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**PAT HARRISON WATERWAY DISTRICT**  
A Component Unit of the State of Mississippi

**AUDITED FINANCIAL STATEMENTS**

For the Year Ended June 30, 2023

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**PAT HARRISON WATERWAY DISTRICT**  
**A Component Unit of the State of Mississippi**  
**DIRECTORS AND MANAGEMENT**  
June 30, 2023

**BOARD OF DIRECTORS**

Smith County Representative/President	Don Pittman
Clarke County Representative/Vice President	James Buchanan
Newton County Representative/Treasurer	John Walker
Covington County Representative/Secretary	Bob Shoemake
George County Representative	Greg Pitts
Greene County Representative	Robin McCoy
Jones County Representative	Larry E. Griffin
Lauderdale County Representative	Bill Pennington
Stone County Representative	Ron Purvis
Wayne County Representative	Kenny Mills
District-At-Large	Rex Hiatt
District-At-Large	Mike Smith
District-At-Large	Rick Hux

**DEPARTMENT HEADS**

Executive Director	Hiram Boone
Comptroller	George DeCoux
Human Resources Director	Lisa Clark
Parks Director/Quality Control	Allen Wright

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**Wolfe • McDuff & Oppie**  
CERTIFIED PUBLIC ACCOUNTANTS  
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## INDEPENDENT AUDITOR'S REPORT

To the Executive Director and Board of Directors  
Pat Harrison Waterway District

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Pat Harrison Waterway District, a component unit of the State of Mississippi, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Pat Harrison Waterway District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of Pat Harrison Waterway District, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Pat Harrison Waterway District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Pat Harrison Waterway District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

#### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting

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## **Independent Auditor's Report (continued)**

from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- ◆ Exercise professional judgment and maintain professional skepticism throughout the audit.
- ◆ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- ◆ Obtain an understanding of internal control relevant to the audit 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 Pat Harrison Waterway District's internal control. Accordingly, no such opinion is expressed.
- ◆ Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- ◆ Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Pat Harrison Waterway District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 11 - 16 and 67 - 75 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2023, on our consideration of Pat Harrison Waterway 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Pat Harrison Waterway District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Pat Harrison Waterway District's internal control over financial reporting and compliance.

*Nalfe, McDuff + Oppi*

Pascagoula, Mississippi  
October 19, 2023

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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**PAT HARRISON WATERWAY DISTRICT**  
**A Component Unit of the State of Mississippi**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
June 30, 2023  
UNAUDITED

The discussion and analysis of the Pat Harrison Waterway District's (the District's) financial performance provides an overall narrative review of the District's financial activities for the year ended June 30, 2023. The intent of this discussion and analysis is to look at the District's performance as a whole; readers should also review the financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance. Information contained in this section is qualified by the more detailed information contained elsewhere in the District's financial statements, notes to financial statements and any accompanying materials. To the extent this discussion contains any forward-looking statements of the District's plans, objectives, expectations, and prospects, the actual results could differ materially from those discussed herein.

**FINANCIAL HIGHLIGHTS**

- In 2023 and 2022, the District's net position amounted to \$10,003,166 and \$10,129,763, respectively. The net position for governmental activities totaled \$6,278,915 in 2023 and \$5,851,544 in 2022, contributing 63% and 58% of total net position at June 30, 2023 and 2022; business-type activities contributed 37% and 42% at June 30, 2023 and 2022, totaling \$3,724,251 in 2023 and \$4,278,219 in 2022.
- General revenues for 2023 and 2022 were \$2,221,086 and \$2,209,702, equaling 59% and 41% of all revenues for years ending June 30, 2023 and 2022. Program specific revenues in the form of charges for services and grants and contributions were \$3,151,449 and \$3,165,543 for 2023 and 2022, equaling 59% and 59% for both years.
- In 2023 and 2022, the District had \$5,499,132 and \$5,067,771 in expenses, respectively; \$3,151,449 and \$3,165,543 of these expenses were offset by program specific charges for services, grants and contributions.
- Capital assets, net of accumulated depreciation, totaled \$5,156,196 in 2023, and \$5,340,504 in 2022.

**OVERVIEW OF FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of the following three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements - The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. These statements are prepared using the accrual basis of accounting and include all assets and liabilities.

The statement of net position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal years.



**PAT HARRISON WATERWAY DISTRICT**  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
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The government-wide financial statements outline functions of both the District and business-type activities. The governmental activities of the District include flood control and water management programs as well as debt service. The business-type activities include customer fees for recreational activities and fees collected in association with timber and capital projects.

The government-wide financial statements can be found on pages 21 - 22 of this report.

Fund financial statements - Fund financial statements report how these services were financed in the short term, as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide financial statements by providing information about the District's most significant funds. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements are comprised of the following funds: governmental and proprietary (enterprise) funds.

Notes to the financial statements - The notes provide additional information that is essential to a user's understanding of the basic financial statements. The notes to the financial statements can be found on pages 39 - 64 of this report.

Other information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budget process and pension information.

The District adopts an annual operating budget for all governmental funds. A budgetary comparison statement has been provided for the all funds. This required supplementary information can be found on pages 67 of this report.

## **REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS**

Fund financial statements begin on page 27 and provide detailed information about the most significant funds. Some funds are required to be established by State law and bond covenants. However, the District establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money. The District's two major types of funds are discussed below:

**Governmental funds** - Most of the District's basic services (water management and flood control programs) are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds in the reconciliations found on pages 28 and 30.

**Proprietary funds** - When the District charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same manner that all activities are reported in the statement of net position and the statement of activities. Major proprietary funds include the Recreation and Timber Funds. These funds are the same as the business-type activities reported in the government-wide financial statements but provide more detail and additional information, such as cash flows. The accrual basis of accounting is used for proprietary funds.

**PAT HARRISON WATERWAY DISTRICT**  
**A Component Unit of the State of Mississippi**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
June 30, 2023  
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**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Net Position** - net position may serve over time as a useful indicator of government's financial position. The following table presents a summary of the District's net position for the fiscal years ended June 30, 2023 and 2022.

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Current and Other Assets	\$ 7,353,182	7,226,064	3,730,712	4,292,214	11,083,894	11,518,278
Capital Assets	2,668,131	2,731,744	2,488,065	2,608,760	5,156,196	5,340,504
Total Assets	<u>10,021,313</u>	<u>9,957,808</u>	<u>6,218,777</u>	<u>6,900,974</u>	<u>16,240,090</u>	<u>16,858,782</u>
Deferred Outflows of Resources	<u>211,812</u>	<u>216,640</u>	<u>290,086</u>	<u>262,455</u>	<u>501,898</u>	<u>479,095</u>
Long-term Debt Outstanding	-	-	14,964	1,151	14,964	1,151
Other Liabilities	3,573,950	3,856,429	2,105,532	2,082,035	5,679,482	5,938,464
Total Liabilities	<u>3,573,950</u>	<u>3,856,429</u>	<u>2,120,496</u>	<u>2,083,186</u>	<u>5,694,446</u>	<u>5,939,615</u>
Deferred Inflows of Resources	<u>380,260</u>	<u>466,475</u>	<u>664,116</u>	<u>802,024</u>	<u>1,044,376</u>	<u>1,268,499</u>
Net Position:						
Invested in capital assets, net of debt	2,668,131	2,731,744	2,488,065	2,608,760	5,156,196	5,340,504
Unrestricted	3,610,784	3,119,800	1,236,186	1,669,459	4,846,970	4,789,259
<b>Total Net Position</b>	<u><u>\$ 6,278,915</u></u>	<u><u>5,851,544</u></u>	<u><u>3,724,251</u></u>	<u><u>4,278,219</u></u>	<u><u>10,003,166</u></u>	<u><u>10,129,763</u></u>

Investment in capital assets (e.g. land, construction in progress, buildings, equipment, and infrastructure) accounted for 52% and 53% of total net position in 2023 and 2022, respectively.

The remaining balance consisted of unrestricted net position, the part of net position used to finance everyday operations without constraints of legal requirements.

**PAT HARRISON WATERWAY DISTRICT**  
**A Component Unit of the State of Mississippi**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
June 30, 2023  
**UNAUDITED**

**Changes in net position** - The District's total revenues for the fiscal years ended June 30, 2023 and 2022 were \$5,372,535 and \$5,375,245, respectively. The total cost of all programs and services was \$5,499,132 and \$5,067,771 for 2023 and 2022, respectively. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2023 and 2022.

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
<b>Revenue</b>						
Program revenues:						
Charges for Services	\$ -	-	3,149,189	3,165,543	3,149,189	3,165,543
Capital Grants and Contributions	-	-	2,260	-	2,260	-
General revenues:						
County Millage	2,090,227	2,177,243	-	-	2,090,227	2,177,243
Investment Income	109,022	37,716	22,213	4,546	131,235	42,262
Other Revenues	(229)	(1,298)	(147)	(8,505)	(376)	(9,803)
Total Revenues	<u>2,199,020</u>	<u>2,213,661</u>	<u>3,173,515</u>	<u>3,161,584</u>	<u>5,372,535</u>	<u>5,375,245</u>
<b>Program Expense</b>						
General government	1,371,649	1,478,929	-	-	1,371,649	1,478,929
Culture and recreation	-	-	4,127,483	3,588,842	4,127,483	3,588,842
Total Program Expense	<u>1,371,649</u>	<u>1,478,929</u>	<u>4,127,483</u>	<u>3,588,842</u>	<u>5,499,132</u>	<u>5,067,771</u>
Excess (deficiency) before Transfers	827,371	734,732	(953,968)	(427,258)	(126,597)	307,474
Transfers	<u>(400,000)</u>	<u>(402,350)</u>	<u>400,000</u>	<u>402,350</u>	<u>-</u>	<u>-</u>
Change in Net Position	427,371	332,382	(553,968)	(24,908)	(126,597)	307,474
<b>Net Position - beginning</b>	<u>5,851,544</u>	<u>5,519,162</u>	<u>4,278,219</u>	<u>4,303,127</u>	<u>10,129,763</u>	<u>9,822,289</u>
<b>Net Position - ending</b>	<u>\$ 6,278,915</u>	<u>5,851,544</u>	<u>3,724,251</u>	<u>4,278,219</u>	<u>10,003,166</u>	<u>10,129,763</u>

**Governmental Activities**

The District's governmental activities generated a change in net position of \$427,371. This represents an increase of approximately \$94,989 from the previous year. The factors contributing to this increase include:

- County millage was \$2,090,227, a decrease of \$(87,016) from the prior year.
- General government program expense was \$1,371,649, a decrease of \$(107,280) from the prior year.

