Trends

Medicare Supplement Claims and Pre-Medicare	7.00 percent for 2019 decreasing to an ultimate rate of 4.75 percent by 2028
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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 demographic actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study dated April 2, 2019.

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, 2019 valuation were based on a review of recent plan experience done concurrently with the June 30, 2019 valuation.

The Plan had assets of \$ 1,017,904 as of the measurement date as of June 30, 2019.

Discount rate

The discount rate of 3.89 percent and 3.50 percent used to measure the total OPEB liability at June 30, 2018 and June 30, 2019, 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 3.50 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 or 1 percentage point higher than the current discount rate:

	1% Decrease	Current Discount Rate	1% Increase
Net OPEB liability	\$ 113,367	\$ 102,057	\$ 92,380

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:

	1% Decrease	Current Discount Rate	1% Increase
Net OPEB liability	\$ 94,571	\$ 102,057	\$ 110,536

OPEB plan fiduciary net position

Detailed information about the OPEB plan's fiduciary net position for June 30, 2019 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 \$ 6,334 compared to the July 1, 2019, balance of \$ 69,509.

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 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. Al-

NOTES TO FINANCIAL STATEMENTS - (Continued)

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

so, 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. 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. During fiscal year ended June 30, 2020, the District's Board of Directors voluntarily voted to commit an additional \$ 2.8 million to these funds over four years (\$ 700,000 per year). 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 \$ 1,743,492 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</u> <u>JULY 1, 2019</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>BALANCE</u> <u>JUNE 30, 2020</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	976,831	-	-	976,831
Machinery and equipment	4,029,875	76,902	25,149	4,081,628
	<u>5,006,706</u>	<u>76,902</u>	<u>25,149</u>	<u>5,058,459</u>
Accumulated depreciation:				
Buildings and improvements	376,053	31,599	-	407,652
Machinery and equipment	3,407,413	158,079	25,149	3,540,343
	<u>3,783,466</u>	<u>189,678</u>	<u>25,149</u>	<u>3,947,995</u>
Net other capital assets	<u>1,223,240</u>	<u>(112,776)</u>	<u>-</u>	<u>1,110,464</u>
Net capital assets	<u>\$ 2,153,071</u>	<u>\$ (112,776)</u>	<u>\$ -</u>	<u>\$ 2,040,295</u>

NOTES TO FINANCIAL STATEMENTS - (Continued)

NOTE 7. CASH AND INVESTMENTS

The District's deposits and investments, as listed below, at June 30, 2020 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, 2020, the investments' carrying values approximate their fair values. Amounts on deposit at June 30, 2020 are as follows:

	<u>AMOUNT</u>
Cash:	
Petty cash fund	\$ 200
Checking account (before deducting outstanding checks)	23,470
Money market	<u>3,058,195</u>
	<u>\$ 3,081,865</u>
Investments:	
Certificates of deposit	<u>\$ 7,000,000</u>
	<u>\$ 7,000,000</u>

NOTE 8. SUBSEQUENT EVENTS

In December 2019, a novel strain of coronavirus was reported in Wuhan, China. The World Health Organization has declared the outbreak to constitute a "Public Health Emergency of International Concern". The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and impact on our employees and vendors, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact our financial condition or results of operations is uncertain.

SUPPORTING SCHEDULES

TOMBIGBEE RIVER VALLEY WATER MANAGEMENT DISTRICT

SCHEDULE OF SURETY BONDS

June 30, 2020

NAME AND POSITION	SURETY	SERIAL NUMBER	AMOUNT
Directors:			
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	107076814	\$ 50,000
Fredrick Bowen	Western Surety	18117508	\$ 20,000
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
James Granger	Western Surety	18117508	\$ 20,000
Thomas Guin	Western Surety	18117508	\$ 20,000
Keith Herring	Western Surety	18117508	\$ 20,000
Mike Huddleston	Western Surety	18117508	\$ 20,000
Peggy Jolly	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
Rayburn Parks	Western Surety	18117508	\$ 20,000
Larry Pugh	Western Surety	18117508	\$ 20,000
Hal Swann	Western Surety	18117508	\$ 20,000
Ben Vanderford	Western Surety	18117508	\$ 20,000
Paul Vickers	Western Surety	18117508	\$ 20,000
Steve Wallace	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
Employees:			
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, 2020

<u>NAME</u>	<u>PER DIEM</u>	<u>TRAVEL</u>	<u>TOTAL</u>
Fredrick Bowen	\$ 40	\$ 38	\$ 78
Joe Brooks	120	228	348
Jullian W. Chancellor, Jr.	400	617	1,017
Kenneth S. Cooley	200	396	596
Joe Duncan	160	271	431
Jerry Mack Etheridge	80	100	180
Robert A. Godfrey	360	108	468
Dr. L. J. Goodgame	1,360	5,266	6,626
James E. Granger	560	3,411	3,971
Thomas Guin	240	101	341
Keith Herring	40	17	57
Mike Huddleston	40	44	84
Tommy Johnson	80	170	250
Peggy Jolly	880	4,797	5,677
Jerry D. Keith	840	982	1,822
Sandy Mitchell	440	557	997
Rayburn Parks	600	609	1,209
Stanley D. Pulliam	-	-	-
Tim Rakestraw	720	381	1,101
Jack Savely	1,120	4,662	5,782
Ralph Smith	80	86	166
Brad Stevens	1,200	2,162	3,362
Paul Vickers	80	86	166
Steve Wallace	120	44	164
Wesley Webb	720	1,503	2,223
Richard M. Whitfield	160	29	189
Walton Willis	640	3,844	4,484
	<u>\$ 11,280</u>	<u>\$ 30,509</u>	<u>\$ 41,789</u>