**Business-type Activities**

The District's business-type activities generated a change in net position of \$(553,968). This represents a decrease of approximately \$(529,060) from the previous year. The factors contributing to this decrease include:

- An increase in expenses to make repairs at the parks



**PAT HARRISON WATERWAY DISTRICT**  
**A Component Unit of the State of Mississippi**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
June 30, 2023  
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**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

As the District completed the year, its governmental funds reported a combined unassigned fund balance of \$5,068,527, compared to \$3,610,784 in the previous year. Activities within the general fund contributed to 100% and 100% of the fund balances in 2023 and 2022, respectively.

**Budgetary Highlights**

Over the course of the year, no adjustments were made to the budget. Actual expenditures were \$5,518,704 compared to \$5,575,297 of the final budget. A schedule showing the original and final budget amounts compared to the District's actual financial activity for the District is provided on page 67 as required supplementary information.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital assets** - The District's net capital assets for 2023 and 2022 were \$5,156,196 and \$5,338,346, respectively. the District mainly invested in equipment and improvements for the area. The following presents a summary of the District's capital assets (net of depreciation) for the fiscal years ended June 30, 2023 and 2022.

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Land	\$ 1,829,666	1,829,666	73,167	4,500	1,902,833	1,834,166
Buildings and Improvements	706,799	833,570	1,987,662	2,094,085	2,694,461	2,927,655
Equipment	131,666	135,543	427,236	440,982	558,902	576,525
<b>Totals</b>	<b>\$ 2,668,131</b>	<b>2,798,779</b>	<b>2,488,065</b>	<b>2,539,567</b>	<b>5,156,196</b>	<b>5,338,346</b>

**Debt Administration** - At June 30, 2023, the District had \$3,144,978 in long-term liabilities of which \$17,998 is due within one year. The following table presents a summary of the District's outstanding long-term liabilities for the fiscal years ended June 30, 2023 and 2022.

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Lease payable	-	-	19,637	-	19,637	-
Compensated Absences	\$ 51,873	42,634	74,426	54,928	126,299	97,562
Net Pension Liability	1,217,802	1,751,868	1,663,908	2,119,899	2,881,710	3,871,767
Net OPEB Liability	48,191	91,048	69,141	118,011	117,332	209,059
<b>Total</b>	<b>\$ 1,317,866</b>	<b>1,885,550</b>	<b>1,827,112</b>	<b>2,292,838</b>	<b>3,144,978</b>	<b>4,178,388</b>

The State law limits the District to a debt amount of \$7,000,000 and as of June 30, 2023, the District is well below the State limit. More detailed information about the District's long-term liabilities is presented in Note 8 to the financial statements.

**PAT HARRISON WATERWAY DISTRICT**  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
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**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The following key economic indicators reflect the current operating environment of the District:

- Perry and Jackson Counties have withdrawn from the District during fiscal year 2017 and the District continues working with each county to reach a withdrawal settlement.
- The District has continued to upgrade the parks. New or renovated bath houses are planned for fiscal year 2024.
- The District continues to work with remaining counties with flood control projects.
- The District is continuing its timber management program.
- The District has resumed operation of the water slide at Flint Creek as of September 2019.

The District's Management and the Board of Directors consider many factors when setting the fiscal year 2024 budget and the fees that will be charged in the business-related activities. The District will update the rates at the parks in fiscal year 2024 because of continued inflation.

**BUDGET HIGHLIGHTS FOR THE FISCAL YEAR ENDING JUNE 30, 2024**

**Governmental Activities**

Revenues of Pat Harrison Waterway District County Fund are expected to increase by about 2% for fiscal year 2024. The District continues to receive 7/8 of a mil from the remaining counties.

**Business-type Activities**

Pat Harrison Waterway District expects the Recreation Fund to increase about 3%. This is due to the improvements made at the parks. The District plans to cut timber in at least one park in the coming year and will continue the forest management plan so that more timber sale revenue will be available in future years.

Our recreation expenses are expected to increase by about ten percent for fiscal year 2024. At the present time there are plans in place to renovate bath houses at four parks.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our customers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the District's Comptroller's Office at 17 JM Tatum Industrial Drive, Suite 120, Hattiesburg, Mississippi 39401.

## **BASIC FINANCIAL STATEMENTS**

For the Year Ended June 30, 2023

The basic financial statements include integrated sets of financial statements as required by the Governmental Accounting Standards Board. The sets of statements include:

- ◆ Government-wide financial statements
- ◆ Fund financial statements:
  - Governmental funds
  - Proprietary (enterprise) funds

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

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## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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**PAT HARRISON WATERWAY DISTRICT**  
**A Component Unit of the State of Mississippi**  
**STATEMENT OF NET POSITION**  
June 30, 2023

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,860,801	2,049,705	3,910,506
Receivables, net	-	16,390	16,390
Lease receivable	-	149,150	149,150
Due from counties	56,038	-	56,038
Internal balances	(44,979)	44,979	-
Investments	5,452,751	1,451,277	6,904,028
Right to use leased assets, net of amortization	28,571	19,211	47,782
Capital assets:			
Land	1,829,666	73,167	1,902,833
Buildings and improvements, net	706,799	1,987,662	2,694,461
Equipment, net	131,666	427,236	558,902
Total capital assets	<u>2,668,131</u>	<u>2,488,065</u>	<u>5,156,196</u>
<b>Total assets</b>	<u>10,021,313</u>	<u>6,218,777</u>	<u>16,240,090</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows - pensions	201,837	275,774	477,611
Deferred outflows - OPEB	9,975	14,312	24,287
<b>Total deferred outflows of resources</b>	<u>211,812</u>	<u>290,086</u>	<u>501,898</u>
<b>LIABILITIES</b>			
Accounts payable	15,602	111,007	126,609
Salaries and benefits payable	7,402	115,499	122,901
County projects payable	2,233,080	-	2,233,080
Deposits payable	-	9,050	9,050
Accrued expenses	-	27,078	27,078
Unearned revenues	-	30,750	30,750
Long-term liabilities:			
Capital related debt:			
Due within one year:			
Leases payable	-	4,673	4,673
Due in more than one year:			
Leases payable	-	14,964	14,964
Noncapital related debt:			
Due within one year:			
Compensated absences	-	7,443	7,443
Net OPEB liability	2,416	3,466	5,882
Due in more than one year:			
Compensated absences	51,873	66,983	118,856
Net pension liability	1,217,802	1,663,908	2,881,710
Net OPEB liability	45,775	65,675	111,450
<b>Total liabilities</b>	<u>3,573,950</u>	<u>2,120,496</u>	<u>5,694,446</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources - pensions	341,128	466,090	807,218
Deferred inflows of resources - OPEB	39,132	56,143	95,275
Deferred inflows of resources - leases	-	141,883	141,883
<b>Total deferred inflows of resources</b>	<u>380,260</u>	<u>664,116</u>	<u>1,044,376</u>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	2,668,131	2,488,065	5,156,196
Unrestricted	3,610,784	1,236,186	4,846,970
<b>Total net position</b>	<u>\$ 6,278,915</u>	<u>3,724,251</u>	<u>10,003,166</u>

The notes to the financial statements are an integral part of this statement.

**PAT HARRISON WATERWAY DISTRICT**  
**A Component Unit of the State of Mississippi**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2023

	<u>Expenses</u>	<u>Program Revenue</u>			<u>Net (expense) revenue and changes in net position</u>		
		<u>Fees and Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
<b>Governmental activities:</b>							
General government	<u>\$1,371,649</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,371,649)</u>	<u>-</u>	<u>(1,371,649)</u>
Total							
governmental activities	<u>1,371,649</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,371,649)</u>	<u>-</u>	<u>(1,371,649)</u>
<b>Business-type activities:</b>							
Recreation	<u>4,127,483</u>	<u>3,149,189</u>	<u>-</u>	<u>2,260</u>	<u>-</u>	<u>(976,034)</u>	<u>(976,034)</u>
Total business- type activities	<u>4,127,483</u>	<u>3,149,189</u>	<u>-</u>	<u>2,260</u>	<u>-</u>	<u>(976,034)</u>	<u>(976,034)</u>
<b>Total district</b>	<u><b>\$5,499,132</b></u>	<u><b>3,149,189</b></u>	<u><b>-</b></u>	<u><b>2,260</b></u>	<u><b>(1,371,649)</b></u>	<u><b>(976,034)</b></u>	<u><b>(2,347,683)</b></u>
<b>GENERAL REVENUES:</b>							
County ad valorem					2,090,227	-	2,090,227
Investment earnings					109,022	22,213	131,235
Gain (loss) on sale of assets					<u>(229)</u>	<u>(147)</u>	<u>(376)</u>
<b>TOTAL GENERAL REVENUES</b>					<u>2,199,020</u>	<u>22,066</u>	<u>2,221,086</u>
Transfers					(400,000)	400,000	-
<b>TOTAL GENERAL REVENUES AND TRANSFERS</b>					<u>1,799,020</u>	<u>422,066</u>	<u>2,221,086</u>
<b>CHANGE IN NET POSITION</b>					427,371	(553,968)	(126,597)
<b>Net position - beginning</b>					<u>5,851,810</u>	<u>4,292,364</u>	<u>10,144,174</u>
Prior Period Adjustment, Note 16					<u>(266)</u>	<u>(14,145)</u>	<u>(14,411)</u>
<b>Net position - beginning, restated</b>					<u>5,851,544</u>	<u>4,278,219</u>	<u>10,129,763</u>
<b>Net position - ending</b>					<u><b>\$ 6,278,915</b></u>	<u><b>3,724,251</b></u>	<u><b>10,003,166</b></u>

The notes to the financial statements are an integral part of this statement.



## **FUND FINANCIAL STATEMENTS**

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## **GOVERNMENTAL FUNDS FINANCIAL STATEMENTS**

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**PAT HARRISON WATERWAY DISTRICT**  
**A Component Unit of the State of Mississippi**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
June 30, 2023

	<u><b>General Fund</b></u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 1,860,801
Due from counties	<u>56,038</u>
Total current assets	<u>1,916,839</u>
Noncurrent assets:	
Investments	<u>5,452,751</u>
Total noncurrent assets	<u>5,452,751</u>
Total assets	<u><u>\$ 7,369,590</u></u>
<b>LIABILITIES AND FUND BALANCES</b>	
Liabilities:	
Accounts payable	\$ 15,602
Salaries and benefits payable	7,402
County projects payable	2,233,080
Due to other funds	<u>44,979</u>
Total liabilities	<u>2,301,063</u>
Fund balances:	
County projects	131,236
Unassigned:	
Unassigned/Unappropriated	<u>4,937,291</u>
Total fund balances	<u>5,068,527</u>
Total liabilities and fund balances	<u><u>\$ 7,369,590</u></u>

The notes to the financial statements are an integral part of this statement.

**PAT HARRISON WATERWAY DISTRICT**  
**A Component Unit of the State of Mississippi**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS**  
**BALANCE SHEET TO THE STATEMENT OF NET POSITION**  
June 30, 2023

**Total Governmental Fund Balance** **\$ 5,068,527**

Amounts reported for governmental activities in the statement of net position 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 lives and reported as depreciation expense.

Governmental capital assets	10,228,920	
Less: Accumulated depreciation	<u>(7,560,789)</u>	2,668,131

Right to use leased assets used in governmental activities are not current financial resources and therefore are not reported in the fund

Right to use assets at historical cost	100,000	
Less: Accumulated depreciation	<u>(71,429)</u>	28,571

Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:

Deferred outflows of resources related to pensions	201,837	
Deferred inflows or resources related to pensions	<u>(341,128)</u>	(139,291)

Deferred outflows and inflows of resources related to OPEB are applicable to future periods and, therefore, are not reported in the funds:

Deferred outflows of resources related to OPEB	9,975	
Deferred inflows of resources related to OPEB	<u>(39,132)</u>	(29,157)

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:

Compensated absences	(51,873)	
Net OPEB liability	(48,191)	
Net pension liability	<u>(1,217,802)</u>	(1,317,866)

**Net Position of Governmental Activities** **\$ 6,278,915**

The notes to the financial statements are an integral part of this statement.

**PAT HARRISON WATERWAY DISTRICT**  
**A Component Unit of the State of Mississippi**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
For the Year Ended June 30, 2023

	<u><b>General Fund</b></u>
<b>REVENUES</b>	
County millage	\$ 2,090,227
Investment earnings	<u>109,022</u>
Total revenues	<u>2,199,249</u>
<b>EXPENDITURES</b>	
Personnel:	
Salaries and fringe benefits	616,660
Travel	41,981
Contractual services	489,687
Commodities	18,779
Subsidies, loans, and grants:	
Grants and emergency work project	<u>344,662</u>
Total expenditures	<u>1,511,769</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>687,480</u>
<b>OTHER FINANCING SOURCES (USES)</b>	
Transfers in (out)	<u>(400,000)</u>
Total other financing uses	<u>(400,000)</u>
Net change in fund balances	287,480
<b>Fund balance - beginning</b>	<u>4,781,313</u>
Prior period adjustment, Note 16	<u>(266)</u>
<b>Fund balance - beginning, restated</b>	<u>4,781,047</u>
<b>Fund balance - ending</b>	<u><u>\$ 5,068,527</u></u>

The notes to the financial statements are an integral part of this statement.

**PAT HARRISON WATERWAY DISTRICT**  
**A Component Unit of the State of Mississippi**  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO  
THE STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2023

<b>Net Change in Fund Balances - Total Government Funds</b>	<b>\$</b>	<b>287,480</b>
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	-	
Depreciation expense	(63,385)	
Excess of capital outlay over depreciation		(63,385)

Governmental funds report the entire net sales price (proceeds) from the sale of an asset as revenue. However, the statement of activities reports only the gain or loss on the sale. Thus, the change in net assets differs from the change in fund balance by the net book value of the asset sold.

(229)

Governmental funds report pension contributions as expenditures. However, the Statement of Activities reports pension expense and other activity related to net pension liability:

Pension contributions for governmental funds	126,580	
Pension expense for governmental funds	78,748	
		205,328

Governmental funds report OPEB contributions as expenditures. However, the Statement of Activities reports OPEB expense and other activity related to net OPEB liability:

OPEB contributions for governmental funds	2,416	
OPEB expense for governmental funds	19,286	
		21,702

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the funds:

Accrued expenses	(9,239)	
Right to use assets depreciation	(14,286)	
		(23,525)

<b>Changes in Net Assets of Governmental Activities</b>	<b>\$</b>	<b><u>427,371</u></b>
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The notes to the financial statements are an integral part of this statement.



## **PROPRIETARY FUNDS FINANCIAL STATEMENTS**

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**PAT HARRISON WATERWAY DISTRICT**  
**A Component Unit of the State of Mississippi**  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**  
June 30, 2023

	<b>Major Fund</b>		<b>Total Enterprise</b>
	<b>Recreation Fund</b>	<b>Timber Fund</b>	<b>Funds</b>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 1,411,098	638,607	2,049,705
Accounts receivable, net	16,390	-	16,390
Lease receivable	98,628	-	98,628
Due from other funds	44,979	-	44,979
Total current assets	<u>1,571,095</u>	<u>638,607</u>	<u>2,209,702</u>
Noncurrent assets:			
Investments	1,251,277	200,000	1,451,277
Lease receivable	50,522	-	50,522
Right to use leased assets, net of amortization	19,211	-	19,211
Capital assets:			
Land and construction in progress	73,167	-	73,167
Buildings and improvements, net	1,987,662	-	1,987,662
Equipment, net	427,236	-	427,236
Total noncurrent assets	<u>3,809,075</u>	<u>200,000</u>	<u>4,009,075</u>
Total assets	<u>5,380,170</u>	<u>838,607</u>	<u>6,218,777</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows of resources - pensions	275,774	-	275,774
Deferred outflows of resources - OPEB	14,312	-	14,312
Total deferred outflows of resources	<u>290,086</u>	<u>-</u>	<u>290,086</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	111,007	-	111,007
Salaries and benefits payable	115,499	-	115,499
Deposits payable	9,050	-	9,050
Accrued expenses	27,078	-	27,078
Compensated absences	7,443	-	7,443
Unearned revenue	30,750	-	30,750
Net OPEB liability	3,466	-	3,466
Leases payable	4,673	-	4,673
Total current liabilities	<u>308,966</u>	<u>-</u>	<u>308,966</u>
Noncurrent liabilities:			
Leases payable	14,964	-	14,964
Compensated absences	66,983	-	66,983
Net pension liability	1,663,908	-	1,663,908
Net OPEB liability	65,675	-	65,675
Total noncurrent liabilities	<u>1,811,530</u>	<u>-</u>	<u>1,811,530</u>
Total liabilities	<u>2,120,496</u>	<u>-</u>	<u>2,120,496</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources - pensions	466,090	-	466,090
Deferred inflows of resources - OPEB	56,143	-	56,143
Deferred inflows of resources - leases	141,883	-	141,883
Total deferred inflows of resources	<u>664,116</u>	<u>-</u>	<u>664,116</u>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	2,488,065	-	2,488,065
Unrestricted	397,579	838,607	1,236,186
Total net position	<u>\$ 2,885,644</u>	<u>838,607</u>	<u>3,724,251</u>

The notes to the financial statements are an integral part of this statement.

**PAT HARRISON WATERWAY DISTRICT**  
**A Component Unit of the State of Mississippi**  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
For the Year Ended June 30, 2023

	<b>Major Fund</b>		<b>Total Enterprise</b>
	<b>Recreation Fund</b>	<b>Timber Fund</b>	<b>Funds</b>
<b>OPERATING INCOME</b>			
Charges for services	\$ 2,991,727	-	2,991,727
Special assessment	10,449	-	10,449
Rents and concessions	106,193	-	106,193
Miscellaneous	40,820	-	40,820
Total operating revenues	<u>3,149,189</u>	<u>-</u>	<u>3,149,189</u>
<b>OPERATING EXPENSES</b>			
Personnel services:			
Salaries and fringe benefits	921,474	-	921,474
Travel	625	-	625
Contractual service	1,868,408	-	1,868,408
Commodities	1,023,088	-	1,023,088
Subsidies, loans and grants	6,442	-	6,442
Depreciation and amortization	<u>307,446</u>	<u>-</u>	<u>307,446</u>
Total operating expenses	<u>4,127,483</u>	<u>-</u>	<u>4,127,483</u>
Operating income (loss)	<u>(978,294)</u>	<u>-</u>	<u>(978,294)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Interest and investment earnings	20,120	2,093	22,213
Loss from sale of assets	(147)	-	(147)
Grant income	<u>2,260</u>	<u>-</u>	<u>2,260</u>
Total non-operating revenues	<u>22,233</u>	<u>2,093</u>	<u>24,326</u>
<b>TRANSFERS</b>			
Transfers in (out)	<u>1,100,000</u>	<u>(700,000)</u>	<u>400,000</u>
Total transfers	<u>1,100,000</u>	<u>(700,000)</u>	<u>400,000</u>
Change in net position	143,939	(697,907)	(553,968)
<b>Total net position - beginning</b>	<u>2,753,754</u>	<u>1,538,610</u>	<u>4,292,364</u>
Prior period adjustments, Note 16	<u>(12,049)</u>	<u>(2,096)</u>	<u>(14,145)</u>
<b>Total net position - beginning, restated</b>	<u>2,741,705</u>	<u>1,536,514</u>	<u>4,278,219</u>
<b>Total net position - ending</b>	<u>\$ 2,885,644</u>	<u>838,607</u>	<u>3,724,251</u>

The notes to the financial statements are an integral part of this statement.

**PAT HARRISON WATERWAY DISTRICT**  
**A Component Unit of the State of Mississippi**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For the Year Ended June 30, 2023

	<b>Major Fund</b>		<b>Total Enterprise Funds</b>
	<b>Recreation Fund</b>	<b>Timber Fund</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from customers	\$ 3,250,072	-	3,250,072
Payments to suppliers of goods and services	(3,041,880)	-	(3,041,880)
Payments to employees for services	(972,511)	-	(972,511)
Net cash provided (used) by operating activities	(764,319)	-	(764,319)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Transfers to (from) other funds	1,100,000	(700,000)	400,000
Grants	2,260	-	2,260
Net cash provided by noncapital financing activities	1,102,260	(700,000)	402,260
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Purchase and construction of capital assets	(186,898)	-	(186,898)
Net cash (used) by capital and related financing activities	(186,898)	-	(186,898)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest and dividends received	20,120	2,093	22,213
Net cash provided by investing activities	20,120	2,093	22,213
Net increase in cash and cash equivalents	171,163	(697,907)	(526,744)
Cash and cash equivalents:			
<b>Beginning of year</b>	1,239,935	1,336,514	2,576,449
<b>End of year</b>	<u>\$ 1,411,098</u>	<u>638,607</u>	<u>2,049,705</u>

The notes to the financial statements are an integral part of this statement.

**PAT HARRISON WATERWAY DISTRICT**  
**A Component Unit of the State of Mississippi**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For the Year Ended June 30, 2023

	<u>Major Fund</u>		<u>Total Enterprise Funds</u>
	<u>Recreation Fund</u>	<u>Timber Fund</u>	
<b>Reconciliation of operating income (loss) to net cash used by operating activities</b>			
Operating income (loss)	\$ (978,294)	-	(978,294)
Adjustments to reconcile operating income (loss) to net cash:			
Depreciation expense	307,446	-	307,446
(Increase) in current assets:			
Accounts receivable	86,981	-	86,981
Due (to) from other funds	(38,597)	-	(38,597)
Increase (decrease) in current liabilities:			
Accounts payable	(105,528)	-	(105,528)
Accrued liabilities	(72,495)	-	(72,495)
Unearned revenues	13,900	-	13,900
Compensated absences	<u>22,268</u>	<u>-</u>	<u>22,268</u>
Net cash provided (used) by operating activities	<u>\$ (764,319)</u>	<u>-</u>	<u>(764,319)</u>

The notes to the financial statements are an integral part of this statement.