TOMBIGBEE RIVER VALLEY WATER MANAGEMENT DISTRICT

SCHEDULE OF CHANGES IN LAND AND OTHER PROJECT COSTS

Year ended June 30, 2020

	BALANCE 6/30/2019	NET INCREASE (DECREASE)	BALANCE 6/30/2020
PROJECTS OF A LOCAL NATURE:			
Alcorn County	\$ 687,719	\$ 61,481	\$ 749,200
Chickasaw County	492,468	-	492,468
Clay County	681,054	-	681,054
Itawamba County	350,583	8,400	358,983
Kemper County	379,319	-	379,319
Lee County	1,635,155	39,589	1,674,744
Lowndes County	1,799,383	16,180	1,815,563
Monroe County	1,156,406	142,030	1,298,436
Noxubee County	439,090	-	439,090
Pontotoc County	489,277	-	489,277
Prentiss County	412,251	33,394	445,645
Tishomingo County	329,828	47,066	376,894
Total projects of a local nature	8,852,533	348,140	9,200,673
DISTRICT PROJECTS:			
Alcorn County	882,512	30,478	912,990
Chickasaw County	1,328,169	53,657	1,381,826
Clay County	870,954	38,230	909,184
Itawamba County	1,686,424	96,993	1,783,417
Kemper County	684,033	27,789	711,822
Lee County	2,210,808	78,279	2,289,087
Lowndes County	2,049,331	52,188	2,101,519
Monroe County	685,636	31,971	717,607
Noxubee County	384,902	40,322	425,224
Pontotoc County	820,994	38,238	859,232
Prentiss County	837,248	-	837,248
Tishomingo County	787,342	64,108	851,450
Non-designated expenditures	3,732,138	17,356	3,749,494
Total district projects	16,960,491	569,609	17,530,100
Items reclassified as buildings, land and equipment	(1,333,036)	-	(1,333,036)
Totals	\$ 24,479,988	\$ 917,749	\$ 25,397,737

SCHEDULE 4

TOMBIGBEE RIVER VALLEY WATER MANAGEMENT DISTRICT

SCHEDULE OF TAX REVENUE FROM MEMBER COUNTIES

Year ended June 30, 2020

	CASH BASIS	INCREASE/ (DECREASE) IN RECEIVABLE	ACCRUAL BASIS
Alcorn County	\$ 93,866	4,470	\$ 98,336
Chickasaw County	103,833	863	104,696
Clay County	129,039	158	129,197
Itawamba County	39,609	-	39,609
Kemper County	41,840	-	41,840
Lee County	289,423	(14,994)	274,429
Lowndes County	335,161	1,455	336,616
Monroe County	196,111	(9,095)	187,016
Noxubee County	43,270	1,122	44,392
Pontotoc County	173,694	1,635	175,329
Prentiss County	65,075	488	65,563
Tishomingo County	167,366	1,746	169,112
Total	\$ 1,678,287	\$ (12,152)	\$ 1,666,135

TOMBIGBEE RIVER VALLEY WATER MANAGEMENT DISTRICT

STATUS OF FUNDS FOR PROJECTS OF A LOCAL NATURE

June 30, 2020

	TOTAL FUNDS COMMITTED THROUGH 6/30/2019	ADDITIONAL COMMITMENT YEAR ENDED 6/30/2020	TOTAL DISBURSED THROUGH 6/30/2020	TOTAL TO BE DISBURSED
Alcorn County	\$ 810,498	\$ 43,015	\$ 749,200	\$ 104,313
Chickasaw County	502,500	39,465	492,468	49,497
Clay County	722,770	48,970	681,054	90,686
Itawamba County	418,471	22,986	358,983	82,474
Kemper County	447,577	21,630	379,319	89,888
Lee County	1,919,967	138,313	1,674,744	383,536
Lowndes County	2,049,985	150,748	1,815,563	385,170
Monroe County	1,435,442	80,104	1,298,436	217,110
Noxubee County	484,525	23,987	439,090	69,422
Pontotoc County	541,766	53,491	489,277	105,980
Prentiss County	467,783	32,882	445,645	55,020
Tishomingo County	442,881	44,409	376,894	110,396
	<u>\$ 10,244,165</u>	<u>\$ 700,000</u>	<u>\$ 9,200,673</u>	<u>\$ 1,743,492</u>

TOMBIGBEE RIVER VALLEY WATER MANAGEMENT DISTRICT

SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION-PENSIONS

Last 7 Fiscal Years*

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

	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability	0.011%	0.010%	0.010%	0.010%	0.010%	0.011%	0.011%
District's proportionate share of the net pension liability	\$ 1,935,997	\$ 1,601,256	\$ 1,690,932	\$ 1,706,226	\$ 1,617,064	\$ 1,340,661	\$ 1,533,159
District's covered-employee payroll	\$ 756,519	\$ 716,717	\$ 614,750	\$ 652,528	\$ 611,061	\$ 653,533	\$ 674,904
District's proportionate share of the net pension liability percentage of its covered-employee payroll	255.91%	223.42%	275.06%	261.48%	264.63%	205.14%	227.17%
Plan fiduciary net position as a percentage of the total pension liability	61.59%	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

	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 131,635	\$ 112,882	\$ 96,823	\$ 102,773	\$ 96,243	\$ 102,931	\$ 106,297
Contributions in relation to the contractually required contribution	(131,635)	(112,882)	(96,823)	(102,773)	(96,243)	(102,931)	(106,297)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 756,519	\$ 716,717	\$ 614,750	\$ 652,528	\$ 611,061	\$ 653,533	\$ 674,904
Contributions as a percentage of covered-employee payroll	17.40%	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 4 Fiscal Years*

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability	0.0120%	0.0109%	0.0122%	0.0124%
District's proportionate share of the net OPEB liability	\$ 102,057	\$ 84,514	\$ 95,891	\$ 101,078
District's covered-employee payroll	\$ 756,519	\$ 716,717	\$ 614,750	\$ 652,528
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	13.49%	11.79%	15.60%	15.49%
35 Plan fiduciary net position as a percentage of the total pension liability	0.12%	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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 62,924	\$ 62,847	\$ 51,601	\$ 57,767
Contributions in relation to the contractually required contribution	(62,924)	(62,847)	(51,601)	(57,767)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 756,519	\$ 716,717	\$ 614,750	\$ 652,528
Contributions as a percentage of covered-employee payroll	8.32%	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, 2020

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

- 2019
 - The expectations of retiree life mortality was changed to the PubS.H-2020(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 Retiree 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% to 9%.
- 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%.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – (Continued)

NOTE 1. PENSION SCHEDULES – (Continued)

- 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.

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

None identified during periods presented in the required supplementary information.

METHOD AND ASSUMPTIONS USED IN CALCULATIONS OF ACTUARIALLY DETERMINED CONTRIBUTIONS

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

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

NOTE 2. OPEB SCHEDULES

CHANGES IN BENEFIT TERMS

- 2017
 - None
- 2018
 - None
- 2019
 - None identified during periods presented in the required supplementary information

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – (Continued)

NOTE 2. OPEB SCHEDULES – (Continued)

CHANGES OF ACTUARIAL ASSUMPTIONS AND METHODS

- 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.
- 2019
 - The discount rate was changed from 3.89% for the prior Measurement Date to 3.50% to the current Measurement Date.

METHODS AND ASSUMPTIONS USED IN CALCULATIONS OF ACTUARIALLY DETERMINED CONTRIBUTIONS

The following actuarial methods and assumptions (from the June 30, 2018 actuarial valuation) were used to determine contribution rates reported for the year ending June 30, 2019:

- | | |
|---|------------------------|
| • Actuarial cost method | Entry age |
| • Amortization method | Level dollar |
| • Amortization period | 30 years, open |
| • Asset valuation method | Market Value of Assets |
| • Price inflation | 3.00% |
| • Salary increases, including wage inflation | 3.25% to 18.50% |
| • Initial health care cost trend rates | |
| ○ Medicare Supplement Claims-pre Medicare | 7.25% |
| • Ultimate health care cost trend rates | |
| ○ Medicare Supplement Claims-pre Medicare | 4.75% |
| • Year of ultimate trend rates | |
| ○ Medicare Supplement Claims-pre Medicare | 2028 |
| • Long term investment rate of return, net of pension | |
| Plan investment expense, including price inflation | 3.89% |



CERTIFIED PUBLIC ACCOUNTANTS

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**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, 2020, 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 16, 2020.

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 16, 2020

FINANCIAL REPORT
TOMBIGBEE RIVER VALLEY WATER
MANAGEMENT DISTRICT

Tupelo, Mississippi

June 30, 2020

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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, 2020, 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 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, 2020, 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 schedules 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 financial statements that collectively comprise Tombigbee River Valley Water Management District's 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 stated 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 16, 2020, 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 16, 2020

BASIC FINANCIAL STATEMENTS

TOMBIGBEE RIVER VALLEY WATER MANAGEMENT DISTRICT

STATEMENT OF NET POSITION

June 30, 2020

ASSETS

Cash	\$ 3,058,513
Investments	7,000,000
Accounts receivable	48,003
Taxes receivable, member counties	53,652
Capital assets, net of accumulated depreciation	<u>2,040,295</u>
Total assets	<u>12,200,463</u>

DEFERRED OUTFLOWS OF RESOURCES

Collective deferred outflows of resources related to other postemployment benefits	19,273
Collective deferred outflows of resources related to pensions	<u>294,504</u>
Total deferred outflows of resources	<u>313,777</u>