## **NOTES TO BASIC FINANCIAL STATEMENTS**

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**PAT HARRISON WATERWAY DISTRICT**  
**A Component Unit of the State of Mississippi**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2023

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Pat Harrison Waterway District's (the District) financial statements are prepared in accordance with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989 have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. For enterprise funds, GASB Statement No's. 20 and 34 provide the District with the option of electing to apply FASB pronouncements issued after that date. The District has chosen not to apply those pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

**A. Financial Reporting Entity**

The District is a state agency reported as a component unit of the State of Mississippi. The District was created by an act of the Mississippi Legislature to bring about the full beneficial use of the surface and overflow waters of the Pascagoula River Basin. The counties comprising the District are Clarke, Covington, George, Greene, Jones, Lauderdale, Newton, Smith, Stone, and Wayne counties. Through preservation, conservation, storage, and regulation of these waters, the District's objectives of flood control, water supply, economic development, irrigation, pollution abatement, timber development, and recreation are to be achieved.

Funding for the District is primarily provided by the ten (10) member counties through millage assessments along with revenues generated by its water parks and related services, and interest earnings generated by its investments. As of the District's fiscal year ended June 30, 2023, funding from all counties was provided by a millage assessment of .875 mills for District operations.

The District does not have any component units as defined by Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, an *Amendment of GASB Statement No. 14*.

**B. Basis of Presentation**

**Government-Wide Financial Statements**

The statement of net position and statement of activities display information about the reporting government as a whole. They included all funds of the reporting entity except for fiduciary funds or component units that are fiduciary in nature. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The District does not allocate indirect expenses to function in the statement of activities. Program revenues include 1) charges to customer or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

**PAT HARRISON WATERWAY DISTRICT**  
**A Component Unit of the State of Mississippi**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2023

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Fund Financial Statements

Financial statements of the reporting entity are organized into funds each of which are considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, net position/fund equity, revenues, and expenditures/expenses.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The District reports the difference between its governmental fund assets and its liabilities and deferred inflows and outflows of resources as fund balance.

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. The proprietary funds are classified as enterprise funds.

Funds are organized as major funds or non-major funds within the governmental and proprietary statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

1. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are a least 10 percent of the corresponding total for all funds of that category or type, and
2. The same element of the individual governmental fund or enterprise fund that met the 10 percent test is a least 5 percent of the corresponding total for all governmental and enterprise funds combined.
3. In addition, any other governmental or enterprise fund that the District believes is particularly important to financial statement users may be reported as a major fund.

The District reports the following major funds:

*Major Governmental Funds*

- ◆ General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

*Major Enterprise Funds*

- ◆ Recreation and Timber funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that all costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purpose.

**PAT HARRISON WATERWAY DISTRICT**  
**A Component Unit of the State of Mississippi**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

Government-Wide Financial Statements

The government-wide statement of net position and statement of activities are reported 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 recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are received. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the fiscal year in which the resources are measurable and become available. Intergovernmental aids and grants are recognized as revenues in the period the District is entitled to the resources and the amounts are available. Amounts owed to the District which are not available are recorded as receivables and deferred revenues. Amounts received prior to the entitlement period are also recorded as deferred revenues.

Unearned revenues arise when resources are received before the District has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

Proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note.

**PAT HARRISON WATERWAY DISTRICT**  
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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The enterprise funds follow all pronouncements of the Governmental Accounting Standards Board. The proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Fund Equity**

**Cash and Cash Equivalents**

The District deposits excess funds in the financial institution selected by the Board of Directors. For purposes of cash flows, the District considers all highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents. All cash and cash equivalents are reported at their carrying amounts, which reasonably approximates fair value.

**Receivables**

All county notes, and other receivables are shown at their net realizable value. Management expects to collect entire amounts due and therefore has not established an allowance for uncollectible accounts.

Notes receivable in governmental funds consist of amounts that are not due to be collected in their entirety within the subsequent year.

**Lease Receivable**

The District's lease receivable is measured at the present value of lease payments expected to be received during the lease term.

A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in the amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

**Interfund Balances**

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/interfund payables." These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are reclassified and presented as internal balances.

**PAT HARRISON WATERWAY DISTRICT**  
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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Capital Assets**

General capital assets are those capital assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in governmental funds. The District reports these assets in the governmental activities column of the government-wide statement of net position but does not report these assets in the governmental fund financial statements. Capital position utilized by enterprise funds are reported both in the business-type activities column of the government-wide statement of net position and in the enterprise funds' statement of net position.

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

All reported capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	5 -30 years
Building improvements	5 - 25 years
Improvements other than buildings	5 - 50 years
Equipment	5 - 20 years
Finance leases	15 - 50 years

**Right to Use Assets**

The District has recorded the right to use lease assets as a result of implementing GASB 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until then. The District has deferred outflows which is presented as deferred outflows for pension and OPEB.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then. The District has deferred inflow which is presented as deferred inflows for pension, OPEB and leases.

**PAT HARRISON WATERWAY DISTRICT**  
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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Finance Leases**

Leases that substantially transfer all of the risks and benefits of ownership are accounted for as finance leases. Finance leases are included in capital assets and, where appropriate, are amortized over the shorter of their economic useful lives or lease terms. The related finance lease obligations are included in long-term liabilities in the government-wide statements.

**Compensated Absences**

Vacation benefits and sick leave are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means.

All compensated absences liabilities include salary-related payments, where applicable.

The District accrues accumulated unpaid vacation leave at the end of the fiscal year. The total compensated absence liability is reported on the government-wide financial statements. Proprietary funds report the total compensated liability in each individual fund at the fund reporting level. Governmental funds report the compensated liability at the fund reporting level only "when due". The non-current portion (the amount estimated to be used beyond the next fiscal year) for governmental funds is maintained separately and represents a reconciling item between the fund and government-wide presentations.

The District's policy allows employees to accumulate unused sick leave on an unlimited basis and vacation leave up to two years before reaching their vacation 'cap'. Upon termination, any accumulated vacation will be paid to the employee up to 240 hours. Any earned vacation hours in excess of 240 hours is certified and sent to the Public Employees Retirement System (PERS). Sick leave is not paid upon termination, however, any unused sick time is also certified and sent to PERS.

**Accrued Liabilities and Long-term Obligations**

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of these funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are "due for payment" during the current year. Capital leases are recognized as a liability in the governmental fund financial statements when due.

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issues is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

**PAT HARRISON WATERWAY DISTRICT**  
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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Postemployment Benefits Other than Pensions (OPEB)**

For purposes of measuring the net 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 and School Employees' Life and Health Plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB Plan. Fiduciary net position was \$1,049,208 as of the measurement date of June 30, 2022. For this purpose, the OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

**Net Position/Fund Equity**

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net position."

In the Government-Wide financial statements, the difference between the District's total assets and deferred outflows of resources, total liabilities and deferred inflows of resources represents net position. Net position displays three components:

1. Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings attributable to the acquisition, constructions or improvement of those assets.
2. Restricted net position - Consists of net position with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or law through constitutional provisions or enabling legislation.
3. Unrestricted net position - All other net position not meeting the definition of "restricted" or "invested in capital assets, net of related debt." Unrestricted net position represents the net position available for future operations.

Additionally, the District has adopted the provisions of GASB Statement No. 54, Fund Balance Reporting and Government Fund Type Definitions.

Generally, governmental fund balances represent the difference between assets and deferred outflows of resources, liabilities and deferred inflows of resources. Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

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

**PAT HARRISON WATERWAY DISTRICT**  
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**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2023

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

- ◆ Restricted - Includes amounts that have constraints placed upon the use of the resources either by external party such as creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through a constitutional provision or enabling legislation.
- ◆ Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action at the highest level of decision making authority. The Board of Directors, through formal action approved in the board minutes, commits fund balance amounts for the District.
- ◆ Assigned - Includes spendable amounts that are constrained to be used for a specific purpose, but are neither restricted nor committed. Fund balance is assigned through formal action by the Board of Directors for specific purposes. For governmental funds, other than the general fund, this is the residual amount within the fund that is not classified as nonspendable and is neither restricted nor committed.
- ◆ Unassigned - Is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds if expenditures incurred for specific purposes exceeded the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) resources are available, it is the District's general policy to use restricted resources first. When expenditures are incurred for purposes for which unrestricted (committed, assigned and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the District's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

The District does not have a minimum fund balance policy.

**Revenues**

Substantially all governmental fund revenues are accrued.

**Expenditures**

Expenditures are recognized when the related fund liability is incurred.

**Interfund Activity**

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after the non-operating revenues/expenses section in the proprietary funds. Repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them are not presented on the financial statements (i.e., they are netted).



**PAT HARRISON WATERWAY DISTRICT**  
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**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2023

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Transfers between governmental and business-type activities on the government-wide statement of activities are reported as general revenues. Transfers between funds reported in the governmental activities column are eliminated. Transfers between funds reported in the business-type activities column are eliminated.

**Estimates**

The preparation of the financial statement in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Deposits and Investments Laws and Regulations**

State law requires that all deposits in excess of FDIC insurance limits be 105% collateralized by U.S. Government obligations or by state municipal obligations that have a market value of not less than the principal amount of the deposits. The collateral for public entities' deposits in financial institutions are held in the name of the State Treasurer under a program established by the Mississippi State legislature and is governed by Section 27-1-5-5 Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial Institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation.

The District's deposits were fully collateralized as required by statutes at June 30, 2023.

**PAT HARRISON WATERWAY DISTRICT**  
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**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2023

**NOTE 3. DEPOSITS AND INVESTMENTS**

Deposits and investments are separately held by several funds of the District. Investments consist of certificates of deposit. The District deposits funds in financial institutions selected by the Board in accordance with Mississippi statutes.