LIABILITIES

Accounts payable	194,322
Accrued compensated absences	75,843
Other post-employment benefit liability	102,057
Pension liability	<u>1,935,997</u>
Total liabilities	<u>2,308,219</u>

DEFERRED INFLOWS OF RESOURCES

Collective deferred inflows of resources related to other postemployment benefit	14,810
Collective deferred inflows of resources related to pensions	<u>23,265</u>
Total deferred inflows of resources	<u>38,075</u>

NET POSITION

Invested in capital assets	2,040,295
Unrestricted	<u>8,127,651</u>
Total net position	<u>\$ 10,167,946</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, 2020

EXPENSES AND LOSSES

Personal service:

Salaries, wages, and fringe benefits

\$ 1,082,740

Travel and subsistence

34,113

Contractual services

106,091

Commodities

109,601

Project costs and other outlays

403,680

Depreciation

189,678

Total expenses

1,925,903

REVENUES AND GAINS

Tax revenue, member counties

1,666,135

Interest income

227,480

Gain on sale of capital assets

4,162

Reimbursements:

Federal

-

Nonfederal

26,681

Total revenues

1,924,458

Change in net position

(1,445)

Net position, beginning

10,169,391

Net position, ending

\$ 10,167,946

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

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

June 30, 2020

ASSETS

Cash	\$ 3,058,513
Investments	7,000,000
Accounts receivable	48,003
Taxes receivable, member counties	<u>53,652</u>
Total assets	<u>\$ 10,160,168</u>

LIABILITIES

Accounts payable	<u>\$ 194,322</u>
Total liabilities	<u>194,322</u>

FUND BALANCES

Committed	1,743,492
Unassigned	<u>8,222,354</u>
	<u>9,965,846</u>
Total liabilities and fund balances	<u>\$ 10,160,168</u>

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, 2020

Fund balances - Governmental Fund (Exhibit C)	\$	9,965,846
---	----	-----------

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.		2,040,295
--	--	-----------

Collective deferred outflows are not a current use of funds and therefore are not reported in the governmental funds		313,777
--	--	---------

The pension and other post employment benefit liabilities are not payable from current resources and therefore are not reported in the governmental funds		(2,038,054)
---	--	-------------

Collective deferred inflows of resources are not a current resource of funds and reported in the governmental funds		(38,075)
---	--	----------

Accrued compensated absences are not due and payable in the current year and therefore are not reported in the governmental funds.		(75,843)
--	--	----------

Net position of governmental activities (Exhibit B)	\$	<u>10,167,946</u>
---	----	-------------------

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, 2020

REVENUES

Tax revenue, member counties	\$ 1,666,135
Interest on investments	227,480
Reimbursements:	
Federal	-
Nonfederal	30,843
	<hr/>
Total revenues	1,924,458
	<hr/>

EXPENSES

Personal service:	
Salaries, wages, and fringe benefits	1,050,628
Travel and subsistence	34,113
Contractual services	106,091
Commodities	109,601
Project costs and other outlays	403,680
Machinery and equipment	76,902
Land and other infrastructure	-
	<hr/>
Total expenditures	1,781,015
Excess of revenues over expenditures	143,443
Fund balance, beginning	9,822,403
	<hr/>
Fund balance, ending	\$ 9,965,846
	<hr/>

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, 2020

Net change in fund balances - Total Governmental Funds (Exhibit E)	\$	143,443
--	----	---------

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.		(112,776)
--	--	-----------

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.		(32,112)
--	--	----------

Change in net position of governmental activities (Exhibit B)	\$	(1,445)
---	----	---------

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

TOMBIGBEE RIVER VALLEY WATER MANAGEMENT DISTRICT

BUDGETARY COMPARISON STATEMENT

Year ended June 30, 2020

	BUDGETED AMOUNTS		ACTUAL AMOUNTS (BUDGETARY BASIS)		BUDGET TO GOVERNMEN- TAL FUND DIFFERENCES	ACTUAL AMOUNTS GOVERN- MENTAL FUND BASIS (EXHIBIT E)
	ORIGINAL	FINAL				
REVENUES:						
Tax revenue, member counties	\$ 2,000,000	\$ 2,000,000	\$ 1,678,287	(a)	\$ (12,152)	\$ 1,666,135
Interest on investments	165,000	265,000	227,480		-	227,480
Reimbursements:						
Federal	200,000	84,000	-		-	-
Nonfederal	232,500	200,000	18,956	(a)	11,887	30,843
Total revenues	<u>2,597,500</u>	<u>2,549,000</u>	<u>1,924,723</u>		<u>(265)</u>	<u>1,924,458</u>
EXPENSES:						
Personal service:						
Salaries, wages, and fringe benefits	1,178,324	1,246,452	1,050,788	(b)	(160)	1,050,628
Travel and subsistence	203,500	203,500	37,636	(b)	(3,523)	34,113
Contractual services	750,000	750,000	106,569	(b)	(478)	106,091
Commodities	575,000	575,000	123,903	(b)	(14,302)	109,601
Capital outlay:						
Project costs & other outlays	4,500,000	4,500,000	242,025	(b)	161,655	403,680
Machinery and equipment	1,309,650	1,274,645	76,902		-	76,902
Land and other infrastructure	-	-	-		-	-
Subsidies, loans, and grants	275,000	275,000	-		-	-
	<u>8,791,474</u>	<u>8,824,597</u>	<u>1,637,823</u>		<u>143,192</u>	<u>1,781,015</u>
Net change in fund balance	(6,193,974)	(6,275,597)	286,900		(143,457)	143,443
Fund balance, beginning	<u>9,771,613</u>	<u>9,771,613</u>	<u>9,771,613</u>		<u>50,790</u>	<u>9,822,403</u>
Fund balance, ending	<u>\$ 3,577,639</u>	<u>\$ 3,496,016</u>	<u>\$ 10,058,513</u>		<u>\$ (92,667)</u>	<u>\$ 9,965,846</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, 2020

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 through June 30, 2019 was 15.75 percent of earned compensation. Effective July 1, 2019 the Board of Trustees of the Public Employees' Retirement System of Mississippi amended the contribution rate to 17.4 percent of earned compensation. Contributions to the pension plan from the District were \$ 131,635 for the year ended June 30, 2020.

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

At June 30, 2020, the District reported a liability of \$ 1,935,997 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The 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, 2019. At June 30, 2019, the District's proportion was 0.011005%, which was an increase of .001378% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$ 156,013. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,145	\$ 2,084
Changes in assumptions	18,981	-
Net difference between projected and actual earnings on pension plan investments	-	21,181
Changes in proportion and differences between District contributions and proportionate share of contributions	142,744	-
District contributions subsequent to the measurement date	131,634	-
	<u>\$ 294,504</u>	<u>\$ 23,265</u>

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,	
2020	\$ 47,649
2021	10,547
2022	43,718
2023	37,691
2024	-
Thereafter	-
	\$ 139,605

Actuarial assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2018 and a measurement date determined of June 30, 2019 using standard rollforward techniques, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	3.00% - 18.25%, average, including inflation
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

Mortality rates were based on PubS.H-210(B) Retiree Table with the following adjustments. For males 112% of male rates from age 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 are based on the experience investigation for the four-year period ending June 30, 2018.

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, 2019, are summarized in the following table:

NOTES TO FINANCIAL STATEMENTS - (Continued)

NOTE 2. PENSION PLAN – (Continued)

Asset Class	Target Allocation	Expected Real Rate of Return
Domestic equity	27.00 %	4.90
International equity	22.00	4.75
Global	12.00	5.00
Debt securities	20.00	1.50
Real estate	10.00	4.00
Private equity	8.00	6.25
Cash	1.00	0.25
	100.00 %	

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 and that the employer contributions will be made at the current employer contribution rate. 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 or 1-percentage-point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 2,544,935	\$ 1,935,997	\$ 1,433,373

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.

NOTES TO FINANCIAL STATEMENTS - (Continued)

NOTE 3. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

A. General Information about the OPEB Plan

Plan description

The State administers the OPEB Plan, a cost-sharing multiple-employer defined benefit OPEB plan, for units of state government, political subdivisions, community colleges and school districts. Plan assets may be used to pay the benefits of the employees and retirees of any employer that participates in the OPEB Plan.

The State and School Employees' Life and Health Insurance Plan, which includes OPEB benefits and is amended annually by the Board, is authorized by Section 25-15-3 et seq., Mississippi Code Ann. (1972). The Board administers the OPEB Plan. The Plan is maintained solely for the benefit of eligible employees, dependents and retirees.

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

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 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 determines actuarially to cover the full cost of insurance. The Board imposes a surcharge by charging Horizon retirees higher premiums than Legacy retirees.

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. Because the trust assets represent only 3% of benefits paid during 2019, assets in the trust were not used to make benefit payments. Instead, the

NOTES TO FINANCIAL STATEMENTS - (Continued)

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

implicit rate subsidy OPEB benefits were paid by the participating employers.

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 \$ 62,924 for the year ended June 30, 2020.

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

At June 30, 2020, the District reported a liability of \$ 102,057 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, 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, 2019, the District's proportion was .01202806 percent. This was an increase of .00110398 percent from the proportionate share as of the measurement date of June 30, 2018.

For the year ended June 30, 2020, the District recognized OPEB expense of \$ 5,659. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

NOTES TO FINANCIAL STATEMENTS - (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 154	\$ 1,461
Changes in assumptions	7,609	5,292
Net difference between projected and actual earnings on OPEB plan investments	2	-
Changes in proportion and differences between District contributions and proportionate share of contributions	7,689	8,057
District implicit rate subsidy subsequent to the measurement date	3,819	-
	<u>\$ 19,273</u>	<u>\$ 14,810</u>

\$ 3,819 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, 2020. 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,	
2020	\$ (602)
2021	(602)
2022	(602)
2023	(349)
2024	577
Thereafter	2,222
	<u>\$ 644</u>

Actuarial assumptions

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75 percent
Salary increases	3.00-18.20 percent, including wage inflation
Long-term Investment Rate of Return, net of OPEB plan investment expense, including inflation	3.50 percent

NOTES TO FINANCIAL STATEMENTS - (Continued)

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

Municipal Bond Index Rate

Measurement Date	3.50 percent
Prior Measurement Date	3.89 percent

Year FNP is projected to be depleted

Measurement Date	2019
Prior Measurement Date	2018

Single Equivalent Interest Rate, net of OPEB plan investment expense, including inflation

Measurement Date	3.50 percent
Prior Measurement Date	3.89 percent

Health Care Cost Trends

Medicare Supplement Claims and Pre-Medicare	7.00 percent for 2019 decreasing to an ultimate rate of 4.75 percent by 2028
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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 demographic actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study dated April 2, 2019.