Deposits (demand deposits and certificate of deposits) at June 30, 2023, are as follows:

	<b>Governmental Funds</b>	<b>Proprietary Funds</b>	<b>Government- Wide Statement of Net Assets</b>
Cash on hand	\$ -	1,600	1,600
Petty cash	-	1,100	1,100
Bank deposits	1,860,801	2,047,005	3,907,806
Investments	<u>5,452,751</u>	<u>1,451,277</u>	<u>6,904,028</u>
<b>Total</b>	<u><u>\$ 7,313,552</u></u>	<u><u>3,500,982</u></u>	<u><u>10,814,534</u></u>

The carrying amount of the District's deposits was \$10,811,834 and the bank balance was \$10,876,429. The bank balance is categorized as follows:

Amount collateralized with securities held in the State of Mississippi collateral pool on behalf of the District	\$ 8,532,553
Amounts held at various financial institutions covered under Federal Depository Insurance	<u>2,343,876</u>
	<u><u>\$ 10,876,429</u></u>

At June 30, 2023, the District holds certificate of deposits, classified above as investments, as follows:

First State Bank, Laurel, Mississippi; matures November 7, 2023; interest at 3.23%	\$ 206,531
First State Bank, Laurel, Mississippi; matures February 8, 2024; interest at 4.00%	200,663
First State Bank, Laurel, Mississippi; matures February 8, 2024; interest at 4.00%	321,023
First State Bank, Laurel, Mississippi; matures November 16, 2023; interest at 3.23%	750,000
Bank of Wiggins, Wiggins, Mississippi; matures October 26, 2023; interest at 1.00%	100,000
Bank of Wiggins, Wiggins, Mississippi; matures November 9, 2023; interest at 1.50%	71,277
First Bank, McComb, Mississippi; matures October 2, 2023; interest at 2.25%	500,154
Community Bank, Hattiesburg, Mississippi; matures October 14, 2023; interest at 1.30%	210,000
Bank First, Columbus, Mississippi; matures October 6, 2023; interest at 3.50%	50,000
Bank First, Columbus, Mississippi; matures October 6, 2023; interest at 3.50%	200,000
Priority One Bank, Collins, Mississippi; matures January 28, 2024; interest at 4.15%	300,000
Priority One Bank, Collins, Mississippi; matures February 20, 2024; interest at 4.00%	600,000
First State Bank, Laurel, Mississippi; matures February 8, 2024; interest at 4.00%	255,000
The First, Wiggins, Mississippi; matures May 6, 2024; interest at 4.00%	525,000
The First, Wiggins, Mississippi; matures June 18, 2024; interest at 4.00%	750,000
First Bank, McComb, Mississippi; matures February 27, 2024; interest at 2.25%	1,653,181
Trustmark, Jackson, Mississippi; matures July 7, 2024; interest at 0.04%	<u>211,199</u>
<b>Total certificate of deposits</b>	<u><u>\$ 6,904,028</u></u>

**PAT HARRISON WATERWAY DISTRICT**  
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**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2023

**NOTE 3. DEPOSITS AND INVESTMENTS (continued)**

In total, \$6,904,028, of funds were set aside for investment purposes in the form of certificates of deposit. \$655,000 has been designated as a maintenance reserve fund. \$2,364,316 has been designated as a reserve for county projects. \$1,653,181 has been designated as a reserve for the potential purchase of an office building at the end of the District's current lease. \$706,685 is reserved for the County fund, and \$200,000 for the Timber Fund. The remaining \$1,324,846 invested is available for recreational activities.

**NOTE 4. CONCENTRATIONS OF CREDIT RISK**

**Credit Risk**

Pat Harrison Waterway District's investment policy, in compliance with State statutes, authorizes the Treasurer to invest monies in the following:

- Negotiable certificates of deposit
- Obligations of federal agencies or U.S. government-sponsored enterprises
- Obligations of the U.S. Treasury
- Repurchase and reverse repurchase agreements

As mentioned above, at June 30, 2023, the District only holds certificates of deposit.

**Custodial Credit Risk - Deposits**

Custodial credit risk is the risk that in the event of the failure of a financial institution, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The District does not have a formal policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the District. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the District.

**NOTE 5. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2023, was as follows:

	Primary Government		
	Beginning Balances	Increases	Decreases / Adjustments
			Ending Balances
<b>Governmental Activities:</b>			
Capital assets not being depreciated:			
Land	\$ 1,829,666	-	- 1,829,666
Capital assets being depreciated:			
Buildings and improvements	6,496,866	-	- 6,496,866
Equipment	1,904,671	-	(2,285) 1,902,386
Total capital assets being depreciated	8,401,537	-	(2,285) 8,399,252
Less accumulated depreciation for:			
Buildings and improvements	5,726,682	63,385	- 5,790,067
Equipment	1,772,777	-	(2,057) 1,770,720
Total accumulated depreciation	7,499,459	63,385	(2,057) 7,560,787
Total capital assets being depreciated, net	902,078	(63,385)	(228) 838,465
Total governmental activities capital assets, net	\$ 2,731,744	(63,385)	(228) 2,668,131

**PAT HARRISON WATERWAY DISTRICT**  
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**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2023

**NOTE 5. CAPITAL ASSETS (Continued)**

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases / Adjustments</u>	<u>Ending Balances</u>
<b>Business-type Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 4,500	-	-	4,500
Construction in progress	68,667	-	-	68,667
Capital assets being depreciated:				
Buildings and improvements	12,844,792	96,451	-	12,941,243
Equipment	<u>1,901,645</u>	<u>90,447</u>	<u>(2,376)</u>	<u>1,989,716</u>
Total capital assets being depreciated:	<u>14,746,437</u>	<u>186,898</u>	<u>(2,376)</u>	<u>14,930,959</u>
Less accumulated depreciation for:				
Buildings and improvements	10,783,409	170,172	-	10,953,581
Equipment	<u>1,427,435</u>	<u>137,274</u>	<u>(2,229)</u>	<u>1,562,480</u>
Total accumulated depreciation	<u>12,210,844</u>	<u>307,446</u>	<u>(2,229)</u>	<u>12,516,061</u>
Total capital assets being depreciated, net	<u>2,535,593</u>	<u>(120,548)</u>	<u>(147)</u>	<u>2,414,898</u>
 Total business-type activities capital assets, net	 <u>\$ 2,608,760</u>	 <u>(120,548)</u>	 <u>(147)</u>	 <u>2,488,065</u>
 <b>Primary Government</b>				
<b>Total capital assets, net</b>	 <u>\$ 5,340,504</u>	 <u>(183,933)</u>	 <u>(375)</u>	 <u>5,156,196</u>

Depreciation expense was charged to programs for the year ended June 30, 2023, as follows:

Governmental activities:	
General government	\$ 63,385
Business-type activities:	
Recreation	<u>307,446</u>
<b>Total depreciation expense</b>	<u>\$ 370,831</u>

A summary of construction-in-progress transactions for the year ended June 30, 2023, follows:

<u>Construction In-Progress</u>	<u>Expended through June 30, 2023</u>	<u>Remaining Commitment</u>
<b>Governmental Activities:</b>		
<b>Business-type Activities:</b>		
Flint Creek Horse Trail	\$ 68,667	521,016
<b>Total business-type activities</b>	<u>\$ 68,667</u>	<u>521,016</u>

**PAT HARRISON WATERWAY DISTRICT**  
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**NOTE 6. RIGHT TO USE LEASED ASSETS**

The District has recorded nine right to use leased assets. The assets are right to use assets for office buildings and leased copiers. The office buildings rent was prepared in advance and, therefore, there is no related liability. The related leases are discussed in the Leases subsection of Note 8. The right to use leased assets are amortized on a straight-line basis over the terms of the related leases.

Right to use asset activity for the year ended June 30, 2023, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases / Adjustments</u>	<u>Ending Balances</u>
<b>Governmental Activities:</b>				
Right to use assets				
Office building	\$ 100,000	-	-	100,000
Total right to use assets	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>100,000</u>
Less accumulated amortization for:				
Office building	(57,143)	(14,286)	-	(71,429)
Total accumulated amortization	<u>(57,143)</u>	<u>(14,286)</u>	<u>-</u>	<u>(71,429)</u>
Right to use assets, net	<u>\$ 42,857</u>	<u>(14,286)</u>	<u>-</u>	<u>28,571</u>
<b>Business-type Activities:</b>				
Right to use assets				
Leased copiers	\$ 11,168	20,596	-	31,764
Total right to use assets	<u>11,168</u>	<u>20,596</u>	<u>-</u>	<u>31,764</u>
Less accumulated amortization for:				
Leased copiers	(5,583)	(6,970)	-	(12,553)
Total accumulated amortization	<u>(5,583)</u>	<u>(6,970)</u>	<u>-</u>	<u>(12,553)</u>
Right to use assets, net	<u>\$ 5,585</u>	<u>13,626</u>	<u>-</u>	<u>19,211</u>

**NOTE 7. ACCOUNTS PAYABLE**

Payables are composed of amounts due to vendors within 60 days of year end and accrued salaries and benefits.

**PAT HARRISON WATERWAY DISTRICT**  
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For the Year Ended June 30, 2023

**NOTE 8. LONG-TERM LIABILITIES**

Long-term liability activity for the year ended June 30, 2023, is shown as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
<b>Governmental Activities:</b>					
Compensated absences	\$ 45,513	6,360	-	51,873	-
Net pension liability	1,338,447	-	120,645	1,217,802	-
Net OPEB liability	73,189	-	24,998	48,191	2,416
Total governmental activities long-term liabilities	<u>\$ 1,457,149</u>	<u>6,360</u>	<u>145,643</u>	<u>1,317,866</u>	<u>2,416</u>
<b>Business-Type Activities</b>					
Lease payable	\$ 5,824	20,597	6,784	19,637	4,673
Compensated absences	52,158	22,268	-	74,426	7,443
Net pension liability	1,617,640	46,268	-	1,663,908	-
Net OPEB liability	91,706	-	22,565	69,141	3,466
Total business-type activities long-term liabilities	<u>\$ 1,761,504</u>	<u>89,133</u>	<u>29,349</u>	<u>1,827,112</u>	<u>15,582</u>

**Leases Payable**

The District has entered into agreements to lease office space and copiers. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

The first agreement was executed in fiscal year 2018, to lease office space from the Mississippi Department of Finance and Administration for a period of seven years. The District paid \$100,000 at the inception of the lease to cover rent for the entire term of the lease. As a result of the lease, the District has recorded a right to use asset with a net book value of \$28,571 at June 30, 2023. The right to use asset is discussed in more detail in Notes 1 and 6.

The second agreement was executed on November 1, 2019, to lease a copier and requires 48 monthly payments of \$25. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 10.52%, which is the implicit rate received from the lessor. As a result of the lease, the District has recorded a right to use asset with a net book value of \$28,571 at June 30, 2023. The right to use asset is discussed in more detail in Notes 1 and 6.

The third agreement was executed on November 1, 2019, to lease a copier and requires 48 monthly payments of \$61. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 10.52%, which is the implicit rate received from the lessor. As a result of the lease, the District has recorded a right to use asset with a net book value of \$653 at June 30, 2023. The right to use asset is discussed in more detail in Notes 1 and 6.