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, 2019 valuation were based on a review of recent plan experience done concurrently with the June 30, 2019 valuation.

The Plan had assets of \$ 1,017,904 as of the measurement date as of June 30, 2019.

Discount rate

The discount rate of 3.89 percent and 3.50 percent used to measure the total OPEB liability at June 30, 2018 and June 30, 2019, 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 3.50 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 or 1 percentage point higher than the current discount rate:

	1% Decrease	Current Discount Rate	1% Increase
Net OPEB liability	\$ 113,367	\$ 102,057	\$ 92,380

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:

	1% Decrease	Current Discount Rate	1% Increase
Net OPEB liability	\$ 94,571	\$ 102,057	\$ 110,536

OPEB plan fiduciary net position

Detailed information about the OPEB plan's fiduciary net position for June 30, 2019 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 \$ 6,334 compared to the July 1, 2019, balance of \$ 69,509.

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 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. Al-

NOTES TO FINANCIAL STATEMENTS - (Continued)

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

so, 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. 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. During fiscal year ended June 30, 2020, the District's Board of Directors voluntarily voted to commit an additional \$ 2.8 million to these funds over four years (\$ 700,000 per year). 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 \$ 1,743,492 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:

	BALANCE JULY 1, 2019	INCREASES	DECREASES	BALANCE JUNE 30, 2020
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	976,831	-	-	976,831
Machinery and equipment	4,029,875	76,902	25,149	4,081,628
	<u>5,006,706</u>	<u>76,902</u>	<u>25,149</u>	<u>5,058,459</u>
Accumulated depreciation:				
Buildings and improvements	376,053	31,599	-	407,652
Machinery and equipment	3,407,413	158,079	25,149	3,540,343
	<u>3,783,466</u>	<u>189,678</u>	<u>25,149</u>	<u>3,947,995</u>
Net other capital assets	<u>1,223,240</u>	<u>(112,776)</u>	<u>-</u>	<u>1,110,464</u>
Net capital assets	<u>\$ 2,153,071</u>	<u>\$ (112,776)</u>	<u>\$ -</u>	<u>\$ 2,040,295</u>

NOTES TO FINANCIAL STATEMENTS - (Continued)

NOTE 7. CASH AND INVESTMENTS

The District's deposits and investments, as listed below, at June 30, 2020 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, 2020, the investments' carrying values approximate their fair values. Amounts on deposit at June 30, 2020 are as follows:

	<u>AMOUNT</u>
Cash:	
Petty cash fund	\$ 200
Checking account (before deducting outstanding checks)	23,470
Money market	<u>3,058,195</u>
	<u>\$ 3,081,865</u>
Investments:	
Certificates of deposit	<u>\$ 7,000,000</u>
	<u>\$ 7,000,000</u>

NOTE 8. SUBSEQUENT EVENTS

In December 2019, a novel strain of coronavirus was reported in Wuhan, China. The World Health Organization has declared the outbreak to constitute a "Public Health Emergency of International Concern". The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and impact on our employees and vendors, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact our financial condition or results of operations is uncertain.

SUPPORTING SCHEDULES

TOMBIGBEE RIVER VALLEY WATER MANAGEMENT DISTRICT

SCHEDULE OF SURETY BONDS

June 30, 2020

NAME AND POSITION	SURETY	SERIAL NUMBER	AMOUNT
Directors:			
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	107076814	\$ 50,000
Fredrick Bowen	Western Surety	18117508	\$ 20,000
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
James Granger	Western Surety	18117508	\$ 20,000
Thomas Guin	Western Surety	18117508	\$ 20,000
Keith Herring	Western Surety	18117508	\$ 20,000
Mike Huddleston	Western Surety	18117508	\$ 20,000
Peggy Jolly	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
Rayburn Parks	Western Surety	18117508	\$ 20,000
Larry Pugh	Western Surety	18117508	\$ 20,000
Hal Swann	Western Surety	18117508	\$ 20,000
Ben Vanderford	Western Surety	18117508	\$ 20,000
Paul Vickers	Western Surety	18117508	\$ 20,000
Steve Wallace	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
Employees:			
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, 2020