The fourth agreement was executed on February 1, 2021, to lease a copier and requires 48 monthly payments of \$23. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 10.52%, which is the implicit rate received from the lessor. As a result of the lease, the District has recorded a right to use asset with a net book value of \$235 at June 30, 2023. The right to use asset is discussed in more detail in Notes 1 and 6.

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**NOTE 8. LONG-TERM LIABILITIES (Continued)**

The fifth agreement was executed on February 1, 2021, to lease a copier and requires 48 monthly payments of \$23. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 10.52%, which is the implicit rate received from the lessor. As a result of the lease, the District has recorded a right to use asset with a net book value of \$11,290 at June 30, 2023. The right to use asset is discussed in more detail in Notes 1 and 6.

The sixth agreement was executed on March 1, 2023, to lease a copier and requires 48 monthly payments of \$23. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 10.52%, which is the implicit rate received from the lessor. As a result of the lease, the District has recorded a right to use asset with a net book value of \$11,290 at June 30, 2023. The right to use asset is discussed in more detail in Notes 1 and 6.

The seventh agreement was executed on March 1, 2023, to lease a copier and requires 48 monthly payments of \$23. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 10.52%, which is the implicit rate received from the lessor. As a result of the lease, the District has recorded a right to use asset with a net book value of \$11,290 at June 30, 2023. The right to use asset is discussed in more detail in Notes 1 and 6.

The eighth agreement was executed on April 1, 2023, to lease a copier and requires 48 monthly payments of \$114. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 10.52%, which is the implicit rate received from the lessor. As a result of the lease, the District has recorded a right to use asset with a net book value of \$11,290 at June 30, 2023. The right to use asset is discussed in more detail in Notes 1 and 6.

The ninth agreement was executed on May 1, 2023, to lease a copier and requires 48 monthly payments of \$276. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 10.52%, which is the implicit rate received from the lessor. As a result of the lease, the District has recorded a right to use asset with a net book value of \$11,290 at June 30, 2023. The right to use asset is discussed in more detail in Notes 1 and 6.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2023, were as follows:

Year ended June 30, :	Principal Payments	Interest Payments	Total
2024	\$ 5,563	1,369	6,932
2025	5,434	921	6,355
2026	5,540	488	6,028
2027	3,100	77	3,177
Total	<u>\$ 19,637</u>	<u>2,855</u>	<u>22,492</u>

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**NOTE 9. INTERFUND BALANCES**

Interfund balances at June 30, 2023, consisted of the following:

		DUE TO :				
		Governmental Activities		Business-Type Activities		
			Other		Other	
		General Fund	Governmental Funds	Recreation Fund	Enterprise Funds	Total
DUE FROM:						
Governmental Activities:						
	General Fund	\$ -	-	44,979	-	44,979
Total		\$ -	-	44,979	-	44,979

**NOTE 10. INTERFUND TRANSFERS**

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to (b) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

At June 30, 2023, transfers to/from other funds consist of the following:

Transfer from General Fund to Recreation Fund for expenditures paid on behalf of the General Fund	\$ 400,000
Transfer from Timber Fund to the Recreation Fund for expenditures paid on behalf of the General Fund	700,000
<b>Total Transfers to/from other funds</b>	<b>\$ 1,100,000</b>



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**NOTE 11. PENSION PLAN**

**Public Employees' Retirement System of Mississippi (PERS)**

**Plan Description**

Pat Harrison Waterway District contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. Section 25-11-1 et seq., (1972, as amended) and may be amended only by the Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report is available at [www.pers.ms.gov](http://www.pers.ms.gov).

**Benefits Provided**

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

**Contributions**

PERS members are required to contribute 9.00% of their annual covered salary and Pat Harrison Waterway District is required to contribute at an actuarially determined rate. The employer's rate as of June 30, 2023 was 17.40% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature.

Pat Harrison Waterway District's contribution to PERS for the year ended June 30, 2023, 2022, and 2021 was \$185,780, \$172,683 and \$188,962, respectively, equal to the required contributions for each year.

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**NOTE 11. PENSION PLAN (continued)**

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

At June 30, 2023, the District reported a liability of \$2,881,710 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, 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 a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2022, the District's proportion was 0.014 percent, which was a decrease of .06 percent from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the District recognized pension expense of \$(126,580) in the governmental activities and \$73,486 in business-type activities for a total pension expense of \$(53,094). At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experiences	\$ 40,803	-
Changes of assumptions	99,667	-
Net difference between projected and actual earnings on pension plan investments	151,361	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	807,218
District contributions subsequent to the measurement date	185,780	-
<b>Total</b>	<b>\$ 477,611</b>	<b>807,218</b>

\$185,780 reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended June 30, :</b>		
2024	\$	(211,576)
2025		(228,231)
2026		(231,950)
2027		156,370
2028		-
Thereafter		-
<b>Total</b>	<b>\$</b>	<b>(515,387)</b>

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**NOTE 11. PENSION PLANS (continued)**

**Actuarial assumptions**

The total pension liability was determined by an actuarial valuation as of June 30, 2021 and a measurement date determined as of June 30, 2022 using standard rollforward techniques, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	2.65 - 17.90%, average, including inflation
Investment rate of return	7.55%, net of pension plan investments expense, including inflation

Mortality rates were based on the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 95% of male rates up to age 60, 110% for ages 61 to 75 and 101% for ages above 77. For females, 84% of female rates up to age 72 and 100% for ages above 76. Mortality rates for disability retirees were based on the PubG.H-2010 Disabled Table adjusted 134% for males and 121% for females. Mortality rates for Contingent Annuitants were based on the PubS.H-2010(B) Contingent Annuitant Table, adjusted 97% for males and 110% for females. Mortality rates will be projected generationally using the MP-2020 projection scale to account for future improvements in life expectancy.

The actuarial assumptions used for the purposes of determining the TPL were based on the results of an actuarial experience study for the period July 1, 2016 to June 30, 2020. The experience report is dated April 20, 2021.

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, 2022, are summarized in the following table:

<b>Asset class</b>	<b>Target Allocation</b>	<b>Long-term expected real rate of return</b>
Domestic equity	27.00 %	4.60
International equity	22.00	4.50
Global equity	12.00	4.80
Debt securities	20.00	(0.25)
Real estate	10.00	3.75
Private equity	8.00	6.00
Cash equivalents	1.00	(1.00)
<b>Total</b>	<b>100.00 %</b>	

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**NOTE 11. PENSION PLANS (continued)**

**Discount Rate**

The discount rate used to measure the total pension liability was 7.55%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current employer contribution rate (17.40%). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.55%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.55%) or 1-percentage-point higher (8.55%) than the current rate:

	<b>1% Decrease (6.55%)</b>	<b>Current Discount Rate (7.55%)</b>	<b>1% Increase (8.55%)</b>
District's proportionate share of the net pension liability	\$ 3,760,925	2,881,710	2,156,841

**Pension plan fiduciary net position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

**NOTE 12. OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

**General Information about the OPEB Plan**

**Plan description**

State law mandates that all state, public education, library, junior and community college and retiring employees be offered health and life benefit coverage through the State and School Employees' Life and Health Insurance Plan (the Plan). The Plan was established by Section 25-15-3 et seq., Mississippi Code Ann. (1972), which may be amended only by the State Legislature. The State and School Employees' Health Insurance Management Board (the Board) administers the Plan. The Board has the sole legal authority to promulgate rules and regulations governing the operations of the Plan within the confines of the law governing the Plan. The Plan is self-insured and is financed through premiums collected from employers, employees, retirees and COBRA participants. The Plan provides for Other Postemployment Benefits (OPEB) as a multiple-employer defined benefit OPEB plan. The plan issues a publicly available financial report that can be obtained at <http://knowyourbenefits.dfa.ms.gov/>.

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**NOTE 12. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)**

**Benefits provided**

The Plan was formed by the State Legislature to provide group health and life benefits to full-time active and retired employees of the State, agencies, universities, community/junior colleges, public school districts and public libraries. In addition, the spouse and/or children of covered employees and retirees, as well as surviving spouses and COBRA participants, may be eligible for health insurance coverage under the Plan. Benefits of the OPEB Plan consist of an implicit rate subsidy, which is essentially the difference between the average cost of providing health care benefits to retirees under age 65 and the average cost of providing health care benefits to all participants when premiums paid by retirees are not age adjusted. Employees' premiums are funded primarily by their employers. Retirees must pay their own premiums, as do active employees for spouse and dependent medical coverage. The Board has the sole authority for setting life and health insurance premiums for the Plan. Per Section 12-15-15 (10) Mississippi Code Ann. (1972), a retired employee electing to purchase retiree life and health insurance must pay the full cost of such insurance premium. If the Board determined actuarially that the premium paid by the participating retirees adversely affects the overall cost of the Plan to the State, then the Board may impose a premium surcharge, not to exceed 15%, upon such participating retired employees who are under the age for Medicare eligibility and who are initially employed before January 1, 2006. For participating retired employees who are under the age for Medicare eligibility and who are initially employed on or after January 1, 2006, the Board may impose a premium surcharge in an amount the Board determined actuarially to cover the full cost of insurance. The Plan offers a Base option and a Select option for health benefits for non-Medicare participants. The Plan includes a separate coverage level for Medicare eligible retirees, Medicare Eligible surviving spouses, and Medicare eligible dependents of retirees and surviving spouses.

**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. Pat Harrison Waterway District's contribution to OPEB for the year ended June 30, 2023, 2022, and 2021 was \$5,882, \$4,782, and \$6,628, respectively, equal to the required contributions for each year.

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

At June 30, 2023, the District reported a liability of \$117,332 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, 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. The 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, 2022, the District's proportion was 0.0238 percent. This was a decrease of 0.0018 percent from the proportionate share as of the measurement date of June 30, 2021.

For the year ended June 30, 2023, the District recognized OPEB expense of \$(11,894) in the governmental activities and \$(17,064) in business-type activities for a total OPEB expense of \$(28,958). At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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**NOTE 12. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)**

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 97	50,833
Changes of assumptions	18,300	10,863
Net difference between projected and actual earnings on OPEB plan investments	8	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	33,579
District contributions subsequent to the measurement date	<u>5,882</u>	<u>-</u>
<b>Total</b>	<u><u>\$ 24,287</u></u>	<u><u>95,275</u></u>

\$5,882 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 ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year Ended June 30,:</b>		
2024	\$	(22,819)
2025		(17,900)
2026		(15,852)
2027		(11,520)
2028		(6,269)
Thereafter		<u>(2,510)</u>
<b>Total</b>	<b>\$</b>	<u><u>(76,870)</u></u>

**Actuarial assumptions**

The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.40%
Salary increases	2.65-17.90%, including wage inflation
Municipal Bond Index Rate	
Measurement Date	3.37%
Prior Measurement Date	2.13%
Year FNP is projected to be depleted	
Measurement Date	2022
Prior Measurement Date	2021
Single Equivalent Interest Rate, net of OPEB plan investment expense, including inflation	
Measurement Date	3.37%
Prior Measurement Date	2.13%

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**NOTE 12. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)**

Health Care Cost Trends

Medicare Supplement Claims  
Pre-Medicare

7.00% for 2023 decreasing to an ultimate rate of 4.50%  
by 2029 FYE

Mortality rates were based on PubS H-2010(b) Retiree Table with the following adjustments: For males, 95% of male rates up to age 60, 110% for ages 61 to 75, and 101% for ages above 77. For females, 84% of the female rates up to age 72 and 100% for ages above 76. Mortality rates for disability retirees were based on the PubG.H-2010 Disabled Table adjusted 134% for males and 121% for females. Mortality rates for Contingent Annuitants were based on the PubS.H-2010(B) Contingent Annuitant Table, adjusted 97% for males and 110% for females. Mortality rates will be projected generationally using the MP-2020 projection scale to account for future improvements in life expectancy.