NAME	PER DIEM	TRAVEL	TOTAL
Fredrick Bowen	\$ 40	\$ 38	\$ 78
Joe Brooks	120	228	348
Jullian W. Chancellor, Jr.	400	617	1,017
Kenneth S. Cooley	200	396	596
Joe Duncan	160	271	431
Jerry Mack Etheridge	80	100	180
Robert A. Godfrey	360	108	468
Dr. L. J. Goodgame	1,360	5,266	6,626
James E. Granger	560	3,411	3,971
Thomas Guin	240	101	341
Keith Herring	40	17	57
Mike Huddleston	40	44	84
Tommy Johnson	80	170	250
Peggy Jolly	880	4,797	5,677
Jerry D. Keith	840	982	1,822
Sandy Mitchell	440	557	997
Rayburn Parks	600	609	1,209
Stanley D. Pulliam	-	-	-
Tim Rakestraw	720	381	1,101
Jack Savely	1,120	4,662	5,782
Ralph Smith	80	86	166
Brad Stevens	1,200	2,162	3,362
Paul Vickers	80	86	166
Steve Wallace	120	44	164
Wesley Webb	720	1,503	2,223
Richard M. Whitfield	160	29	189
Walton Willis	640	3,844	4,484
	<u>\$ 11,280</u>	<u>\$ 30,509</u>	<u>\$ 41,789</u>

TOMBIGBEE RIVER VALLEY WATER MANAGEMENT DISTRICT

SCHEDULE OF CHANGES IN LAND AND OTHER PROJECT COSTS

Year ended June 30, 2020

	BALANCE 6/30/2019	NET INCREASE (DECREASE)	BALANCE 6/30/2020
PROJECTS OF A LOCAL NATURE:			
Alcorn County	\$ 687,719	\$ 61,481	\$ 749,200
Chickasaw County	492,468	-	492,468
Clay County	681,054	-	681,054
Itawamba County	350,583	8,400	358,983
Kemper County	379,319	-	379,319
Lee County	1,635,155	39,589	1,674,744
Lowndes County	1,799,383	16,180	1,815,563
Monroe County	1,156,406	142,030	1,298,436
Noxubee County	439,090	-	439,090
Pontotoc County	489,277	-	489,277
Prentiss County	412,251	33,394	445,645
Tishomingo County	329,828	47,066	376,894
Total projects of a local nature	<u>8,852,533</u>	<u>348,140</u>	<u>9,200,673</u>
DISTRICT PROJECTS:			
Alcorn County	882,512	30,478	912,990
Chickasaw County	1,328,169	53,657	1,381,826
Clay County	870,954	38,230	909,184
Itawamba County	1,686,424	96,993	1,783,417
Kemper County	684,033	27,789	711,822
Lee County	2,210,808	78,279	2,289,087
Lowndes County	2,049,331	52,188	2,101,519
Monroe County	685,636	31,971	717,607
Noxubee County	384,902	40,322	425,224
Pontotoc County	820,994	38,238	859,232
Prentiss County	837,248	-	837,248
Tishomingo County	787,342	64,108	851,450
Non-designated expenditures	<u>3,732,138</u>	<u>17,356</u>	<u>3,749,494</u>
Total district projects	<u>16,960,491</u>	<u>569,609</u>	<u>17,530,100</u>
Items reclassified as buildings, land and equipment	<u>(1,333,036)</u>	<u>-</u>	<u>(1,333,036)</u>
Totals	<u>\$ 24,479,988</u>	<u>\$ 917,749</u>	<u>\$ 25,397,737</u>

TOMBIGBEE RIVER VALLEY WATER MANAGEMENT DISTRICT

SCHEDULE OF TAX REVENUE FROM MEMBER COUNTIES

Year ended June 30, 2020

	<u>CASH BASIS</u>	<u>INCREASE/ (DECREASE) IN RECEIVABLE</u>	<u>ACCRUAL BASIS</u>
Alcorn County	\$ 93,866	4,470	\$ 98,336
Chickasaw County	103,833	863	104,696
Clay County	129,039	158	129,197
Itawamba County	39,609	-	39,609
Kemper County	41,840	-	41,840
Lee County	289,423	(14,994)	274,429
Lowndes County	335,161	1,455	336,616
Monroe County	196,111	(9,095)	187,016
Noxubee County	43,270	1,122	44,392
Pontotoc County	173,694	1,635	175,329
Prentiss County	65,075	488	65,563
Tishomingo County	167,366	1,746	169,112
Total	<u>\$ 1,678,287</u>	<u>\$ (12,152)</u>	<u>\$ 1,666,135</u>

SCHEDULE 5

TOMBIGBEE RIVER VALLEY WATER MANAGEMENT DISTRICT

STATUS OF FUNDS FOR PROJECTS OF A LOCAL NATURE

June 30, 2020

	TOTAL FUNDS COMMITTED THROUGH 6/30/2019	ADDITIONAL COMMITMENT YEAR ENDED 6/30/2020	TOTAL DISBURSED THROUGH 6/30/2020	TOTAL TO BE DISBURSED
Alcorn County	\$ 810,498	\$ 43,015	\$ 749,200	\$ 104,313
Chickasaw County	502,500	39,465	492,468	49,497
Clay County	722,770	48,970	681,054	90,686
Itawamba County	418,471	22,986	358,983	82,474
Kemper County	447,577	21,630	379,319	89,888
Lee County	1,919,967	138,313	1,674,744	383,536
Lowndes County	2,049,985	150,748	1,815,563	385,170
Monroe County	1,435,442	80,104	1,298,436	217,110
Noxubee County	484,525	23,987	439,090	69,422
Pontotoc County	541,766	53,491	489,277	105,980
Prentiss County	467,783	32,882	445,645	55,020
Tishomingo County	442,881	44,409	376,894	110,396
	<u>\$ 10,244,165</u>	<u>\$ 700,000</u>	<u>\$ 9,200,673</u>	<u>\$ 1,743,492</u>