The demographic actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study dated April 20, 2021.

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, 2022 valuation were based on a review of recent plan experience done concurrently with the June 30, 2022 valuation.

**Discount rate**

The discount rate used to measure the total OPEB liability at June 30, 2022 was 3.37%. Since the Prior Measurement Date, the Discount Rate has changed from 2.13% to 3.37%.

The trust was established on June 28, 2018, with an initial contribution of \$1,000,000. As of June 30, 2022, the trust has \$1,049,208. The fiduciary net position is projected to be depleted immediately, therefore, the Municipal Bond Index Rate is used in the determination of the discount rate for both the June 30, 2021 and the June 30, 2022 total OPEB liability. The discount rate used to measure the total OPEB liability at June 30, 2022 was based on a monthly average of the Bond Buyers General Obligation 20-year Municipal Bond Index Rate.

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

The following presents the District's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.37%) or 1-percentage-point higher (4.37%) than the current discount rate:

	<b>1% Decrease (2.37%)</b>	<b>Discount Rate (3.37%)</b>	<b>1% Increase (4.37%)</b>
Net OPEB liability	\$ 129,256	117,332	107,090

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**NOTE 12. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)**

**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:

	<b>Healthcare Cost Trend Rates</b>		
	<b>1% Decrease</b>	<b>Current</b>	<b>1% Increase</b>
Net OPEB liability	\$ 109,169	117,332	126,519

**OPEB plan fiduciary net position**

The fiduciary net position for the OPEB plan was \$1,049,208 as of June 30, 2022, the measurement date. Detailed information about the OPEB plan's fiduciary net position is available in the separately issued OPEB financial report.

**NOTE 13. RAINCHECKS**

Pat Harrison Waterway District offers rainchecks to campers and visitors upon request. Rainchecks have an expiration date of one year from the date of issuance. The District has not included the effects of outstanding rainchecks in the accompanying financial statements. The total outstanding rainchecks at June 30, 2023, was \$39,819. It is the experience of the District that approximately thirty-five percent (35%) of outstanding rainchecks will be presented for usage. As such, the District expects rainchecks totaling approximately \$13,937 to be presented during the next fiscal period.

**NOTE 14. COMMITMENTS AND CONTINGENCIES**

**Related Party Transactions**

No known transaction requiring disclosure occurred between the District and its employees or elected officials.

**Litigation**

Various claims and lawsuits are pending against the District. While the District cannot predict the results of any litigation, legal counsel for the District believes that it has meritorious defenses for those actions, proceedings, and claims, or they are without merit or are of such kind, or involve such amounts, that unfavorable dispositions are not covered by insurance resulting from such litigation would not materially affect the financial position of Pat Harrison Waterway District.

**Contractual Obligations**

The District has entered multiple contracts with the United States Department of the Interior and the United States Department of Agriculture that require the District to operate and maintain its recreational parks in perpetuity or until the parks are no longer useful. The District estimates the future cost to operate and maintain the parks in perpetuity will exceed \$100,000,000. These costs will be expensed as incurred.



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**NOTE 15. OTHER NOTES**

**Lease Receivable**

In January 2014, the District entered into a lease with a campground vendor. Under the lease, the campground vendor pays the District an escalating amount per month, as defined in the lease agreement, for 10 years in exchange for operating its business at Little Black Creek. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 3.24%, which is the applied rate in the agreement.

In the fiscal year 2023, the District recognized \$94,589 of lease revenue and \$6,509 of interest revenue under the lease.

**Effect of Deferred Amounts on Net Position**

The unrestricted net position amount of \$4,846,970 includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. A portion of the deferred outflows of resources related to pension in the amount of \$185,780 resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. The \$291,831 balance of deferred outflow of resources, at June 30, 2023 will be recognized as an expense and will decrease the unrestricted net position over the next four years.

The unrestricted net position amount of \$4,846,970 includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The \$807,218 balance of the deferred inflow of resources at June 30, 2023 will be recognized as revenue and increase unrestricted net position over the next three years.

The unrestricted net position amount of \$4,846,970 includes the effect of deferring the recognition of expenses resulting from a deferred outflow from OPEB. A portion of the deferred outflows of resources related to OPEB in the amount of \$5,882 resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. The \$18,405 balance of deferred outflow of resources, at June 30, 2023 will be recognized as an expense and will decrease the unrestricted net position over the next six years.

The unrestricted net position amount of \$4,846,970 includes the effect of deferring the recognition of revenue resulting from a deferred inflow from OPEB. The \$95,275 balance of deferred inflow of resources at June 30, 2023 will be recognized as a revenue and will increase the unrestricted net position over the next six years.

The unrestricted net position amount of \$4,846,970 includes the effect of deferring the recognition of revenue resulting from a deferred inflow from leases. The \$141,883 balance of deferred inflow of resources at June 30, 2023 will be recognized as a revenue and will increase the unrestricted net position in the year ended June 30, 2024.

**PAT HARRISON WATERWAY DISTRICT**  
**A Component Unit of the State of Mississippi**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2023

**NOTE 15. OTHER NOTES (Continued)**

**Risk Management**

The State of Mississippi has elected to retain most exposure to risk, including health and life benefits, tort liability, unemployment benefits and workers compensation benefits. The District contributes to the State's internal service risk management fund based on actuarially determined assessments and premiums charged by the State.

**NOTE 16. PRIOR PERIOD ADJUSTMENT**

A prior period adjustment of \$(14,411) was made to correct June 30, 2022 net assets related to the following:

<b>Net position, June 30, 2022, as originally presented</b>	<b>\$ 10,144,174</b>
To correct the overstatement of cash	(109,191)
To correct the understatement of accounts payable	(12,049)
To correct the overstatement of county projects liability	<u>106,829</u>
<b>Net position, June 30, 2022, as restated</b>	<b><u>\$ 10,129,763</u></b>

**NOTE 17. SUBSEQUENT EVENTS**

Events that occur after the statement of net assets date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement of net position date are recognized in the accompanying financial statements. Subsequent events that provide evidence about conditions that existed after the statement of net position date require disclosure in the accompanying notes. Management of the District evaluated the activity of the entity through October 19, 2023, the date of issuance of the financial statements and noted the following subsequent events:

- In October 2023, the Board of Directors approved to remove the other liabilities for county projects previously approved in Lamar and Forrest Counties due to their withdrawal from the District. This action has been recognized in the accompanying financial statements.
- Forrest County Chancery Court approved the admittance of Kemper County into the District.

## **REQUIRED SUPPLEMENTARY INFORMATION**

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**PAT HARRISON WATERWAY DISTRICT**  
**A Component Unit of the State of Mississippi**  
**BUDGETARY COMPARISON SCHEDULE**  
**ALL FUNDS**  
For the Year Ended June 30, 2023  
**UNAUDITED**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual (Budgetary Basis)</b>	<b>Variance with Final Budget Over (Under)</b>
<b>REVENUES</b>				
Recreation	\$ 4,306,944	4,306,944	3,149,189	(1,157,755)
County millage	1,038,483	1,038,483	2,090,227	1,051,744
Other revenues	<u>229,870</u>	<u>229,870</u>	<u>133,348</u>	<u>(96,522)</u>
<b>Total revenues</b>	<u>5,575,297</u>	<u>5,575,297</u>	<u>5,372,764</u>	<u>(202,533)</u>
<b>EXPENDITURES</b>				
Personnel services:				
Salaries and fringe benefits	1,087,959	1,087,959	1,538,134	450,175
Travel	41,310	41,310	42,606	1,296
Contractual services	2,000,000	2,000,000	2,358,095	358,095
Commodities	684,604	684,604	1,041,867	357,263
Capital outlay				
Other than equipment	650,000	650,000	96,451	(553,549)
Equipment	157,464	157,464	90,447	(67,017)
Subsidies, loans, and grants	<u>953,960</u>	<u>953,960</u>	<u>351,104</u>	<u>(602,856)</u>
<b>Total expenditures</b>	<u>5,575,297</u>	<u>5,575,297</u>	<u>5,518,704</u>	<u>(56,593)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(145,940)</u>	<u>(145,940)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	400,000	400,000
Transfers out	<u>-</u>	<u>-</u>	<u>(400,000)</u>	<u>(400,000)</u>
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>(145,940)</u>	<u>(145,940)</u>
<b>Fund balance - beginning</b>			<u>9,059,266</u>	
<b>Fund balance - ending</b>			<u>\$ 8,913,326</u>	
<b><u>Differences between budgetary and GAAP fund balance:</u></b>				
<b>Fund Balance, end of year (Budgetary Basis)</b>			\$	8,913,326
Depreciation on GAAP basis				(307,446)
Capital outlay on budgetary basis				<u>186,898</u>
<b>Fund Balance, end of year (GAAP)</b>			<u>\$</u>	<u>8,792,778</u>

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

**PAT HARRISON WATERWAY DISTRICT**  
**A Component Unit of the State of Mississippi**  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE  
NET PENSION LIABILITY\*  
Public Employees Retirement System of Mississippi  
Last 10 Fiscal Years (Only 9 Years Shown)\*\*  
UNAUDITED

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability (asset)	0.014 %	0.02 %	0.02 %	0.02 %	0.02 %	0.02 %	0.02 %	0.02 %	0.03 %
District's proportionate share of the net pension liability (asset)	\$ 2,881,710	\$ 2,956,087	3,871,767	3,518,395	3,326,594	3,324,679	3,572,500	3,423,766	3,019,976
District's covered payroll	\$ 992,432	\$ 1,085,989	1,137,689	1,119,035	1,198,310	1,242,581	1,279,453	1,383,755	1,520,289
District's proportionate share of the collective net pension liability as a percentage of its covered payroll	290.37 %	272.20 %	340.32 %	314.41 %	277.61 %	267.56 %	279.22 %	247.43 %	198.64 %
Plan fiduciary net position as a percentage of the total pension liability	59.93 %	70.44 %	58.97 %	61.59 %	62.54 %	57.47 %	57.47 %	61.70 %	67.21 %

\*The amounts presented for each fiscal year were determined as of the measurement date of June 30 of the prior year to the fiscal year presented.