TOMBIGBEE RIVER VALLEY WATER MANAGEMENT DISTRICT

SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION-PENSIONS

Last 7 Fiscal Years*

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

	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability	0.011%	0.010%	0.010%	0.010%	0.010%	0.011%	0.011%
District's proportionate share of the net pension liability	\$ 1,935,997	\$ 1,601,256	\$ 1,690,932	\$ 1,706,226	\$ 1,617,064	\$ 1,340,661	\$ 1,533,159
District's covered-employee payroll	\$ 756,519	\$ 716,717	\$ 614,750	\$ 652,528	\$ 611,061	\$ 653,533	\$ 674,904
District's proportionate share of the net pension liability percentage of its covered-employee payroll	255.91%	223.42%	275.06%	261.48%	264.63%	205.14%	227.17%
Plan fiduciary net position as a percentage of the total pension liability	61.59%	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

	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 131,635	\$ 112,882	\$ 96,823	\$ 102,773	\$ 96,243	\$ 102,931	\$ 106,297
Contributions in relation to the contractually required contribution	(131,635)	(112,882)	(96,823)	(102,773)	(96,243)	(102,931)	(106,297)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 756,519	\$ 716,717	\$ 614,750	\$ 652,528	\$ 611,061	\$ 653,533	\$ 674,904
Contributions as a percentage of covered-employee payroll	17.40%	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 4 Fiscal Years*

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

	2020	2019	2018	2017
District's proportion of the net OPEB liability	0.0120%	0.0109%	0.0122%	0.0124%
District's proportionate share of the net OPEB liability	\$ 102,057	\$ 84,514	\$ 95,891	\$ 101,078
District's covered-employee payroll	\$ 756,519	\$ 716,717	\$ 614,750	\$ 652,528
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	13.49%	11.79%	15.60%	15.49%
35 Plan fiduciary net position as a percentage of the total pension liability	0.12%	0.13%	0.00%	0.00%

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

Schedule of District Contributions - OPEB

	2020	2019	2018	2017
Contractually required contribution	\$ 62,924	\$ 62,847	\$ 51,601	\$ 57,767
Contributions in relation to the contractually required contribution	(62,924)	(62,847)	(51,601)	(57,767)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 756,519	\$ 716,717	\$ 614,750	\$ 652,528
Contributions as a percentage of covered-employee payroll	8.32%	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, 2020

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

- 2019
 - The expectations of retiree life mortality was changed to the PubS.H-2020(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 Retiree 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% to 9%.
- 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%.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – (Continued)

NOTE 1. PENSION SCHEDULES – (Continued)

- 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.

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

None identified during periods presented in the required supplementary information.

METHOD AND ASSUMPTIONS USED IN CALCULATIONS OF ACTUARIALLY DETERMINED CONTRIBUTIONS

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

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

NOTE 2. OPEB SCHEDULES

CHANGES IN BENEFIT TERMS

- 2017
 - None
- 2018
 - None
- 2019
 - None identified during periods presented in the required supplementary information

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – (Continued)

NOTE 2. OPEB SCHEDULES – (Continued)

CHANGES OF ACTUARIAL ASSUMPTIONS AND METHODS

- 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.
- 2019
 - The discount rate was changed from 3.89% for the prior Measurement Date to 3.50% to the current Measurement Date.

METHODS AND ASSUMPTIONS USED IN CALCULATIONS OF ACTUARIALLY DETERMINED CONTRIBUTIONS

The following actuarial methods and assumptions (from the June 30, 2018 actuarial valuation) were used to determine contribution rates reported for the year ending June 30, 2019:

- | | |
|--|------------------------|
| • Actuarial cost method | Entry age |
| • Amortization method | Level dollar |
| • Amortization period | 30 years, open |
| • Asset valuation method | Market Value of Assets |
| • Price inflation | 3.00% |
| • Salary increases, including wage inflation | 3.25% to 18.50% |
| • Initial health care cost trend rates | |
| ○ Medicare Supplement Claims-pre Medicare | 7.25% |
| • Ultimate health care cost trend rates | |
| ○ Medicare Supplement Claims-pre Medicare | 4.75% |
| • Year of ultimate trend rates | |
| ○ Medicare Supplement Claims-pre Medicare | 2028 |
| • Long term investment rate of return, net of pension Plan investment expense, including price inflation | 3.89% |



CERTIFIED PUBLIC ACCOUNTANTS

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**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, 2020, 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 16, 2020.

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 16, 2020