\*\*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

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

**PAT HARRISON WATERWAY DISTRICT**  
**A Component Unit of the State of Mississippi**  
**SCHEDULE OF DISTRICT CONTRIBUTIONS - PERS**  
Public Employees Retirement System of Mississippi  
Last 10 Fiscal Years (Only 9 Years Shown)\*\*  
**UNAUDITED**

	<u><b>2023</b></u>	<u><b>2022</b></u>	<u><b>2021</b></u>	<u><b>2020</b></u>	<u><b>2019</b></u>	<u><b>2018</b></u>	<u><b>2017</b></u>	<u><b>2016</b></u>	<u><b>2015</b></u>
Contractually required contribution	\$ 185,780	\$ 172,683	188,962	197,957	176,248	188,734	195,707	201,515	217,942
Contributions in relation to the contractually required contribution	<u>(185,780)</u>	<u>(172,683)</u>	<u>(188,962)</u>	<u>(197,957)</u>	<u>(176,248)</u>	<u>(188,734)</u>	<u>(195,707)</u>	<u>(201,515)</u>	<u>(217,942)</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
District's covered payroll	\$ 1,067,703	\$ 992,432	1,137,689	1,137,689	1,119,035	1,198,310	1,242,581	1,279,453	1,383,755
Contributions as a percentage of covered payroll	17.40 %	17.40 %	16.61 %	17.40 %	15.75 %	15.75 %	15.75 %	15.75 %	15.75 %

\*\*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

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

**PAT HARRISON WATERWAY DISTRICT**  
**A Component Unit of the State of Mississippi**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF**  
**THE NET OPEB LIABILITY\***  
**Last 10 Fiscal Years (Only 6 Years Shown)\*\***  
**UNAUDITED**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of the net OPEB liability (asset)	0.0238 %	0.0256 %	0.0269 %	0.0272 %	0.0301 %	0.0317 %
District's proportionate share of the net OPEB liability (asset) \$	117,332	164,895	209,059	222,566	223,449	237,805
District's covered-employee payroll \$	992,432	1,085,989	1,137,689	1,119,035	1,198,310	1,242,581
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	11.82 %	15.18 %	18.38 %	19.89 %	18.65 %	19.14 %
Plan fiduciary net position as a percentage of the total OPEB liability	0.21 %	0.16 %	0.12 %	0.12 %	0.13 %	- %

\*The amounts presented for each fiscal year were determined as of the measurement date of June 30 of the prior year to the fiscal year presented.

\*\*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

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



**PAT HARRISON WATERWAY DISTRICT**  
**A Component Unit of the State of Mississippi**  
**SCHEDULE OF DISTRICT CONTRIBUTIONS - OPEB**  
Last 10 Fiscal Years (Only 6 Years Shown)\*\*  
**UNAUDITED**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 5,882	\$ 4,782	6,628	8,337	9,225	10,589
Contributions in relation to the contractually required contribution	<u>(5,882)</u>	<u>(4,782)</u>	<u>(6,628)</u>	<u>(8,337)</u>	<u>(9,225)</u>	<u>(10,589)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered-employee payroll	\$ 1,067,703	\$ 992,432	1,085,989	1,137,689	1,119,035	1,198,310
Contributions as a percentage of covered-employee payroll	0.55 %	0.48 %	0.61 %	0.73 %	0.82 %	0.88 %

\*\*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

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

**PAT HARRISON WATERWAY DISTRICT**  
**A Component Unit of the State of Mississippi**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
For the Year Ended June 30, 2023

**NOTE 1. BUDGETS AND BUDGETARY ACCOUNTING**

**A. Budgets and Budgetary Accounting**

Statutory requirements dictate how and when the District's budget is to be prepared. Specifically, section 51-15-158 Mississippi Code, Annotated (1972) states "On or before the fifteenth (15th) day of July of each year, the board of directors of the District shall prepare and file with the clerk of the board of supervisors of each member county at least two (2) copies of a budget of estimated expenditures for the support, maintenance and operations of the District for the fiscal year commencing on July 1st of the succeeding year.". The completed budget for the fiscal year includes for all funds every source of revenue, each general item of expenditure, and unencumbered cash and investment balances. On a periodic basis, as required by changing conditions, the budgeted amounts are amended.

The District's budget is prepared principally on the cash basis of accounting. All appropriations lapse at year-end, and there are no encumbrances to budget because state law does not require that funds be available when goods or services are ordered, only when payment is made.

The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP, Cash Basis) presents the original legally adopted budget, the final legally adopted budget, actual amounts on a budgetary (Non-GAAP, Cash Basis) and variance between the final budget and the actual amounts. The schedule is presented for all funds of the District. The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP, Cash Basis) is a part of required supplemental information.

**B. Excess of Expenditures over Appropriations (Budget)**

There were no expenditures in excess of appropriations (budget) for the fiscal year ended June 30, 2023.

**NOTE 2. PENSION SCHEDULES**

**A. Changes of assumptions**

**2018:** None

**2019:** The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments:

- For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119.
- For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119.
- Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

**PAT HARRISON WATERWAY DISTRICT**  
**A Component Unit of the State of Mississippi**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
For the Year Ended June 30, 2023

**NOTE 2. PENSION SCHEDULES(Continued)**

**A. Changes of assumptions(continued)**

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%.

**2020:** None

**2021:** The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments:

- For males, 95% of male rates up to age 60, 110% for ages 61 to 75, and 101% for ages above 77.
- For females, 84% of female rates up to age 72, 100% for ages above 76.
- Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.

The expectation of disabled mortality was changed to PubG.H-2010 Disabled Table for disabled retirees with the following adjustments:

- For males, 134% of male rates at all ages.
- For females, 121% of female rates at all ages.
- Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.

The expectation of contingent annuitant mortality was based on the PubS.H-2010(B) Contingent Annuitant Table with the following adjustments:

- For males, 97% of male rates at all ages.
- For females, 110% of female rates at all ages.
- Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.

The price inflation assumption was reduced from 2.75% to 2.40%.

The wage inflation assumption was reduced from 3.00% to 2.65%.

The investment rate of return assumption was changed from 7.75% to 7.55%.

The assumed load for administrative expenses was increased from 0.25% to 0.28% of payroll.

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

The percentage of active member disabilities assumed to be in the line of duty was increased from 9% to 12%.

The percentage of active member deaths assumed to be in in the line of duty was decrease from 6% to 4%.

**PAT HARRISON WATERWAY DISTRICT**  
**A Component Unit of the State of Mississippi**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
For the Year Ended June 30, 2023

**NOTE 2. PENSION SCHEDULES (Continued)**

**B. Changes in Benefit Provisions**

**2017-2022:** None

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

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2020 valuation for the June 30, 2022 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	27.7 years
Asset valuation method	5-year smoothed market
Price Inflation	2.75 percent
Salary increase	3.00 percent to 18.25 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

**NOTE 3. OPEB SCHEDULES**

**A. Changes of assumptions**

**2017:** The discount rate was changed from 3.01% for the prior Measurement Date to 3.56% for the current Measurement Date.

**2018:** The discount rate was changed from 3.56% for the prior Measurement Date to 3.89% for the current Measurement Date.

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

**2020:** The discount rate was changed from 3.50% for the prior Measurement Date to 2.19% for the current Measurement Date.

**2021:** The discount rate was changed from 2.19% for the prior Measurement Date to 2.13% for the current Measurement Date.

**2022:** The discount rate was changed from 2.13% for the prior Measurement Date to 3.37% for the current Measurement Date.

**PAT HARRISON WATERWAY DISTRICT**  
**A Component Unit of the State of Mississippi**  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
For the Year Ended June 30, 2023

**NOTE 3. OPEB SCHEDULES (Continued)**

**B. Changes in Benefit Provisions**

**2017:** None.

**2018:** None.

**2019:** None.

**2020:** The schedule of monthly retiree contributions was increased as of January 1, 2021. In addition, the deductibles and coinsurance maximums were increased for the Select coverage and the coinsurance maximums were increased for the Base Coverage beginning January 1, 2021.

**2021:** The schedule of monthly retiree contributions was increased as of January 1, 2022. In addition, the in-network medical deductible was increased for the Select coverage beginning January 1, 2022.

**2022:** The schedule of monthly retiree contributions was increased as of January 1, 2023. In addition, the in-network medical deductible was increased for the Select coverage beginning January 1, 2023

**C. Methods and assumptions used in calculations of Actuarially Determined Contributions (continued)**

The Actuarially Determined Contributions rates, as a percentage of payroll, used to determine the Actuarially Determined Contribution amounts in the Schedule of Employer Contributions are calculated as of the most recent Valuation Date. The following actuarial methods and assumptions (from the June 30, 2021 actuarial valuation) were used to determine contribution rates reported in that schedule for the year ending June 30, 2022:

Actuarial cost method	Entry age
Amortization method	Level dollar
Amortization period	30 years, open
Asset valuation method	Market Value of Assets
Price inflation	2.75 percent
Salary increases, including wage inflation	3.00 percent to 18.25 percent
Initial health care cost trend rates	
Medicare Supplement Claims Pre-Medicare	6.50 percent
Ultimate health care cost trend rates	
Medicare Supplement Claims Pre-Medicare	4.75 percent
Year of ultimate trend rates	
Medicare Supplement Claims Pre-Medicare	2030
Long-term investment rate of return, net of pension plan investment expense, including price inflation	2.13 percent

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## **REPORTS ON COMPLIANCE AND INTERNAL CONTROL**

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**Wolfe • McDuff & Oppie**  
CERTIFIED PUBLIC ACCOUNTANTS  
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**INDEPENDENT AUDITOR'S 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***

To the Executive Director and Board of Directors  
Pat Harrison Waterway District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Pat Harrison Waterway District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Pat Harrison Waterway District's basic financial statements, and have issued our report thereon dated October 19, 2023.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Pat Harrison Waterway 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Pat Harrison Waterway District's internal control. Accordingly, we do not express an opinion on the effectiveness of Pat Harrison Waterway 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 a 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 Pat Harrison Waterway District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Membership in:

American Institute of Certified Public Accountants • Mississippi Society of Certified Public Accountants  
AICPA Governmental Audit Quality Center • AICPA Center for Audit Quality • AICPA Employee Benefit Plan Audit Quality Center



**Independent Auditor's 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* (continued)**

**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.

*Walfe, McDuff + Oppa*

Pascagoula, MS  
October 19, 2023